



Cabinet
13 March 2023

**Report from the Corporate Director
of Finance and Resources**

Authority to Tender for Insurance Services Contract

Wards Affected:	All Wards
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	One Appendix 1 Equality Impact Assessment
Background Papers¹:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Janine Nell Head of Transactional Finance 020 8937 4034 Janine.nell@brent.gov.uk Esther Abe Insurance Manager 020 8937 2789 Esther.abe@brent.gov.uk

1.0 Purpose of the Report

- 1.1 This report concerns the provision of the Councils Insurance Service contracts. This report requests approval to invite tenders in respect of Insurance Services as required by Contract Standing Orders 88 and 89.

¹ [Insert a description of relevant background papers. There is a statutory requirement to include a list of those documents relating to the subject matter on which the report is based and which have been relied on to a material extent in preparing the report. These might include previous reports and records of decisions on the same matter. These papers are open to public inspection, unless they contain exempt or confidential information. It is not necessary to make reference to any published works where it is reasonable to expect that a member of the public could make their own arrangements to get a copy of the document.]

2.0 Recommendation(s)

That Cabinet:

- 2.1 Approve inviting tenders for Insurance Services on the basis of the pre - tender considerations set out in paragraph 3.4 of the report.
- 2.2 Approve Officers evaluating the tenders referred to in 2.1 above on the basis of the evaluation criteria set out in paragraph 3.4(vi) of the report.
- 2.3 Approves Delegated authority to the Corporate Director of Finance and Resources in consultation with the Cabinet Member for Finance, Resource and Reform to award the contract for Insurance Services for a term of three years with the option to extend for two years.

3.0 Detail

- 3.1 The current Insurance Service contracts provide for comprehensive insurance cover for the Council for the following risk classes;

- Motor
- Claims handling
- Property
- Casualty (including Fidelity Guarantee, Employer's and Public Liability)
- Engineering and Inspection
- Terrorism
- Business Travel
- Property All Risks

The current contract is due to expire on 30 September 2023. The Insurance requirements remain the same except for First Wave Housing which will be removed from the main insurance programme and have a standalone policy. Similar to I4B.

The new tender will be split into lots to allow bidders to tender for all or any of the risk classes detailed above.

The contract was last tendered in a similar manner in 2018 and resulted in two suppliers being awarded the contract. Zurich Municipal were awarded to cover all the risks apart from Terrorism which was awarded to a Charles Taylor Services Ltd.

- 3.2 Aligning the presentation of Brent's risk profile favourably with market expectations will put the Council in a position to benefit from keen premium rates, terms and conditions. On this basis, it is intended to request tenders on the basis of 3 year initial contract period with an option to extend for a further 2 years at the council's discretion.

3.3 The procurement of insurance policies can be complex and the use of brokers is common in this area across both the public and private sectors. JLT Specialty Limited have therefore been engaged to provide professional support, access specialist limited markets and input into the tender process. JLT are the Council's Risk and Insurance adviser.

3.4 In accordance with Contract Standing Orders 88 and 89, pre-tender considerations have been set out below for the approval of the Cabinet.

Ref.	Requirement	Response	
(i)	The nature of the service	Insurance Services to cover <ul style="list-style-type: none"> • Motor • Claims handling • Property • Casualty (including Fidelity Guarantee, Employer's and Public Liability) • Engineering and Inspection • Terrorism • Business Travel • Property All Risks 	
(ii)	The estimated value.	£1.1 million per year (based on figures 22/23) Total contract value £5.5 million	
(iii)	The contract term.	3 years plus 2 year extension option	
(iv)	The tender procedure to be adopted.	Open	
v)	The procurement timetable.	Indicative dates are:	
		Authority to Tender Cabinet approval	13 March 2023
		Adverts placed	26 April 2023
		Invite to tender	28 April 2023
		Deadline for tender submissions	9 June 2023
		Panel evaluation	12 June – 21 July 2023
		Authority to Award Delegated Authority Approval	2-12 Aug 2023

Ref.	Requirement	Response
		<p>call in period of 5 days (mandatory unless and minimum 10 calendar day standstill period –</p> <p>Contract Mobilisation</p> <p>Contract start date</p> <p>A legal duty applies to certain services contracts but Council policy is wider. Obtain legal advice. If not applicable then insert "Not applicable"]</p>
		14 Aug – 30 Sept 2023
		1 Oct 2023
		Not applicable
(vi)	The evaluation criteria and process.	<p>Open Procedure is the preferred tender procedure, there will be no shortlisting of providers, but all providers will be required to complete a selection questionnaire demonstrating that they meet the Council's financial standing requirements, technical capacity, technical expertise, industry and regulatory compliance</p> <p>The tender will be split into lots to allow bidders to tender for all or any of the risk classes detailed above.</p> <p>All risk classes listed will be evaluated against the following weighting criteria: Price 60% Quality: 30% Social Value 10%</p> <p>Accept Casualty (including Fidelity Guarantee Employer's and Public Liability) and Claims Handling which will be evaluated against the following weighting criteria: Price 40% Quality: 50% Social Value 10%</p>
(vii)	Any business risks associated with entering the	Insurance company Financial risks: These are not envisaged as they are covered by – FCA regulations and FSA application.

Ref.	Requirement	Response
	contract.	
(viii)	The Council's Best Value duties.	A competitive procurement process will be undertaken through inviting bids from the open market and awarding the contract based on Most Advantageous Tender.
(ix)	Consideration of Public Services (Social Value) Act 2012	Social Value will be included and given a weighting of 10% of the overall evaluation criteria.
(x)	Any staffing implications, including TUPE and pensions.	none
(xi)	The relevant financial, legal and other considerations.	See sections 4.0 and 5.0 below.
(xii)	Sustainability	A question under Cleaner and Considerate Brent social value theme will be included
(xiii)	Key Performance Indicators / Outcomes	Appropriate Key Performance Indicators / Outcomes will be included in the Contract.
(xiv)	London Living Wage	The Contract will require the payment of the London Living Wage to London based staff working on the contract.
(xv)	Contract Management	A contract manager will be appointed and appropriate contract management provisions will be included in the Contract.

3.5 Cabinet is asked to give its approval to these proposals as set out in the recommendations and in accordance with Standing Order 89.

4.0 Financial Implications

4.1 The total estimated value of the Insurance contract is £5.5m over 5 years or £1.1m on average per annum, at today's prices. Contract costs will be adjusted accordingly to reflect the ever changing property portfolio numbers, claims experience and annual indexations to the contract.

4.2 The annual cost of the contract is covered by the general fund budget allocation for Insurance.

5.0 Legal Implications

- 5.1 The estimated value of the Contract is above the threshold for Services under the Public Procurement Regulations 2015 (the “PCR 2015”) and the procurement is therefore governed by the PCR 2015.
- 5.2 The procurement is subject to the Council’s own Standing Orders and Financial Regulations in respect of High Value Contracts given the procurement is valued at £5.5m. For High Value Contracts, the Cabinet must approve the pre-tender considerations set out in paragraph 3.2 above (Standing Order 89) and the inviting of tenders (Standing Order 88).
- 5.3 In accordance with Recommendation 2.3, once the tendering process is undertaken, Officers will report to the Corporate Director, Resident Services explaining the process undertaken in tendering the Contract and recommending award.
- 5.4 As this procurement is subject to the full application of the PCR 2015, the Council must observe the requirements of the mandatory minimum 10 calendar standstill period imposed by the PCR 2015 before the Contract can be awarded. The requirements include notifying all tenderers in writing of the Council’s decision to award and providing additional debrief information to unsuccessful tenderers on receipt of a written request. The standstill period provides unsuccessful tenderers with an opportunity to challenge the Council’s award decision if such challenge is justifiable. However, if no challenge or successful challenge is brought during the period, at the end of the standstill period the Council can issue a letter of acceptance to the successful tenderer and the Contract may commence.
- 5.5 Any other legal issues including TUPE and human rights matters. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE 2006) are unlikely to apply to the current proposal as the service is currently provided by an external contractor so there are no implications for Council staff.

6.0 Equality Implications

- 6.1 The public sector equality duty, as set out in section 149 of the Equality Act 2010, requires the Council, when exercising its functions, to have “due regard” to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a “protected characteristic” and those who do not share that protected characteristic. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

- 6.2 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.
- 6.3 There is no prescribed manner in which the council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary. Cabinet is referred to the contents of this report for information, in particular the Equality Analysis at Appendix 1.
- 6.4 As this paper is seeking to secure a new insurance provider there are no negative equalities implications considered. However, as detailed in the Equality Analysis steps will be taken to ensure the service provider, provision and the tendering process aligns with our responsibilities within the public sector equality duty. For example the councils terms and conditions state:

“The Service Provider shall not unlawfully discriminate within the meaning and scope of the Equality Act 2010 (“the 2010 Act”) in relation to any of the protected characteristics set out in the 2010 Act in connection with its employment practices. The Service Provider shall adopt policies in relation to its statutory obligations in respect of these matters and shall supply copies to the Council on request.”

7.0 Consultation with Ward Members and Stakeholders

- 7.1 Cabinet Member for Finance, Resource and Reform will be consulted. The Insurance Manager for the contracts is the main stakeholder and is involved in the tender process requirements.

8.0 Human Resources/Property Implications (if appropriate)

- 8.1 This service is currently provided by an external contractor and there are no implications for Council staff arising from retendering the contract

9.0 Public Services (Social Value) Act 2012

- 9.1 The Council is under duty pursuant to the Public Services (Social Value) Act 2012 (“the Social Value Act”) to consider how services being procured might improve the economic, social and environmental well-being of its area; how, in conducting the procurement process, the Council might act with a view to securing that improvement; and whether the Council should undertake consultation. Officers have had regard to considerations contained in the Social Value Act in relation to the procurement.

- 9.2 There is a 10% evaluation score associated with the social value themes

selected. Providers will be asked how they plan to provide social value through this contract.

Report sign off:

Minesh Patel

Corporate Director of Finance and
Resources