



RECORD OF DELEGATED DECISION (OFFICER)

CONTRACT AWARD

1. Decision Reference No.	CEX226
2. Name/Title of Officer	Edd de Coverly Chief Executive
3. Email address of Officer	edecoverly@melton.gov.uk
4. Title / Subject Matter:	Award of Contract – Insurance Services
5. Type of Decision:	Public
6. Key Decision?	Key
7. Decision Taken: <ol style="list-style-type: none">1. To award the contract for Commercial combined insurance services to Zurich Municipal2. To award the contract for Leaseholder Right to Buy insurance to Zurich Municipal3. To enter into any necessary legal documentation to effect the award	
8. Reasons for Decision: <p>This procurement has been planned and completed in accordance with national Regulations and utilising the Yorkshire Purchasing Organisation (YPO) Insurance Framework and with full compliance with Council Standing Orders.</p> <p>In order to access the framework independent Insurance Brokers were appointed (Arthur J Gallagher) to support the Council in tendering its insurances due to the expiry of the current Long-Term Agreement and leaseholder insurance on 30th June 2022.</p> <p>The procurement was split into 2 lots: <ol style="list-style-type: none">1. Combined insurance service for all council functions2. Leaseholder Right to Buy</p> <p>The Award Criteria was broken down into various sections and a scoring spread sheet was used to support the evaluation which was reviewed and agreed at a meeting with the insurance broker, corporate services manager and Welland Procurement. The insurance portfolio was split into distinct Lots appropriate and bespoke Award Criteria were agreed and designed to ensure that Suppliers demonstrated within their bids how they were able to deliver the required level of cover and service.</p> <p>Each Lot has been evaluated on a standalone basis.</p>	

Based on the award criteria the following recommendations were made:

- Commercial combined insurance services will be awarded on contract basis for a potential of 7 years (3 + 2 + 2) to Zurich Municipal
- Leaseholder Right to Buy insurance will be awarded on contract basis for a potential of 5 years (5 + 2) to Zurich Municipal.

The supplier has been procured in compliance with the contract procedure rules, and all necessary due diligence has been carried out by the Council Officer.

Overall the Tender has been a success for the following reasons:-

- External premiums have reduced slightly from 2021 levels. Given the prevailing hard market conditions caused by capacity and Covid-19 related issues – this is a success.
- The Leasehold Right to Buy Lot was closely contested
- Stability and continuity on the main classes has been achieved without cost to the Council
- Cover has been improved slightly via the Specification requirements
- Buildings Values have been index linked (9.1%) to ensure adequacy for insurance purposes but premiums for the main contract are still lower taking into account this uplift.

9. Authority / Legal Power:

Authority is provided by Chapter 3 Part 6 section 17.4 of the MBC Constitution (financial procedure rules for the chief executive to enter into financial commitments (subject to compliance with the Contract Procedure Rules) up to the value of £3m.

10. Background Papers attached?

No

11. Alternative options available / rejected:

The council is required to have adequate insurance cover in place to operate. The current contract had no further options for extension and therefore a new procurement process was required to be undertaken.

Due to the complexity of the insurance market and in conjunction with advice from Welland Procurement it was agreed the use of the YPO framework would be the most appropriate procurement process.

12. Implications:

Legal	<p>The Council has the power to enter into contracts in order discharge its functions (Local Government Act 1972, s111 and the Local Government (contract) Act 1997, s1). The Local Government Act 1972 requires the Council to have regulations for how it enters into contracts. In addition to complying with all relevant UK and EU legislation every contract entered into on behalf of the Council must also comply with the Council's Contract Procedure Rules and the Council's Financial Regulations</p> <p>[Legal Approval - Deputy Monitoring Officer – 17 June 2022]</p>
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<p>Finance</p>	<p>As part of the procurement, tender caps were put in place.</p> <ul style="list-style-type: none"> • Combined insurance service for all council functions • Leaseholder Right to Buy <p>The tender submissions were both below these at:</p> <ul style="list-style-type: none"> • Combined insurance service for all council functions – premium for 2022/23 £234,650.01 (including Insurance premium tax) • Leaseholder Right to Buy – premium for 2022/23 £5,558.51 (including Insurance premium tax) <p>The cost of leaseholder insurance is passed on so doesn't represent a budgetary impact to the council.</p> <p>A budget of £250k was set for 2022/23. therefore a saving across both the general fund and HRA has been achieved of £15k. The total contract value is circa £1.750m (subject to any changes in annual premiums).</p> <p>[Finance Approval - Director for Corporate Services - 8 June 2022]</p>
<p>HR</p>	<p>No HR implications - [HR Approval - 15 June 2022]</p>
<p>Procurement</p>	<p>This procurement has been planned and completed in accordance with The Public Contract Regulations 2015 and utilising the Yorkshire Purchasing Organisation (YPO) Insurance Dynamic Purchasing System (Framework) and in full compliance with Council Standing Orders.</p> <p>The further competition, evaluation and due diligence have been compliant with national Regulation, current statutory guidance and procurement best practice, and the Council's Contract Procedure Rules.</p> <p>Award to the preferred provider is recommended in the best interests of the Council to mitigate risk and obtain value for money.</p> <p>[Paul Large - Welland Procurement – 7 June 2022]</p>
<p>Other</p>	<p>The following checks have been carried out in relation to the contract provider:</p> <ul style="list-style-type: none"> - Financial credit checks – result was very low risk. Financial & Economic Standing Standard & Poor's Rating is AA- - Insurance certificates – to the Council's minimum requirements to be requested from the preferred provider as part of due diligence subject to Council approval of the recommendation to award
<p>13. Signature of Decision Maker with authority to sign</p>	<p>Email approval received Edd de Coverly Chief Executive</p>

14. Consultation with:	Email received Councillor Joe Orson Leader of the Council
15. Date:	20 June 2022
16. Officer Responsible for Procurement	I confirm compliance with the Contract Procedure Rules David Scott, Corporate Services Manager

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