

Forward Plan reference number: Not applicable

Report title: Procurement of Insurance Policies	
Report to: Nicole Wood – Executive Director, Corporate Services	
Report author: Paul Turner, Director, Legal and Assurance	
Date: 14 August 2023	For: Decision
Enquiries to: Karen Gooch, Risk & Insurance Manager, email karen.gooch@essex.gov.uk	
County Divisions affected: All Essex	

1. Everyone’s Essex

- 1.1 The Council’s insurance policies for Lease Motor Fleet and Personal Accident and Business Travel are due to expire on 31 March 2024. The Council is required to undertake a tender exercise for these policies as the value for all policies over a 3 year Long Term Agreement (LTA) is expected to be approximately £1.4m.
- 1.2 The procurement of adequate insurance and is required to protect the Council and comply with the law. This supports the strategic objectives set out in Everyone’s Essex.

2 Recommendations

- 2.1 Agree to undertake a procurement for a Long-Term Agreement for the Lease Motor Fleet and Personal Accident and Business Travel policies as set out in this report using the open procurement procedure.
- 2.2 Agree that the new agreements will be for a term of 3 years with a 2 year optional extension.
- 2.3 Agree that the Director, Legal & Assurance is authorised to award the contract to the successful bidder.

3 Summary of Issue

- 3.1 There are three types of insurance that the Council needs to reprocure.
- 3.2 The Council purchases lease motor insurance for vehicles within the car provision scheme. Details of the current arrangements are as follows:

Insurer	Annual premium including	Excess	Cover

	Insurance Premium Tax (IPT)		
Protector	£388,264	£150	Comprehensive

3.3 The Council purchases personal accident insurance for maintained school employees and ECC employees. Business travel insurance is also purchased for ECC employees. Details of the current arrangements are:

Insurer	Annual premium including IPT
AIG	£37,877

3.4 The current arrangements, which have already been extended in accordance with their terms, expire on 31 March 2024 and we need to make new arrangements for insurance after that date.

3.5 A procurement process is required and will enable the Council to obtain insurance on the best terms available. An open procurement procedure will be used using a price/quality split of 60:40. Out of the apportioned 40 for quality, 5% will be allocated to Social Value.

3.6 A Long Term Agreement is more likely to attract high quality bids and secure value for money.

4 Links to our Strategic Ambitions

4.1 The procurement of adequate and mandatory insurance underpins the aims set out in the Essex Vision and the strategic priorities in the emerging Organisational Strategy 'Everyone's Essex'.

5 Options

5.1 Option 1 - Do nothing

This is not a viable option as the Council must have adequate insurance cover in place.

5.2 Option 2 – Extend current insurance cover arrangements

This is not an option as the current contracts do not provide for any further extensions. A direct award to the current suppliers without a procurement means

that the Council is unlikely to be able to demonstrate compliance with the Public Contracts Regulations 2015 or ensure value for money.

5.3 Option 3 - Re-tender – Recommended Option

This is the recommended option which means the Council will comply with relevant procurement and financial regulations and be able to demonstrate that its insurance arrangements are the best value available.

6 Issues for Consideration

6.1 Financial Implications

6.1.1 The current cost to the Council of the two insurance premiums (one for lease motor and one that covers both personal accident and business travel) is £426,000 per year (circa £1.4m over a three-year period taking into account projected inflationary increases).

6.1.2 The 2023/24 budget that covers these insurance premiums is £636,000, this also funds several other insurance premiums. Spend has historically been fully contained within the budget envelope and is forecast to continue to do so in this financial year.

6.1.3 The latest Medium Term Resource Strategy assumes that insurance premiums will increase by 8%, based on the average annual increase over the past 4 years. It is not expected that the re-tender will result in costs in excess of this.

6.2 Legal implications

6.2.1 The Council is required to have in place adequate insurance provisions.

6.2.2 In identifying the most appropriate provider, the Council must ensure that the contracts are awarded in accordance with The Public Contracts Regulations 2015 and the Council's procurement policies and procedures.

6.2.3 Ensuring that a robust process has been undertaken will seek to reduce the risk of challenge from an unsuccessful bidder.

7 Equality and Diversity Considerations

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.

- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

The Equalities Comprehensive Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

8 List of Appendices

Equalities Comprehensive Impact Assessment

9 List of Background Papers

None

I approve the above recommendations set out above for the reasons set out in the report.	Date
Nicole Wood, Executive Director, Corporate Services	15.09.23

In consultation with:

Role	Date
Councillor Christopher Whitbread – The Chancellor of Essex and Cabinet Member for Finance	30.08.23
Executive Director, Corporate Services (S151 Officer)	29.08.23
[Michael Neumann on behalf of] Nicole Wood	
Director, Legal and Assurance (Monitoring Officer)	14.8.23
Katie Bray on behalf of Paul Turner	