

**Report title: Council Insurance Contracts**

**Wards affected:** Citywide

**Strategic Director: Max Wide / Strategic Director Business Change**

**Report Author: Janet Ditte / Service Manager: Finance Business Support**

**RECOMMENDATION for the Mayor's approval:**

1. **Approve the extension of insurance contracts due to expire on 31<sup>st</sup> March 2016 (casualty, motor fleet & engineering) for 12 months to 31<sup>st</sup> March 2017.**
2. **Approve the procurement and re-tender of the Council's block insurance contracts (including casualty, motor fleet, engineering, property, group personal accident and travel) to be effective from 1<sup>st</sup> April 2017.**
3. **Approve delegation of contract decision to the Strategic Director Business Change, in consultation with the Service Director: Finance.**

**Key background / detail:**

a. Purpose of report: The Council has a range of block insurance policies that provide insurance cover against a number of risks, including casualty (Public and Employee Liability Cover), motor fleet, property (including housing stock) and engineering. The contracts for casualty, motor fleet and engineering are due expire on 31<sup>st</sup> March 2016. It is proposed to extend these contracts by 12 months so that they are co-terminus with the contracts due to expire on 31<sup>st</sup> March 2017 (Property, Group Personal Accident and Travel), allowing a single re-tendering exercise to be completed during 2016/17. Cabinet approval is required to extend these contracts for 12 months, due to their value being in excess of £500k.

b. Key details:

**The proposal:**

1. The Council has a range of insurance policies that provide insurance cover against a number of risks, including casualty (Public and Employee Liability Cover), motor fleet, property (including housing stock) and engineering. The contracts for casualty, motor fleet and engineering are due expire on 31<sup>st</sup> March 2016. They have not been re-tendered so far due to a combination of factors, including a desire to review and re-tender as a single process and also lack of staff resource to progress the tender.
2. The contracts for property, which includes the housing stock, and group personal accident and travel are due to expire on 31<sup>st</sup> March 2017.
3. The insurance policies are currently mainly provided by Zurich Municipal Insurance through block contract arrangements. The only exception to this is the Group

Personal Accident & Travel Insurance which has been provided through AON. It is proposed to extend those contracts due to expire on 31<sup>st</sup> March 2016 for 12 months, so that they are co-terminus with those due to expire on 31<sup>st</sup> March 2017. This will allow all of these contracts to be re-tendered through a single procurement process, in line with appropriate procurement regulations. This approach will allow a single review of the Council's policies to be completed, ensuring that the policies continue to meet the Council's requirements. In addition, re-tendering through a single process for a larger contract will facilitate a more commercial approach with greater economies of scale, achieving best value for money.

4. When re-tendering the contracts, it is proposed that quotations will be invited on a range of terms that can be compared to ensure that maximum value for money can be achieved. For example, this will include contract durations of 3 years PLUS an optional 2 year extension, and 5 years PLUS an optional 2 year extension. In addition, the Council currently has a £50k excess on its policies (below which it self-insures), and quotations on different excess levels will be sought to ensure best value for money is achieved, whilst also maintaining appropriate risk levels.
5. The Council will use the services of our appointed insurance brokers, AON, to provide specialist advice and assistance through the re-tendering process to ensure that the most appropriate quotation options are included. This will also ensure compliance with the procurement and OJEU regulations.
6. The cost of extending the contracts due to expire on 31<sup>st</sup> March 2016 is approx. £1.5m (including IPT and claims handling costs). The current contract value of the contracts due to expire on 31<sup>st</sup> March 2017 is approx. £700k (including IPT), which is within the Council's current budget provision for insurance.
7. The proposals included within this report relate to the main block contract arrangements currently in place with Zurich Municipal Insurance and AON for the Group Personal Accident & Travel Insurance . There are a number of smaller and standalone insurance contracts that are renewed on an annual basis, for example Terrorism and Marine Insurance cover, which are not included within these proposals.
8. Because of the value of the contracts and the resources required, it will not be possible to run an EU compliant tender of those contracts due to expire on 31<sup>st</sup> March 2016, within the timeframes available and in any event, for a contract of one year only, attempting to do so would not be a good use of limited resources.

### BRISTOL CITY COUNCIL CABINET 2<sup>nd</sup> FEBRUARY 2016

**REPORT TITLE:** Council Insurance Contracts

**Ward(s) affected by this report:** All

**Strategic Director:** Max Wide / Strategic Director Business Change

**Report author:** Janet Ditte / Service Manager: Finance Business Support

**Contact telephone no. & e-mail address:** Ext No 37697  
Janet.ditte@bristol.gov.uk

#### **Purpose of the report:**

The Council has a range of block insurance policies that provide insurance cover against a number of risks, including casualty (Public and Employee Liability Cover), motor fleet, property (including housing stock) and engineering. The contracts for casualty, motor fleet and engineering are due expire on 31<sup>st</sup> March 2016. It is proposed to extend these contracts by 12 months so that they are co-terminus with the contracts due to expire on 31<sup>st</sup> March 2017 (Property, Group Personal Accident and Travel), allowing a single re-tendering exercise to be completed during 2016/17. Cabinet approval is required to extend these contracts for 12 months, due to their value being in excess of £500k.

#### **RECOMMENDATION for the Mayor's approval:**

- 1. Approve the extension of insurance contracts due to expire on 31<sup>st</sup> March 2016 (casualty, motor fleet & engineering) for 12 months to 31<sup>st</sup> March 2017.**
- 2. Approve the procurement and re-tender of the Council's block insurance contracts (including casualty, motor fleet, engineering, property, group personal accident and travel) to be effective from 1<sup>st</sup> April 2017.**
- 3. Approve delegation of contract decision to the Strategic Director Business Change, in consultation with the Service Director: Finance.**

#### **The proposal:**

- The Council has a range of insurance policies that provide insurance cover against a number of risks, including casualty (Public and Employee Liability Cover), motor fleet, property (including housing stock) and engineering. The contracts for casualty, motor fleet and engineering are due expire on 31<sup>st</sup> March 2016. They have not been re-tendered so far due to a combination of factors, including a desire to review and re-tender as a single process and also lack of staff resource to progress the tender.

2. The contracts for property, which includes the housing stock, and group personal accident and travel are due to expire on 31<sup>st</sup> March 2017.
3. The insurance policies are currently mainly provided by Zurich Municipal Insurance through block contract arrangements. The only exception to this is the Group Personal Accident & Travel Insurance which has been provided through AON. It is proposed to extend those contracts due to expire on 31<sup>st</sup> March 2016 for 12 months, so that they are co-terminus with those due to expire on 31<sup>st</sup> March 2017. This will allow all of these contracts to be re-tendered through a single procurement process, in line with appropriate procurement regulations. This approach will allow a single review of the Council's policies to be completed, ensuring that the policies continue to meet the Council's requirements. In addition, re-tendering through a single process for a larger contract will facilitate a more commercial approach with greater economies of scale, achieving best value for money.
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5. The Council will use the services of our appointed insurance brokers, AON, to provide specialist advice and assistance through the re-tendering process to ensure that the most appropriate quotation options are included. This will also ensure compliance with the procurement and OJEU regulations.
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7. The proposals included within this report relate to the main block contract arrangements currently in place with Zurich Municipal Insurance and AON for the Group Personal Accident & Travel Insurance . There are a number of smaller and standalone insurance contracts that are renewed on an annual basis, for example Terrorism and Marine Insurance cover, which are not included within these proposals.
8. Because of the value of the contracts and the resources required, it will not be possible to run an EU compliant tender of those contracts due to expire on 31<sup>st</sup> March 2016, within the timeframes available and in any event, for a contract of one year only, attempting to do so would not be a good use of limited resources.

#### **Consultation and scrutiny input:**

- a. **Internal consultation:**
  - Directorate Leadership Team**
  - Strategic Leadership Team**
  - Corporate Procurement Team**

**b. External consultation:**

Insert details

**Other options considered:**

The Council requires adequate insurance policies to be in place to provide adequate insurance cover. The 12 month extension of those contracts due to expire on 31<sup>st</sup> March 2016 is required to ensure that the appropriate cover continues to be place.

We have considered extending the contracts for a shorter length of time, however extending for 12 months will allow all the block contracts to be re-tendered as part of a co-ordinated and single procurement process, both now and in the future.

**Risk management / assessment:**

<b>FIGURE 1</b>							
<b>The risks associated with the implementation of the (subject) decision :</b>							
No.	RISK  Threat to achievement of the key objectives of the report	INHERENT RISK  (Before controls)		RISK CONTROL MEASURES  Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK  (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1	Extension of existing contract may create challenge from competitor	Medium	Low	Appropriate legal and procurement advice sought, risk of challenge mitigated by starting procurement process asap	Low	Low	Janet Ditte
2	Failure to procure contract in appropriate timescale resulting in challenge (for April 2017)	High	Low	The procurement process will start early to allow time to meet procurement requirements. External advisors will be used	Low	Low	Janet Ditte
3	Cost of re-tendered arrangements will be significantly higher than current costs	High	Medium	Moving to co-terminus contracts, allowing larger contract, leading to greater economies of scales. Requesting multiple terms options for comparison	Medium	Low	Janet Ditte

<b>FIGURE 2</b>							
<b>The risks associated with <u>not</u> implementing the (subject) decision:</b>							
No.	RISK  Threat to achievement of the key objectives of the report	INHERENT RISK  (Before controls)		RISK CONTROL MEASURES  Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK  (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1	Failure to extend existing arrangements leading to appropriate insurance cover not being in place.	High	High	Extend contracts for 12 months and procure contracts	Medium	Low	Janet Ditte

**Public sector equality duties:**

*Before making a decision, section 149 of the Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:*

*i) eliminate discrimination, harassment, victimisation and any other conduct prohibited under*

*the Equality Act 2010.*

*ii) advance equality of opportunity between persons who share a relevant protected characteristic and those do not share it. This involves having due regard, in particular, to the need to:*

*- remove or minimise disadvantage suffered by persons who share a relevant protected characteristic.*

*- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);*

*- encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.*

*iii) foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to tackle prejudice and promote understanding.*

### **Public sector equality implications:**

A Equality Impact Assessment Relevance check has been completed for this proposal. It is not deemed to have any impacts on either staff or service users with protected characteristics and therefore a full Equality Impact Assessment is not required at this stage. Further Relevance checks will be completed at the re-tendering stage to establish whether a full EqIA is required to accompany the retendering process.

**Advice given by** Anneke van Eijkern

**Date** 21<sup>st</sup> Jan 2016

### **Eco impact assessment**

Not applicable

### **Resource and legal implications:**

#### ***Finance***

#### **a. Financial (revenue) implications:**

The estimated cost of extending the existing contracts due to expire on 31<sup>st</sup> March 2016 is £1.5m. The cost of these contracts is already part of the Council's existing revenue budget provision for insurance costs and can be managed within this budget.

**Advice given by** Janet Ditte, Service Manager: Finance Business Support

**Date** 7<sup>th</sup> Jan 2016

#### **b. Financial (capital) implications:**

Not Applicable

**Advice given by** Insert name / job title

**Date** Insert date

**Comments from the Corporate Capital Programme Board:**

Not applicable

**c. Legal implications:**

There is a clear case for the Council extending the current contracts and bringing them in line with other major policies, and then going to the market with a more comprehensive bundle, with the aim of securing better value for money. There is a risk of possible challenge under the procurement regulations but the proposal to commence a fully EU compliant tendering process as soon as possible in the current year for all policies mitigates this risk. The Council should take active steps towards procuring the new policies, and ensure these steps comply fully with the Regulations

**Advice given by** Eric Andrews / Solicitor

**Date** 14<sup>th</sup> Jan 2016

**d. Land / property implications:**

The renewal of the Council's insurance policies will ensure that appropriate insurance cover is in place for the Council's property and buildings, including housing stock. This forms part of an overall strategy to protect the Council's property assets through ensuring that adequate insurance cover is in place. Property supports this proposal to leverage value by bundling insurance cover requirements across Council Services that in turn reduce premium cost.

**Advice given by** Richard Fear / Service Manager Property Management

**Date** 19<sup>th</sup> Jan 2016

**e. Human resources implications:**

The renewal of the Council's insurance policies will ensure that appropriate insurance cover is in place in respect of Council Employees. Specifically, this includes Employer's Liability insurance as well as the Group Personal Accident and Travel Policies.

**Advice given by** Alex Holly / People Business Partner

**Date** 13<sup>th</sup> January 2016

**Appendices:**

Appendix A – Equality Impact Relevant Check

**Access to information (background papers):**

None

## Bristol City Council Equality Impact Relevance Check



This tool will identify the equalities relevance of a proposal, and establish whether a full Equality Impact Assessment will be required. Please read the guidance prior to completing this relevance check.

<b>What is the proposal?</b>	
Name of proposal	Extension of council insurance contracts
Please outline the proposal.	The Council has a range of block insurance policies that provide insurance cover against a number of risks, including casualty (Public and Employee Liability Cover), motor fleet, property (including housing stock) and engineering. The contracts for casualty, motor fleet and engineering are due expire on 31 <sup>st</sup> March 2016. It is proposed to extend these contracts by 12 months so that they end at the same time on 31 <sup>st</sup> March 2017, allowing a single re-tendering exercise to be completed during 2016/17.
What savings will this proposal achieve?	
Name of Lead Officer	Janet Ditte / Service Manager: Finance Business Support

<b>Could your proposal impact citizens with protected characteristics?</b> (This includes service users and the wider community)
Please outline where there may be significant opportunities or positive impacts, and for whom.
The extension of the insurance contracts will not have any impacts on citizens. Public liability cover will remain the same until the contract is re-tendered.
Please outline where there may be significant negative impacts, and for whom.
No negative impacts are anticipated.

<b>Could your proposal impact staff with protected characteristics?</b> (i.e. reduction in posts, changes to working hours or locations, changes in pay)
Please outline where there may be significant opportunities or positive impacts, and for whom.
There will be no impacts on staff from the extension of the contract – staff insurance terms and cover will remain unchanged until the re-tendering of the contract.
Please outline where there may be negative impacts, and for whom.
No negative impacts are anticipated.

<b>Is a full Equality Impact Assessment required?</b>
Does the proposal have the potential to impact on people with protected characteristics in the following ways: <ul style="list-style-type: none"> <li>• access to or participation in a service,</li> </ul>



- levels of representation in our workforce, or
- reducing quality of life (i.e. health, education, standard of living) ?

Please indicate yes or no. If the answer is yes then a full impact assessment must be carried out. If the answer is no, please provide a justification.

No – full EqlA is not .required at this stage

Service Director sign-off and date:  
Janet Ditte, 21 January 2016

Equalities Officer sign-off and date:  
Anneke van Eijkern, 21 January 2016