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| SHADOW EXECUTIVE |
| 17 FEBRUARY 2009 |

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| SUBJECT | AWARD OF TENDER FOR INSURANCE PROVISION This report seeks authority to award tenders for the provision of insurance cover in support of the creation of Central Bedfordshire. |
| REPORT OF | Director of Corporate Resources <i>Contact Officer: Nick Murley, Head of Audit, Risk & Health & Safety 01462 611605</i> |

IMPLICATIONS

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| SUSTAINABILITY | |
| FINANCIAL | Will be covered within the revenue budget allocation for 2009/10, but does exceed delegated financial approval limit of the Interim Chief Executive. |
| LEGAL | N/A |
| PERSONNEL/EQUAL OPPORTUNITIES | N/A |
| COMMUNITY DEV/SAFETY | N/A |
| TRADES UNION | N/A |
| HUMAN RIGHTS | N/A |
| KEY ISSUE | Yes |
| BUDGET/POLICY FRAMEWORK | No |

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| OTHER DOCUMENTS RELEVANT TO REPORT |
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| None |
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| RECOMMENDATION(S): |
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That the Shadow Executive approves the award of tenders to procure the provision of insurance cover for Central Bedfordshire as set out in the schedule at Appendix 2.

Reason for Recommendation: To enable Central Bedfordshire to have adequate insurance cover from 1st April 2009.

Background

1. There is only one statutory requirement for a local authority to insure against and that is fidelity i.e. the occurrence of fraud or dishonesty by employees. However for an authority to be in that position they would need to have an adequate self financing insurance funds in place to cover the costs of any other type of claim.
2. Clearly this is not an effective risk management or cost effective solution and so authorities opt to insure across a number of categories or programs.
3. The cost of these insurance programs are determined by the level of sums insured and are calculated taking into account any voluntary deductibles (or excesses) that the authority is willing to make.
5. The three authorities coming together to form Central Bedfordshire all have insurance cover provided by different suppliers. Therefore it was necessary to go out to the market to seek the most effective provider for all or parts of the authority's insurance program from the 1 April 2009.
6. Bedfordshire County Council and South Bedfordshire District Council both use consultants Heath Lambert as insurance brokers and so they were used to help coordinate and evaluate the tender activity.
7. Information on our insurance requirements and sums insured was passed to Heath Lambert in September and they sent out an invitation to tender in October under the negotiated procedures and appropriate notices were placed in OJEU.
8. Some of this information was provided on a best estimate basis as staff numbers and details of assets at that date had not been confirmed in detail. We have continued to refine the information as it has become available but it is recognised there is further detail to be finalised before the 1 April 2009 however the impact now of these changes will be minimal.
9. The deadline for return of the tenders was December and six suppliers sent in quotations for all or parts of the program. In early January this was reviewed by Heath Lambert and further clarification sought on the information provided.
10. The duration of the insurance cover is based on a three year long term agreement with an option to extend for a further two years.
11. Each individual and grouped proposal has been evaluated on the basis of quality and cost.

12. As the tender specification asked for insurers to compete for all or parts of the insurance program, we knew this would lead to a situation where some suppliers would offer better deals for certain categories of the program. As a result using one provider to supply all of our insurance needs was highly unlikely.
13. The details and conclusions of the tender evaluation carried out by Heath Lambert are set out in Appendix 1. Their conclusions have been discussed with officers to confirm they meet with the councils requirements.
14. The schedule, attached at Appendix 2, provides the best mix and match of suppliers across the categories of insurance cover. The total indicative cost including a claims handling service and Insurance Premium Tax of 5% is £893,165 and can be contained within the budget allocation made for 2009/10.
15. The information set out in the appendices to the report does include a level of self cover across each of the categories of insurance and so Central Bedfordshire will need to establish a fund in the early months of 2009/10 to cover off the cost of the deductibles.
16. As further information is refined the premiums will need to be adjusted to take account of these changes but it is not envisaged that these will be of a material nature.

Background Papers: N/A

Location of Papers: N/A

File Reference: