



Reference No: 24 - 2013

## THE POLICE & CRIME COMMISSIONER FOR CLEVELAND

### DECISION RECORD FORM

<b>REQUEST:</b> Approve the award of the Insurance Contract			
<b>Title:</b> Insurance Contract			
<b>Executive Summary:</b> Insurance Contract is due for renewal at the 1 <sup>st</sup> June 2013. Following a Procurement exercise under the GPS Framework, a recommendation was put to the PCC, CC, Chief of Staff and CFO.			
<b>Decision:</b> The PCC is asked to award the Insurance contract for Motor, Personal Accident, Engineering and associated claims handling to Tenderer 1 and award all other classes of Insurance including associated claims handling to tenderer 2.			
<b>Implications:</b>			
Has consideration been taken of the following:	Yes	No	
Financial	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Legal	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Equality & Diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Human Rights	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Sustainability	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Risk	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<b>(If yes please provide further details below)</b>			

## Decision Required – Supporting Information

Financial Implications: (Must include comments of the PCC's CFO where the decision has financial implications)

Total cost for Year 1 - £440,862.85

This is an increase of £145,680.69 from 2012/13

Based on the premiums not changing the total contract price over 3+2 years = £2,204,314.25. It should be noted that the premiums are likely to change each year and that the +2 years refers to the ability of the PCC to extend the initial 3 year contract to 5 years if both parties agree.

There have been both internal and external factors that have impacted on the costs of the insurance premiums that have been attained during the current tendering process. It should be noted however that the agreed premiums, while significantly higher than the last 5 year contract, are still lower than those that were being paid prior to this period.

There will be an unbudgeted pressure as a result of this contract of around £121k in 2013/14 and an additional pressure of £146k per annum on the long term financial plan for 2014/15 and beyond.

In line with the PCC's financial regulations I would advise the PCC that in accepting, and awarding the contract as proposed within the attached document, that he would have appropriate arrangements in place for insurance. The excesses that will be in place with the new contract are in line with previous years and therefore does not increase the level of risk for the PCC. In terms of the overall annual aggregate (i.e. the maximum amount the PCC will be liable for in any one year) this will reduce significantly on the award of this contract from £1.6m to £1.1m.

Legal Implications: (Must include comments of the Monitoring Officer where the decision has legal implication)

Contract to be awarded under the GPS framework and therefore its terms and conditions will be used. There are no Legal implications associated with the award of this contract.

### Equality and Diversity Implications

Contract to be awarded under the GPS framework and therefore all Diversity and Equality considerations have been taken into account on award of the framework. There are no Diversity and Equality implications associated with the award of this contract.

### Human Rights Implications

Contract to be awarded under the GPS framework and therefore all Human Rights considerations have been taken into account on award of the framework. There are no Human Rights implications associated with the award of this contract.

### Sustainability Implications

Contract to be awarded under the GPS framework and therefore all Sustainability considerations have been taken into account on award of the framework. There are no sustainability implications associated with the award of this contract.





# **Report to the Police and Crime Commissioner of Cleveland**

**Status: For Decision**

## **Procurement Report for the Purchase of Insurance Services**

### **1. Purpose**

- 1.1 The purpose of this report is to advise the Police and Crime Commissioner of the procurement process undertaken during the recent exercise to award a contract for Insurance Services.
- 1.2 The current contract for Insurance expires on the 31<sup>st</sup> May 2013.
- 1.3 As a result of this procurement exercise a new Insurance Contract will be put in place to ensure a seamless transition from one insurance policy to another.

### **2. Recommendations**

- 2.1 That the Police and Crime Commissioner note the Procurement process used to appoint a new contract for Insurance Services.
- 2.2 The Police and Crime Commissioner accept the tender response from Tender 1 for Motor, Personal Accident and Engineering cover.
- 2.3 The Police and Crime Commissioner accept the tender response from Tender 2 for all classes of Insurance other than those outlined in 2.2.

### **3. Background**

- 3.1 The Government Procurement Service (GPS) awarded a framework contract in February 2013 for Insurance Services. The framework contract is open to all public sector organisations.
- 3.2 The GPS framework has 31 suppliers on the Insurance Lot, which requires a further competition exercise to appoint a contractor.
- 3.3 Following consultation with Key Stakeholders, a further competition document was developed in conjunction with the Insurance Broker which has been used for previous procurement exercises (Giles Insurance Brokers).
- 3.4 An Insurance Broker is used as many Insurance companies will not deal direct with the client and only through a broker. In addition the broker has specialist knowledge in the complex category of insurance.

- 3.5 The further competition document was issued via the GPS further competition portal to all of the suppliers on the framework.
- 3.6 Four responses to the further competition were received (some suppliers only provided insurance for classes of insurance not required by Cleveland). Two of the responses were for only one class of insurance and two responses were for the majority of insurance classes required.
- 3.7 In conjunction with Giles Insurance Brokers the responses were evaluated in terms of price and quality (terms offered, excess levels and responses to questions).
- 3.8 Negotiation with the Insurance companies took place with the broker to establish satisfactory terms.
- 3.9 On completion of the evaluation it was identified that to achieve value for money the insurance provision should be split into two lots and appointed to two of the bidders.
- 3.10 Tender 1 should be appointed to provide insurance in the classes of Motor, Personal Accident and Engineering.
- 3.11 Tender 2 should be appointed to provide Insurance in all classes of Insurance other than those outlined in 3.10.

#### **4. Implications**

##### 4.1 Finance

Total cost for Year 1 - £440,862.85

This is an increase of £145,680.69 from 12/13

Based on the premiums not changing the total contract price over 3+2 years = £2,204,314.25

##### 4.2 Legal

Contract to be awarded under the GPS framework and therefore its terms and conditions will be used. There are no Legal implications associated with the award of this contract.

##### 4.3 Diversity & Equal Opportunities

Contract to be awarded under the GPS framework and therefore all Diversity and Equality considerations have been taken into account on award of the framework. There are no Diversity and Equality implications associated with the award of this contract.

##### 4.4 Human Rights Act

Contract to be awarded under the GPS framework and therefore all Human Rights considerations have been taken into account on award of the framework. There are no Human Rights implications associated with the award of this contract.

4.5 Sustainability

Contract to be awarded under the GPS framework and therefore all Sustainability considerations have been taken into account on award of the framework. There are no sustainability implications associated with the award of this contract.

4.6 Risk

Contract to be awarded under the GPS framework and therefore all risk considerations have been taken into account on award of the framework. There are no risk implications associated with the award of this contract.

**5. Conclusions**

5.1 The Insurance contract has been procured via a Framework contract which has been awarded in compliance with EU Legislation.

5.2 Four responses were received, however only two responses were for more than one class of insurance.

5.3 The Insurance contract shall be split into two lots:

5.3.1 Lot 1 for the provision of Motor, Personal Accident, Engineering and associated claims handling – to be awarded to Tender 1.

5.3.2 Lot 2 for all other classes of Insurance and associated claims handling – to be awarded to Tender 2.

5.4 The splitting of the lots will deliver the best value for money to the Police and Crime Commissioner of Cleveland and Cleveland Police.

Claire Wrightson

Procurement and Fleet Lead Business Partner

Appendix 1

<b>CLASS OF INSURANCE</b>	<b>Tender 1</b>	<b>Tender 2</b>	<b>RECOMMENDED PROGRAMME</b>	<b>NOTES/OPTIONS</b>
<b>Property</b>	£28,716.24	£24,284.59	£24,284.59	Tender 2 Best Option
<b>Casualty</b>	£247,191.00	£214,808.66	£214,808.66	Tender 2 Best Option
<b>Fidelity Guarantee</b>	£20,000.00	£12,952.66	£12,952.66	Tender 2 Best Option
<b>Motor</b>	£140,500.00	£166,259.50	£140,500.00	Tender 1 Best Option
<b>Engineering</b>	£5,643.00		£5,643.00	Tender 1 Best Option
<b>Personal Accident</b>	£5,557.00		£5,557.00	Tender 1 Best Option
<b>Computer</b>	£5,984.00	£10,605.03	£10,605.03	Tender 2 Best Option
<b>Claims Handling</b>	£7,204.00	£12,750.00	£19,954.00	Tender 1/Tender 2
<b>Terrorism</b>	£7,696.00	£6,557.91	£6,557.91	Tender 2 Best Option
<b>TOTAL</b>	£468,491.24	£448,168.35	£440,862.85	