

Report to Cabinet

22 November 2018

By the Cabinet Member for Finance and Assets

DECISION REQUIRED



**Horsham
District
Council**

Insurance Contract

Executive Summary

The Council's insurance contract is due to expire on 1 April 2019 and in order to meet the timescales in implementing a new contract Cabinet is recommended to delegate the authority for its award to the Cabinet Member for Finance and Assets and Director of Resources.

Recommendations

That the Cabinet is recommended:

- i) to delegate the Contract Award of the insurance contract to the Director of Resources in conjunction with the Cabinet Member for Finance and Assets.

Reasons for Recommendations

The Council is going out to joint tender with several other local authorities and therefore needs to be able to meet their tendering timescales. The councils are due to make the contract award on 14 January 2019.

It would not be possible for the Council to make the contract award in time for commencement of the contract without using the Delegated Authority route.

Background papers

The documents used in the preparation of, or referred to in, the report should be specified here. You do not need to include published works, nor confidential or exempt documents.

Wards affected: All

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Background Information

1 Introduction and background

- 1.1 The Council's current insurance contract with Zurich Municipal Insurance Ltd commenced on 1 April 2014 for an initial 3 year period with the option to extend for up to 24 months. The contract has been extended subsequently up to the full permissible extension period and the current contract expires on 31 March 2019. The Council currently pays approximately £450k per year in insurance premiums.
- 1.2 As the contract falls within the scope of the EU Procurement Directives, the Procurement and Finance teams have explored several options regarding the route to the market based on finance and resource implications.
- 1.3 Consequently the Procurement and Finance teams have determined that the best route to market is a joint tender in conjunction with the following other local authorities – Eastbourne Borough Council, Hastings Borough Council, Lewes District Council, Rother District Council, Wealden District Council and Mid Sussex District Council. Their insurance services contracts expire at the same time as Horsham's. The tender process is managed by the East Sussex Procurement Hub which is a shared procurement service hosted by Wealden District Council to co-ordinate joint procurement on behalf of its members.
- 1.4 The councils mentioned above (with the exception of Mid Sussex District Council) had previously gone out to tender together and felt that they had achieved financial savings and benefits from representing a larger share of the market.

2 Relevant Council policy

- 2.1 Procurement Code – Adhered to alongside advice and support from the Shared Procurement Service.
- 2.2 Anti-Fraud & Corruption – All bidders to be vetted in regards to this.

3 Details

- 3.1 The East Sussex Procurement Hub, in conjunction with those other local authorities, carried out an investigation of the insurance market in June 2018 and determined that the best outcome for the councils would be to go out to tender for the appointment of an Insurance Broker. It was felt that a broker would ensure more competition within the market, assist the councils in constructing tender documentation to approach the market as well as providing brokerage services during the lifetime of the contract.
- 3.2 A mini competition for the appointment of an insurance broker was carried out under the Crown Commercial Services Insurance Services II framework agreement (RM3731) on 10 July 2018 with tenders back on 6 August 2018. Four responses were received and after evaluation and subsequent due diligence processes, Portmore Insurance Brokers Limited were appointed as the councils' insurance broker.

- 3.3 The Councils went out to mini-competition under the framework on 22 October 2018, with the tenders due back on 10 December 2018. Evaluations of the tenders will take place from 10 December until 14 January 2019 when the Contract will be awarded.
- 3.4 Therefore, given the timescales involved, it is not possible to achieve approval of the Contract award other than by delegated authority.

4 Next steps

- 4.1 The Contract Award to be approved by the Director of Resources in conjunction with the Cabinet Member for Finance and Assets on 14 January 2019.
- 4.2 New Insurance Contract to commence 1 April 2019.

5 Views of the Policy Development Advisory Group and outcome of consultations

- 5.1 The draft report was considered by the Finance and Assets **Policy Development Advisory Group** on 5 November 2018. The Group were supportive of the proposed process and actions.

6 Other courses of action considered but rejected

- 6.1 Council to carry out tender process alone through a framework agreement or open tender– it was felt that there would be little resource or financial advantage to this option given the insurance market.

7 Resource consequences

- 7.1 Until the tender process has been completed the Council is not able to quantify the financial implications but it is anticipated that there will be a financial saving on this contract due to the economies of scale.

8 Legal consequences

- 8.1 The Council has power under section 1 of the Localism Act 2011 to enter into a contract for the provision of insurance cover to protect its assets, liabilities and risks
- 8.2 The tender is EU compliant, ensuring maximum exposure in the market place and the process is being managed by East Sussex Procurement Hub and the appointed insurance brokers Portmore Insurance Brokers Limited.

9 Risk assessment

- 9.1 Risks are considerable should the Council not have an insurance contract in place from 1 April 2019.

10 Other considerations

- 10.1 There are no significant consequences of this proposed action in respect of Crime & Disorder; Human Rights; Equality & Diversity and Sustainability.