SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 8th March 2010

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WARD(S): All

PORTFOLIO: Finance and Strategy - Councillor Anderson

PART I
KEY DECISION

INSURANCE PORTFOLIO TENDER

1 **Purpose of Report**

This report is to seek the Cabinet's decision on the Insurance Portfolio Tender for Slough Borough with effect from 1st April 2010

2 **Recommendations**

The Cabinet is requested to resolve:

(a) That the recommendations as set out in the table at Section 5 below be endorsed and the contract awarded accordingly,

(b) That £10,000 per year be set aside for the provision of ad hoc loss control days (training for members and officers),

(c) That the annual total value of £598,973 and the whole life cost of £1,796,919 be noted.

3 **Community Strategy Priorities**

- **Adding years to Life and Life to years**
- **Being Safe, Feeling Safe**
- **Prosperity for All**

4 **Other Implications**

(a) Financial

Acceptance of the recommendations will lead to a saving in Insurance premium spend to the Council of approximately £290,101, (based on premiums paid in 2009/10).

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal	Purchase of Insurance. The tender was in compliance with the relevant European Regulations. The purchase of insurance protects the Council financially against unexpected costs of rebuilding, replacing or compensating.	
Property		
Human Rights	None	
Health and Safety	None	
Employment Issues	None	
Equalities Issues	None	
Community Support	None	
Communications	None	
Community Safety	None	
Financial		Reduction in Premium Spend To ensure that the tenders from the insurance market represented best value to the Council an Insurance Broker was appointed
Timetable for delivery	None	
Project Capacity	None	
Other	None	

(c) Human Rights Act and Other Legal Implications

The relevant legal requirements associated with the tender have been agreed with Legal Services and have been followed

There are no Human Rights implications

(d) Equalities Impact Assessment

None

5 **Supporting Information**

Tender Process

5.1 Following an assessment of the Council's insurance needs the Council's insurance portfolio was issued to the insurance market on the 18th September 2009.

5.2 The objectives of the tender exercise were to:

- Achieve a best value result for the Council
- Maintain the classes of insurance with one provider
- Arrange a programme with options.

5.3 The recommendations in this report are based on the professional opinion of Jardine Lloyd Thompson, and the Council's Risk and Insurance Officer as to which insurer(s) fits the objectives of the tender as described above as well as the evaluation criteria set out below:

- Price – 65%
- Range of Services – 10%
- Overall Quality of Bid – 10%
- Range of Cover Provided – 10%
- Financial Security of Bidder – 10%

5.4 In order that specialist insurers and providers were able to participate in the tender process the insurance portfolio was divided into six lots.

Evaluation Outcome

5.5 The results of the tender evaluation are set out in the table below. The last column headed "Comments" shows the recommended insurer

5.6 The term of this contract will be for a period of three years with an option to extend for a further two years

Lot Number	Cover	2009-10 Premium	2010-11 Premium	First year saving	% change	Comments/ recommendations
Lot 1	Property, (excluding Leasehold Right to Buy)	380,274	236,162	114,112	-30%	Place with A
Lot 2	Property – Leasehold Right to Buy	175,157	101,704	73,453	-42%	Place with B
Lot 3	Casualty	170,404	144,861	25,543	-15%	Place with A
	Claims Handling	28,700	14,210	14,490	-50%	Place with A

Lot Number	Cover	2009-10 Premium	2010-11 Premium	First year saving	% change	Comments/ recommendations
Lot 4	Motor Uninsured Loss Recovery	263	237	26	-10%	Pace with C
Lot 5	Engineering	30,453	19,835	10,618	-35%	Place with D
Lot 6	Personal Accident	46,303	14,555	31,748	-69%	Place with A
		831,554	531,564	299.990	-32%	
	Broker Fee	5,000	7,750	-2,750	+55%	Note 1
		836,554	539,614	297,240		
	Loss Control Fees	Inc above	6,839			It is recommended that £10,000 is set aside annually to pay for ad hoc loss control days
	Total	836,554	546,543	290,101	-35%	

Note 1 - Jardine's broker fee will increase due to the increased work that attaches from moving from a "Direct Insurer" to insurers that deal through brokers

5% needs to be added for Insurance premium Tax, (except for Claims Handling, Engineering and the broker fee that attracts VAT)

The premiums rates for insurance placed with A will remain the same for two years.

6 Conclusion

The Results of the Insurance tender have resulted in a saving of £290,101 or 35% on the 2009/10 premium.

7 Background Papers

'1' Results of Insurance Tender Evaluation. All documents are with the Risk and Insurance Officer