

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

14 MARCH 2023

REPORT OF THE CHIEF OFFICER - FINANCE, PERFORMANCE AND CHANGE

RESULT OF TENDER OF ANNUAL INSURANCE POLICIES

1. Purpose of report

- 1.1 The purpose of this report is to inform Cabinet of the result of the retender exercise for all the Council's Insurance policies, other than the medical malpractice and Harbour insurance policies which are placed with specialist insurers and are not due for tender at this time. Approval is also sought from Cabinet to authorise Marsh UK Limited, as the Council's appointed Insurance Broker, to accept cover for the policies, on behalf of the Council.

2. Connection to corporate well-being objectives/other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:
- **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

3. Background

- 3.1 Whilst the Council's insurance policies are annual contracts, they are also subject to Long Term Agreements which can be for a 3 or 5 year period which allows for rating and budgeting stability. The current Long Term Agreements end on the 30 March 2023.
- 3.2 On 18th October 2022, Cabinet approved the commencement of a tender process for all annual insurance policies to commence on 31st March 2023 up to a maximum five year Long Term Agreement. That process has been completed and the outcomes are presented to Cabinet for consideration and approval.
- 3.3 The retender process was carried out by Marsh UK Limited who are the Council's appointed insurance brokers.

4. Current situation/proposal

- 4.1 The Council confirmed to bidders that awards would be made to the 'most economically advantageous' tender, based on a weighting of 50% for price and 50% for quality. The specifications asked for tenders based on two long term agreement (LTA) options, namely: three years, and three years with an option to extend for a further two years. The Insurance premiums below are for the three year LTA with an option to extend for a further two years.

- 4.2 All tenders were received electronically by the deadline of 3 Feb 2023. The companies who responded in accordance with the tender instructions have been identified as Insurers A to E in the first row of Table 1.
- 4.3 Tenders have been evaluated, with the assistance of Marsh UK Limited, following the tender evaluation criteria. The responses to the tender, winning score, and recommended Insurer, are detailed in Table 1 below. Table 2 shows the quotations from the recommended insurer.
- 4.4. As there was only one quotation received for the Liability insurance, Marsh have not carried out a quality score comparison, but have confirmed that the quotation met all of the tender requirements.

Table 1 – Tender Scores

Price Score

	A	B	C	D	E
Lot 1 - Property Including Computers	35	50	12.32		
Lot 2 - Combined liability			50		
Lot 3 - Motor Fleet	42.16	48.72	50		32.9
Lot 4 - Engineering Inspection & Insurance	50		40.35	46.68	
Lot 5 - Personal Accident Travel & School Journey	50		40.07		

Quality Score

	A	B	C	D	E
Lot 1 - Property Including Computers	41.2	43.57	41.03		
Lot 2 - Combined liability					
Lot 3 - Motor Fleet	44.26	42.55	44.65		42.68
Lot 4 - Engineering Inspection and Insurance	46.29		45.54	46.25	
Lot 5 - Personal Accident Travel & School Journey	29.93		36.49		

Total Score

	A	B	C	D	E
Lot 1 - Property Including Computers	76.2	93.57	53.35		
Lot 2 - Combined liability			50		
Lot 3 - Motor Fleet	86.42	91.27	94.65		75.58
Lot 4 - Engineering Inspection and Insurance	96.29		85.89	92.93	
Lot 5 - Personal Accident Travel & School Journey	79.93		76.56		

Table 2

Premium including Insurance Premium Tax, excluding VAT

	2022	2023	Recommended Insurer
Lot 1 - Property Including Computers	£ 384,067.05	£ 337,801.79	B
Lot 2 - Combined liability	£ 406,284.48	£ 358,301.44	C

Lot 3 - Motor Fleet	£ 121,366.56	£ 95,760.00	C
Lot 4 - Engineering Inspection Attracts VAT	£ 30,698.00	£ 33,459.00	A
Lot 4 - Engineering Insurance	£ 4,326.56	£ 4,435.20	A
Lot 5 - Personal Accident Travel & School Journey	£ 29,120.78	£ 29,837.92	A
Total	£ 975,863.43	£ 859,595.35	

4.5 In addition to the insurance premiums there is a Claims handling fee payable in arrears to the appointed claims handlers. This is dependent on the actual number of claims received during the policy period. If the number of claims for the 2023-24 financial year follow those of 2021-22 and 2022-23, this would result in an annual claims handling fee of approximately £35,000.

5. Effect upon policy framework and procedure rules

5.1 There will be no direct effect on the policy framework and procedure rules.

6. Equality Act 2010 implications

6.1 An initial Equality Impact Assessment (EIA) screening has identified that there would be no negative impact on those with one or more of the protected characteristics, on socio-economic disadvantage or the use of the Welsh language. It is therefore not necessary to carry out a full EIA on this policy or proposal.

7. Well-being of Future Generations (Wales) Act 2015 implications

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

8. Financial implications

8.1 The costs for 2023-24 are shown in Table 2 above, and reflect an expected annual reduction of £116,268.08 on 2022-23 premiums, and a potential saving of £581,340.40 over the course of a three year LTA with an option to extend for a further two years. The premiums will be met from the 2023-24 insurance revenue budget which has sufficient funds to meet these costs. The expected annual reduction will be maintained as a contingency balance in case of any increases to in-year claims with longer term monitoring of the sustainability of this saving.

9. Recommendation

9.1 It is recommended that Cabinet approves the acceptance of the quotations in paragraph 4.4 with a three year Long Term Agreement, and an option to extend for a further two years, placed through Marsh UK Limited as the Council's appointed Insurance Broker.

Carys Lord
Chief Officer - Finance, Performance & Change
14 March 2023

Contact officer: Karen Davies
Insurance Officer

Telephone: (01656) 643318

Email: karen.davies@bridgend.gov.uk

Postal address: Civic Offices,
Angel Street,
Bridgend,
CF31 4WB

Background documents: None