

INSURANCE CONTRACT PROCUREMENT

REPORT OF: DIRECTOR OF RESOURCES AND ORGANISATIONAL DEVELOPMENT
Contact Officer: Rachel Jarvis, Assistant Director Corporate Resources (S151 Officer)
Wards Affected: All
Key Decision: Yes
Report to: Cabinet
5 February 2024

Purpose of Report

1. This report sets out the Council's insurance arrangements and the timetable for extending and then re-procuring them. This includes a two stage approach to:
 - (a) extend the Council's current insurance arrangements for a period of twelve months up to and including 31 March 2025, and
 - (b) procure new insurance arrangements to take effect from and including 1 April 2025 for a term of up to five years.

Recommendations

2. **Cabinet is recommended to:**
 - (i) **delegate authority to the Director of Resources and Organisational Development to extend the Council's current insurance arrangements for a period of twelve months up to and including 31 March 2025;**
 - (ii) **delegate authority to the Director of Resources and Organisational Development to carry out a procurement exercise for the organisation's insurance arrangements; and**
 - (iii) **delegate authority to the Director of Resources and Organisational Development to award the new insurance contract to the preferred bidder(s) following the evaluation of tenders to take effect from and including 1 April 2025 for a term of up to five years, to ensure continuity of cover.**
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Background

3. The Council currently has ten insurance contracts in place which expire on 31 March 2024. These are:
 - (i) general property (currently insured with Protector);
 - (ii) commercial property (currently insured with Protector);
 - (iii) housing property (currently insured with Travelers);
 - (iv) liability (currently insured with Zurich);
 - (v) crime (currently insured with Zurich);
 - (vi) engineering (currently insured with Zurich);
 - (vii) computer (currently insured with Risk Management Partners);
 - (viii) personal accident (currently insured with Zurich);
 - (ix) motor (currently insured with Zurich); and
 - (x) terrorism (currently insured with JLT).

4. Following a review of both our insurance arrangements and our previous approach of procurement across multiple authorities in East and West Sussex, it has been agreed to further explore the market to specifically meet Mid Sussex District Council requirements. Therefore, it has provisionally been discussed with the Council's insurance broker that each contract will be extended until 31 March 2025, to ensure continuity of cover for the Council.
5. The extension would utilise Regulation 72(1)(c) of the Public Contracts Regulations 2015 for the extension of the original five-year contracts and the Shared Procurement Service will publish a notice on the tender portal on the Council's behalf to that effect.
6. Having taken advice from the Shared Procurement Service and the Council's insurance officer, extending the original five-year contracts by an extra twelve months meets each of the three conditions contained in Regulation 72(1)(c).
7. We have, in working with other authorities, sought to work on a joint tender since autumn 2023. However the requirements of modern insurance tenders (particularly around property) continue to require more time to ensure these are both procured accurately and specifically to meet the needs of our portfolio. All authorities within the previous joint tender are therefore extending for a year, ahead of re-procurement. This will enable all parties to further examine their requirements and set a comprehensive tender suitable to their needs. This may change which parties procure together. We will only seek tender partners which provide the greatest benefit for Mid Sussex through, for example, economies of scale.
8. We therefore intend to re-procure the Council's insurance arrangements by 31 March 2025 with the aim of the new contract(s) commencing on 1 April 2025 for a term of up to 5 years.

Policy Context

9. The Council's Constitution contains a set of Contract Procedure Rules. These establish the governance framework applicable to the purchase of all goods and services by the Council. For contracts of above £200,000 in value (but within the budget and policy framework), paragraph 9 stipulates that:

"Cabinet has authority to conduct the relevant competitive process or give authority to officers to conduct that exercise."
10. Separately, the Council's Procurement Code delegates authority to the Service Director, in consultation with the Monitoring Officer to award any contracts for goods/services above the threshold of £214,904 (inclusive of VAT).

Other Options Considered

11. We have explored with the Council's current insurers whether a shorter extension period might be possible but this is not available without the payment of a significant premium. One insurer would not offer an extension period of less than twelve months.
12. A shared procurement with other councils, conducted by the East Sussex Procurement Hub, was also considered. This option will be considered further but we will also consider lone procurement as we continue to explore the market specifically to meet Mid Sussex requirements.

Financial Implications

13. Detailed in the Exempt Annexe.

Risk Management Implications

14. The main risks associated with this decision are related to cost and time/resources.
15. Against a background of high inflation, there is a risk that the tender prices for this new contract may be higher than existing. However, this risk is an industry-wide phenomenon as insurance premiums have increased across the sector as a whole. It may be that as inflation decreases, premiums may also be decreased accordingly over the course of the next year.
16. Time and resource risks can be mitigated by ensuring sufficient time is allowed for re-procurement and a timetable is agreed by all stakeholders. The twelve-month extension allows ample time to re-procure the Council's insurance arrangements to ensure continuity of cover.

Equality and Customer Service Implications

17. No impact assessment has been undertaken.

Other Material Implications

13. None

Sustainability Implications

14. None

Background Papers

None