

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Finance and Staffing Portfolio Holder  
**AUTHOR/S:** Executive Director, Corporate Services

15 May 2012

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### TENDER FOR INSURANCE SERVICES

#### Purpose

1. To consult with the Portfolio Holder on the proposal to tender for insurance services.
2. This is not a key decision, however, the authority delegated to Officers in the Council's Constitution regarding tenders requires consultation with the Finance and Staffing Portfolio Holder.

#### Recommendation

3. That the Finance and Staffing Portfolio Holder agrees to the Executive Director, Corporate Services proceeding with the tender process for the provision of insurance.
4. To give delegated powers to the Executive Director Corporate Services to award a contract in whole or part to the company/companies offering the perceived best value to the Council, not necessarily the one(s) quoting the lowest price.

#### Reasons for Recommendations

5. The existing contract for the provision of insurance services will expire at the end of September.

#### Background

6. The existing contract for insurance services is for 5 years and will expire on 28 September 2012.
7. If, as in the past, tenders are sought for 5 or more years then the value of the contract is likely to be well in excess of £1 million and, therefore, the Public Procurement Regulations 2006 will apply. Compliance with the regulations requires involvement in a process that will take some time to complete including advertising in the Official Journal of the European Journal.
8. A decision to go out to tender would need to be made soon in order to be in a position to award a contract by the end of September 2012

#### Considerations

9. Self insurance
  - (a) The Council has a legal requirement to ensure that third party cover is provided for vehicles.
  - (b) In the event that other risks were not externally insured the Council would be required to deal with all the legal aspects of claims.
  - (c) The Council would have an unquantifiable liability for third party claims.

- (d) There could be substantial costs to the Council involved in dealing with and/or disputing claims

10. Consortium

- (a) Investigations have been carried out into the possibility of setting up or joining an existing consortium for the procurement of insurance with other Councils.
- (b) At present there do not appear to be any realistic opportunities for setting up a consortium with other Councils.
- (c) Some enquiries have been made regarding existing Consortia but these did not appear to offer cost savings.

11. Extension of Existing Contract

- (a) There needs be extenuating circumstances for an existing fixed term contract to be extended.
- (b) There does not appear to be a justifiable reason to extend the existing contract in this case.

12. Going out to tender for a new contract.

**Options**

- 13. To proceed with the tender process for a new 5 or 10 year contract for insurance services.
- 14. With the exception of third party motor vehicle insurance (which is a statutory requirement) to self-insure.
- 15. To set up or join a consortium

**Implications**

16. Financial	Uninsured liabilities would leave the Council open to potential significant claim costs. The anticipated cost of insurance has been included in the approved Estimates.
Legal	The Council has a legal requirement to ensure insurance cover is provided for vehicles.
Staffing	Additional workload for the legal and insurance officers in the absence of external insurance cover.
Risk Management	Catastrophic in the event of a significant uninsured loss
Equality and Diversity	Tenderers would be required to comply with the Council's Equality and Diversity Policies
Equality Impact Assessment completed	No N/A
Climate Change	None

**Consultations**

- 17. The Procurement Officer has approached various other Authorities and Improvement East regarding the possibilities for partnership working.

**Consultation with Children and Young People**

- 18. None

### **Effect on Strategic Aims**

19. Going out to tender should provide assurance of value for money which is in line with the Council's stated aim of providing first class services accessible to all

### **Conclusions / Summary**

20. The existing contract for insurance services will expire on the 29 September 2012 and therefore consideration needs to be given to going out to tender for a new contract.

**Background Papers:** the following background papers were used in the preparation of this report:

SCDC Constitution page 74 note (g)  
Public Procurement Regulations 2006  
Approved Estimates

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