

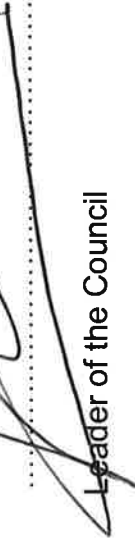
NOTICE OF DELEGATION OF DECISION TO CABINET MEMBER BY STRONG LEADER

Section 15(4) of the Local Government Act 2000, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1st December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

I, J-P Campion, as Strong Leader, delegate the decision relating to the provision of Insurance Services to the Council to the Cabinet Member and Officer, detailed below:

Cabinet Member for Resources and Transformation, Councillor Nathan Desmond
Chief Financial Officer, Tracey Southall

Dated: 3/2/2014

Signed: 
Leader of the Council

NOTICE OF DECISION OF CABINET MEMBER

Pursuant Section 15(4) of the Local Government Act 2000, as amended by section 63 of the Local Government and Public Involvement in Health Act 2007, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1st December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

In accordance with the authority delegated to me, I have made the following decision:


Subject	Decision	Reason for decision	Date for Decision to be taken
Provision of Insurance Services to the Council	<p>To approve the tender evaluation model</p> <p>To grant delegated authority to the Chief Financial Officer in consultation with the Cabinet Member for Resources and Transformation to award and enter into the Insurance Services Contract, subject to budget considerations, for a 3 year term in accordance with the approved evaluation model.</p> <p>To grant delegated authority to the Chief Financial Officer in consultation with the Cabinet Member for Resources and Transformation, to make minor changes to the evaluation model if required.</p>	The current contract with Zurich Municipal is due to expire in June 2014	3 rd February 2014

I confirm that the appropriate statutory officer consultation has taken place with regard to this decision.

Dated: 3rd February 2014

Signed: 

Councillor Nathan Desmond
Cabinet Member for Resources and Transformation



Tracey Southall
Chief Financial Officer

WYRE FOREST DISTRICT COUNCIL

STRONG LEADER APPROVAL

3RD FEBRUARY 2014

Provision of Insurance Services to the Council

Open	
SUSTAINABLE COMMUNITY STRATEGY THEME:	Stronger Communities
CORPORATE PLAN THEME:	Delivering Together With Less
CABINET MEMBER:	Cllr Nathan Desmond
RESPONSIBLE OFFICER	Chief Financial Officer
CONTACT OFFICER:	Tracey Southall tracey.southall@wyreforestdc.gov.uk Trevor Jones trevor.jones@wyreforestdc.gov.uk
APPENDICES:	Appendix 1 – Evaluation criteria Appendix 2 – Scoring Matrix

1. PURPOSE OF REPORT

- 1.1 Approval of the Cabinet is required by the Contract Procedure Rules to enter into a procurement exercise where the value of the purchase is over £170,000.
- 1.2 To grant Delegated authority to the Chief Financial Officer in consultation with the Cabinet Member for Resources and Transformation to award the Insurance Services contracts.

2. RECOMMENDATION

- 2.1 That the Leader:
 - 2.1.1 Approves the tender evaluation model;
 - 2.1.2 Grants delegated authority to the Chief Financial Officer in consultation with the Cabinet Member for Resources and Transformation to award and enter into the Insurance Services Contract, subject to budget considerations, for a 3 year term in accordance with the approved evaluation model.
 - 2.1.3 To grant delegated authority to the Chief Finance Officer in consultation with the Cabinet Member for Resources and Transformation, to make minor changes to the evaluation model if required.

3. BACKGROUND

- 3.1 The Council's current Insurance services provider is the Zurich Mutual plc. The initial contract for these services was awarded following an award winning collaborative

competition process involving a number of neighbouring District Councils, led by this Council. The current contract commenced on the 1st July 2009, for an initial period of 3 years, but was extended by 2 years to a 5 year contract period that is due to expire in June 2014.

- 3.2 Wychavon DC is leading this procurement exercise on behalf of all 8 Councils (see section 3.4 below). Gallagher Heath (trading name of Heath Lambert Limited - Insurance Broker) has been engaged to act on behalf of the Worcestershire/Staffordshire District Council Insurance Consortium at a cost of £1,500 per participating Council. The West Midland REIPP has awarded a grant to make up the shortfall in the total consultancy fee of £12,600.
- 3.3 Gallagher Heath have been engaged on behalf of the 8 District Council working in collaboration in an exercise designed to minimise their respective insurance premiums whilst providing appropriate cover for the risks encountered by each member council.
- 3.4 The insurance arrangements for WFDC and up to seven more District Councils have been set out and benchmarked to ascertain their target premium. It is against this target that the returns will be evaluated.

The participating Councils are

Bromsgrove DC
High Peak DC
Malvern DC
Redditch BC
Staffordshire Moorlands DC
Worcester City
Wychavon DC
Wyre Forest DC

- 3.5 Delegated authority to award the tenders following evaluation in accordance with the approved criteria is sought as this needs to be done promptly to provide sufficient timeframe from award to inception of the new contract.

4. KEY ISSUES

4.1 During the tender process it is recommended that the consortium:

- Follows a full OJEU compliant tender process and invites insurer quotations for the consortium of eight District Councils
- Follows the open tender procedure and on this occasion the Treasurers and Gallagher Health have agreed that PQQ's are not required.
- Requests insurer quotations to be provided on the basis of the expiring basis of cover for each authority, with a limited range of additional and optional quotations with a final option to allow insurers to put forward a quotation on the basis of an alternative cover structure which they believe would be of interest to the consortium and which would better address the contract award criteria.

- Ensures that the tender evaluation process assesses tenders against the contract award criteria on the basis of the best option for the consortium as a whole. Alternatively, the consortium will need to agree to allow an element of adjustment to the prices put forward for each member within the overall tender price total as part of the pre-award discussions with insurers

4.2 The estimated annual value of the contract is in the region of £236,000 per annum and therefore the overall value of the contract over the maximum 3 year period exceeds the EU threshold of £173,559 and requires that the contract is subject to a full procurement process in accordance with EU procedures.

4.3 The new contract will be for 3 years with the option to extend for a further two year period, maximum term of 5 years.

4.4 The proposed tender timetable is as follows:

Key Tasks	Target Date
Gallagher Heath to Issue what Document Detailing Information Required for Tender	19 December 2013
Gallagher Heath to Issue Example Award Criteria	19 December 2014
Gallagher Heath to Meet with Insurance Officers to Discuss Required Information By	14 January 2014
Gallagher Heath to produce first draft of tender document	21 January 2014
Gallagher Heath to produce draft Contract Notice for Consortium by	31 January 2014
Cut off date for loss experience to be included in tender document	31 January 2013
Insurer Engagement Day	w/c 10 February 2014
Obtain updated Loss Experiences from insurers/Consortium	21 February 2014
Complete Tender Document and agree with Consortium	21 February 2014
Consortium sends Contract Notice to Office of OJEU – a minimum of 45 days for response if issued Electronically	28 February 2014
Issue tender documents to Insurers	03 March 2014
Closing date for return of tender submissions	18 April 2014
Follow up meeting with Consortium and meeting with insurers if applicable	w/c - 28 April 2014
Complete marketing/negotiations/clarification with insurers	9 May 2014
Present tender evaluation report with recommendations to Consortium by	23 May 2014
Consortium to confirm decisions and instructions to Gallagher Heath and Insurers to be informed by (start of 10 day standstill period)	30 May 2014
Follow up meetings with Successful Insurer(s)	w/c 9 June 2014
Consortium/Gallagher Heath places insurance programme(s) by	23 May 2014
Insurance Cover incept on	1 July 2014
Contract Award Notice to OJEU – within 48 days of awards – by	19 August 2014

- 4.5 A change in Insurers could in itself create an extra workload for the Finance section at the point of transfer. This extra workload may have to be resourced in order that new systems and working practices are put into practice.

5. EVALUATION CRITERIA AND SCORING METHODOLOGY

5.1 Evaluation Process

- 5.1.1 Having established a benchmark (or target premiums) the tender responses will be compared against the current and target premiums in order that the Councils position may be optimised, it may be a case of minimising the increase rather than expecting premium reductions.

5.1.2 Stage 1 – Selection Criteria

Tenders will be evaluated on being able to meet the mandatory requirements detailed within the relevant questions within the Response Document. Tenders that fail to meet any of the mandatory requirements shall be rejected at this stage and eliminated from the process. Tenders that meet the mandatory requirements shall then go forward to be assessed against the criteria described within Appendix 1.

5.1.3 Evaluation and scoring

Please refer to Appendix 1 to review the Example Evaluation Criteria and Appendix 2. for the Example Scoring Matrix. The final evaluation needed should be very close to this although delegation is requested for the Chief Financial Officer in consultation with the Cabinet Member to make minor changes.

6. FINANCIAL IMPLICATIONS

- 6.1 The Council's current combined annual budget for Insurance Services is £236,000 per annum, for the proposed maximum 3 year contract this gives an estimated value of £708,000 over the potential period of the contract.
- 6.2 It is hoped that cost of engaging Gallagher Heath to assist us with this procurement process (see section 3.2) will be covered by minimising the insurance increases that the Council would otherwise have to carry if it were to tender as an individual Council.
- 6.3 Gallagher Heath has advised that the insurance market has hardened and it may be difficult to achieve savings on the current premium paid. Any increase in the costs following from this tender process will be mitigated as far as possible and only accepted subject to funding. The final decision will be subject to normal Contract Procedure rules and reported to Members.

7. LEGAL AND POLICY IMPLICATIONS

- 7.1 As stated in the Councils Contracts Procedure Rules Cabinet Approval is sought for procurements where the value of the purchase is estimated to be in excess of £170,000.
- 7.2 The successful tender submission will be required to enter into a formal contract prepared by the Solicitor to the Council. WFDC will reserve its right to act independently to the Consortium, contracting separately from the other members of the Consortium in order that it may optimise its own position.

8. RISK MANAGEMENT

- 8.1 The Council must fully evaluate contracts to ensure that they are capable of delivering upon the contract.
- 8.2 The choice of the Council's Insurers is intrinsically linked to the Risk Management Policy and risk must be mitigated to ensure risks are properly managed.
- 8.3 The time-frame for this tender is quite tight and must be carefully managed to ensure that revised insurances are in place for July 2014.

9. EQUALITY IMPACT ASSESSMENT

- 9.1 This is a financial report and there is no requirement to consider an Equality Impact Assessment.

10. CONCLUSION

- 10.1 The Council is required to tender for the provision of Insurance services. It is suggested that this tender be for a period of up to 3 years up until 31/06/2017.
- 10.2 Given the value of the contract a full procurement exercise in accordance with EU Regulations will be undertaken using the expertise of Gallagher Heath in close liaison with Council officers.

11. CONSULTEES

- 11.1 Cabinet Member for Resources and Transformation
11.2 CMT
11.5 Procurement Officer

12. BACKGROUND PAPERS

- 12.1 None

Appendix 1. Example Evaluation Criteria

EVALUATION CRITERIA	Max Points Available
<p>PRICE 40% - For all Lots, a maximum of 40% will be awarded in respect of price criteria which will be split into 30% for the total cost of the Option, and 10% for Financial Certainty.</p>	
<p>Total Cost of Option</p> <p>The tender evaluation will include consideration of the cost of premium, IPT, forecast self insurance costs below deductibles and aggregate stop loss limits, low claims rebates offered and terms for payment.</p> <p>All ancillary costs associated with each insurer's tender will be included within the price evaluation. Therefore if there are pricing differentials between a "Direct Dealing" basis and the costs of using insurers who will only write cover via broker agency agreements, such costs will be incorporated in to the total pricing for such Tenderers.</p> <p>The most competitive submission under each Lot will be awarded 30 marks and all other tenders will be awarded a proportion of 40 marks in direct proportion to the most competitive quotation.</p>	30%
<p>Pricing stability</p> <p>A maximum of 10 marks will be awarded in order to reflect the degree of financial certainty provided by the insurer's proposals over the period of the initial long term agreement. For example a guarantee of fixed annual premium for the three year LTA period will attract the maximum mark, and insurer proposals which offer a lesser degree of financial certainty (e.g. fixed premium for year 2 only, or Insurer proposals to fix price increases / decreases to defined loss ratios) will attract a proportionately lower score.</p>	10%
<p>TECHNICAL QUALITY 50%</p>	
<p>Cover</p> <p>Policy Wording – cover provided meets or exceeds the required levels.</p> <p>Consideration will be given to the range of cover/perils offered, policy conditions, warranties, exclusions, extensions and limitations of cover. Insurers are required to clearly indicate any aspect of their quotation which does not comply with the specification of cover set out in the tender document.</p>	25%

	<p>Evaluation will include an assessment of the policy documents and General Conditions of cover, provided by insurers in their response.</p>	
<p>Claims Handling</p>	<p>Insurers are expected to provide claims handling arrangements as part of their service and no separate claims handling contracts are envisaged</p> <p>Method statements are requested from insurers/claims handlers to indicate how the claims service will be provided. Insurers/Claims handlers are required to provide sufficient detail to enable the claims service to be evaluated and in particular to confirm their service standards, quality measures and KPIs that apply to this service.</p> <p>Claims handlers must be able to demonstrate their expertise in providing claims handling services to public sector organisations and confirm their commitment to the sector, and provide details of the service team, the resources to be allocated and the location(s) from which the service will be delivered.</p> <p>Tenderers are required to respond specifically to the requirement in the service specification in relation to the provision of loss data to the Awarding Authority at the frequency requested and in the required format.</p> <p>Evaluation will be based upon the above as well the questions posed in the claims handling specification</p>	<p>20%</p>
<p>Range of Insurer Services</p>	<p>Range of services that are included within the premium such as, Loss Control Days, Seminars, and Risk Management Services included within the premiums quoted and to the provision of any additional services at specified daily rates.</p> <p>The Council currently receives a risk management fund from their Insurers and these monies are ring-fenced to only be spent on risk management services, i.e. cannot just be used as a discount from premiums. This is viewed very positively by the Council and any such funds that are available to be spent on any services from any providers will be scored more highly than "directed" risk management support from defined providers, such as an allocation of 'days'.</p>	<p>5%</p>
<p>Quality of Service Standards</p>	<p>Insurers are expected to advise how they propose to manage the contact, what level of contact and support they will provide to the Council and answers to the underwriting service specification included below.</p> <p>Due regard will be given to the tenderers experience and expertise in the public sector and their associated risks.</p>	<p>10%</p>

Appendix 2. Example Scoring Matrix

Other than price, where scoring will be completed on a proportional basis, the scoring will be undertaken on a matrix model using the following structure: -

Scoring Assessment	Score
Poor Response - The response does not meet the requires of the tender	0
Below Average Reponses - The response provides limited detail in line with the requirements of the tender; however the response does not demonstrate an adequate understanding of the contracts objectives, and/or does not cover the main management and technical risks to an acceptable standard.	1
Adequate Response - The response demonstrates an adequate understanding of the contracts objectives and the requirements of the tender, and covers the main management and technical risks to an acceptable standard.	2
Good Response - The response demonstrates a good understanding of the tender objectives and the requirements of the specification. It deals with the main management and technical risks to a very good standard and provides for delivering continuous improvement over the life of the contract.	3
Very Good Response – The response demonstrates a very good understanding of the Tender objectives and the requirements of the specification. It deals with the main management and technical risks to a very good standard and provides for delivering continuous improvement over the life of the contract.	4
Tailored Response - The response has been tailored specifically to suit the tender objectives and the requirements of the specification, uses innovative approaches to deal comprehensively with the main management and technical risks, and is likely to maximise performance and deliver continuous improvement.	5

Each bidder is scored on the above on a scale of 0 – 5 and marks are allocated for each criteria, with a maximum total score of 100 available.

The scoring matrix, thus agreed with the Council, including example insurers is detailed below:

Tender Evaluation Matrix	Criteria Weighting	Matrix					
		0	1	2	3	4	5
Cover	25%	0	5	10	15	20	25
Claims Handling	20%	0	4	8	12	16	20
Range of Services	5%	0	1	2	3	4	5
Quality of Service Standards	10%	0	2	4	6	8	10
Totals	100%	0	12	24	36	48	60