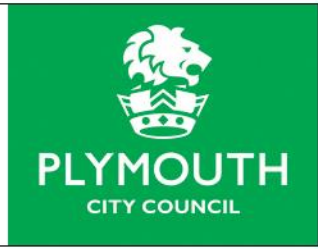


CONTRACT AWARD REPORT PART

Insurance Services - 20375



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I. INTRODUCTION

The Council currently has contracts in place for Insurance Services which expire on 31st March 2021 and were required to be re-procured.

This procurement was undertaken using Further Competition under the YPO Insurance Placement Dynamic Purchasing System (DPS) Reference No: 000978 and was split into seven lots:

Lot One (1) representing Property

This lot incorporating the following classes of business:

- Ia) Property (General Properties, Business Interruption, Leased Residential Properties, All Risks and Money)
- Ib) Contractor's All Risks
- Ic) Computers

Lot Two (2) representing Commercial Properties

This Lot incorporating the following classes of business:

- 2) Commercial and Industrial Properties

Lot Three (3) representing Fidelity Guarantee

This Lot incorporating the following classes of business:

- 3) Fidelity Guarantee

Lot Four (4) representing Casualty

This Lot incorporating the following classes of business:

- 4a) Employers Liability
- 4b) Public and Products Liability
- 4c) Libel and Slander
- 4d) Officials Indemnity
- 4e) Professional Indemnity
- 4f) Pollution Legal Liability

Lot Five (5) representing Motor Fleet

This Section incorporating the following classes of business:

- 5) Motor Fleet

Lot Six (6) representing Personal Accident and Travel

This Lot incorporating the following class of business:

- 6) Main Group Personal Accident and Travel Cover

Lot Seven (7) representing Engineering Services

This Lot incorporating the following classes of business:

- 7a) Engineering Insurance
- 7b) Engineering Inspection
- 7c) Contractors Plant

2. BACKGROUND

The Council's risk financing strategy includes the design of an insurance programme which will provide an optimum level of protection at the most economically advantageous cost. This is achieved by a combination of self-retained insurance covers and full cover where deemed financially viable.

Insurance contracts are entered into on a 3 year basis in order to attract competitive premiums and to give greater budget stability with the option to extend for a further 2 years (1+1) should premium rates remain favourable.

Current Long Term Agreements with insurers expire on 31 March 2021 and therefore a full tender has been undertaken to review both the levels of cover and the balance between self-insured risk and external insurance to ensure that the Council benefits from the best value that the market can offer.

3. PROCUREMENT PROCESS

The Public Contract Regulations 2015 stipulate that contracts with a value in excess of £189,330 must be procured using an OJEU compliant process and there is no provision to bypass or amend the regulations. The annual combined value of the contracts is in the region of £1,138,000.

A tender process in accordance with European procurement regulations has been conducted by Procurement and the Council's appointed insurance brokers, Marsh Ltd, to secure new contracts with effect from 1 April 2021. Insurance providers were invited to submit terms for the full range of insurances via Further Competition under the YPO Insurance Placement Dynamic Purchasing System (DPS) Reference No: 000978. The process comprises of an Invitation to Tender (ITT) which incorporates the contract award criteria.

4. TENDER EVALUATION CRITERIA

The Council's intention is to award any Contract based on the most economically advantageous offer. The Council will not be bound to accept the lowest price of any Tender submitted.

Basis of evaluation

The Council evaluated tender submissions in order to determine the most economically advantageous based on the technical and pricing criteria that are linked to the subject matter of the contract.

Criteria and weightings

The evaluation was carried out in accordance with the following criteria and weightings.

Pricing – 60 % weighting

Pricing evaluation criteria was scored in accordance with the formula set out in the following table.

Scoring System
<p>Lowest price quoted from all Suppliers receives maximum % score (60%). Other Suppliers' prices are scored in accordance with the following equation:</p> $\% \text{ Score} = \frac{\text{Lowest Quotation price}}{\text{Supplier's price}} \times 60\%$

Quality -40% weighting - Quality was split as follows:-

- **Compliance with Tender and Innovation: 18%**
- **Quality Systems:**
 - **Risk Management/Service Provision : 5%**
 - **Claims : 5%**
 - **General/Resource of Contract : 3%**
 - **Stability : 4%**
 - **Social Value : 5%**

Compliance with tender and Innovation:

Suppliers were awarded a score which directly reflects the points achieved from the answers given in the completed Tender document returned with Supplier's submission. The points available within the tender specification were, at the sole discretion of the Council, reduced in accordance with the Quality Evaluation table below. If the Suppliers variations to cover did not, in the opinion of the Council, provide cover of value to them we reserved the right to cease evaluation of the tender at that stage. The Suppliers score was calculated as follows: -

Score = (Points scored/Maximum points available) X 18%

Quality Systems:

It was assumed that all Suppliers have quality management systems and subscribe to the highest ethical business standards as required by the FCA. Suppliers were given a maximum score for confirmation that they agreed to the provisions of the "Added Values Service" for each Lot. As above, the points awarded were, at the sole discretion of the Council, reduced in accordance with the Quality Evaluation table below. The score allocated was calculated as follows: -

(i) - Risk Management/Service provision

Score = (Points scored/Maximum points available) X 5%

(ii) - Claims

Score = (Points scored/Maximum points available) X 5%

(iii) - General/Resource

Score = (Points scored/Maximum points available) X 3%

(iv) – Stability

Score = (Points scored/Maximum points available) X 4%

(v) - Social Value (Please outline within the Additional Benefits tabs of the return Document)

Score = (Points scored/Maximum points available) X 5%

Full Marks	Answer 'Yes' or variant meets full requirements
Half Marks*	Variant meets minimum requirements but not full requirements
0 Marks	Answer 'No' or variant does not meet minimum requirements
*Example	If full marks = 2, half marks = 1 If full marks = 4, half marks = 2 If full marks = 6, half marks = 3

The Social Value responses were evaluated using the scoring system as follows:

AWARD SCORING RATIONALE

The scoring rationale behind the award evaluation criteria was in accordance with the graduated approach set out in the following table. Tenderers must achieve a score of 1 or more for each scored item. Any award criteria item receiving a score of 0 will result in the tender being rejected.

Response	Score	Definition
Excellent	5	Response is completely relevant and excellent overall. The response is comprehensive, unambiguous and demonstrates a thorough understanding of the requirement/outcomes and provides details of how the requirement/outcomes will be met in full.
Very good	4	Response is particular relevant. The response is precisely detailed to demonstrate a very good understanding of the requirements and provides details on how these will be fulfilled.
Good	3	Response is relevant and good. The response is sufficiently detailed to demonstrate a good understanding and provides details on how the requirements/outcomes will be fulfilled.
Satisfactory	2	Response is relevant and acceptable. The response addresses a broad understanding of the requirements/outcomes but lacks details on how the requirement/outcomes will be fulfilled in certain areas.
Poor	1	Response is partially relevant and poor. The response addresses some elements of the requirements/outcomes but contains insufficient/limited detail and explanation to demonstrate how the requirements/outcomes will be fulfilled.
Unacceptable	0	No or inadequate response. Fails to demonstrate an ability to meet the requirement/deliver the required outcomes.

1. Scores were moderated to ensure that the evaluation outcome is fair, valid and reliable, that evaluation criteria had been applied consistently, and that any differences in scoring between individual evaluators could be acknowledged and addressed.
2. Each Supplier had to complete and return an Evaluation Sheet and Premium Declaration Sheet (and variation sheets if applicable) for each Lot Suppliers wished to compete for. **Failure to do so will result in the tender being rejected or no evaluation taking place.**

5. SUMMARY OF EVALUATION

The Tender was dispatched on 8th January 2021 with a Tender submission date of 19th February 2021. Suppliers were given the opportunity to submit points for clarification up until 26th January 2021 and 19 in total were received and responded to by the deadline of 9th February 2021.

Tenders were received as follows:

Lot	Tenders received
Lot 1 – Property	4
Lot 2 – Commercial and Industrial	5
Lot 3 - Fidelity Guarantee	3
Lot 4 – Casualty	4
Lot 5 – Motor Fleet	6
Lot 6 – Personal Accident and Travel	2
Lot 7 – Engineering	2

Contract Award Criteria

The Tenders were evaluated by the Council's contracted insurance broker, Marsh Ltd who have the appropriate skills and experience to ensure a competent tender evaluation. In addition, each Lot was independently evaluated by one of two Council Officers.

The scores of the Council Officers were then compared with Marsh's scoring and the scores and relative rankings of the suppliers were found to be consistent. The results are contained in the confidential paper (Part II).

6. FINANCIAL IMPACT

Financial provision has been made for this contract within the Insurance budget. Details of the contract costs are contained in the confidential paper.

7. RISK EVALUATION

The Council's strategy in respect of insurable risk involves an evaluation of the level of self-insurance it is prepared to assume in exchange for lower premiums paid to insurers.

The result is that the Council has a mix of internally funded insurance protection backed by commercial insurance to protect against exceptionally large or cumulative losses in any insurance period.

The level of self-insurance (i.e. the excess the Council is prepared to carry) is determined by the Council's "risk appetite" which is itself informed by, inter alia, an analysis of past loss records and an assessment of risk management performance. Key to this is the effectiveness of loss control activities, and consideration of the effect of "aggregate" losses against the ability to generate sufficient internal funds to meet the cost of anticipated losses.

The situation is kept under review annually as part of the renewals process to ensure that the Council maintains the optimum balance between self-retained risk and externally purchased insurance.

This tender exercise has included a review of the risk financing strategy and concludes that the current mix of self-insurance and externally purchased insurance cover continues to provide the most cost effective insurance protection for the Council.

8. RECOMMENDATIONS

It is recommended that a contract be placed for three years with an option to extend for two years in yearly increments to the successful tenderers, details of whom have been set out in the confidential paper Part II.

9. APPROVAL

AUTHOR: Julie Steer, Insurance Manager




Signature:

Print Name: J K STEER

Date: 11th March 2021

AUTHORISED SIGNATORY: Brendan Arnold, Service Director for Finance

Signature: 

Print Name:Brendan Arnold.....

Position:Service Director for Finance.....

Date:12/03/2021.....