

**To: Procurement Sub Committee**

**On: 14 September 2016**

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**Joint Report  
by  
The Chief Executive and Director of Finance and Resources**

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**Contract Authorisation Report For  
Insurance Framework  
RC/RC/164/17**

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**1. Summary**

- 1.1 The purpose of this report is to obtain authorisation from the Procurement Sub Committee to enter into a Framework Agreement and subsequent call-off contracts for Insurance provision for Renfrewshire Council and associated bodies.
  - 1.2 The Framework Agreement was tendered in accordance with the above the EU Threshold Open Procedure (Services) and the Council's Standing Orders Relating to Contracts.
  - 1.3 A Contract Strategy was agreed by the Strategic Commercial and Procurement Manager and the Head of Finance on 2 December 2013.
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## 2. Recommendations

2.1 It is recommended that the Procurement Sub Committee authorise:

2.1.1 The Head of Corporate Governance to award the Framework and thereafter delegate to the Head of Corporate Governance authority to award each and every subsequent call-off contract per specific Lot as follows:

<b>Lots</b>	<b>Recommended Tenderer</b>
Lot 1 – Property Damage/Business Interruption	Risk Management Partners Ltd managing agent of behalf of AIG Europe Limited
lot 2 – Terrorism	Arthur J. Gallagher Insurance Brokers Ltd
Lot 3 - Casualty (includes Officials' Indemnity and Professional Indemnity)	Risk Management Partners Ltd managing agent of behalf of QBE Insurance Group
lot 4 – Motor	Zurich Insurance plc (Trading as Zurich Municipal)
lot 5 – Computer	RSA Insurance Group PLC
Lot 6 - Contractor's All Risks (includes Own / Hired-in Plant)	Risk Management Partners Ltd managing agent of behalf of HSB Engineering Insurance Ltd
Lot 7 – Engineering Inspection / Insurance	Risk Management Partners Ltd managing agent of behalf of HSB Engineering Insurance Ltd
Lot 8 – Group PA / Travel	Risk Management Partners Ltd managing agent of behalf of AIG Europe Limited
Lot 9 – Fidelity Guarantee	Risk Management Partners Ltd managing agent of behalf of QBE Insurance Group
Lot 10 - Medical Malpractice	Risk Management Partners Ltd managing agent of behalf of QBE Insurance Group

2.1.2 The spend under this framework agreement will be up to the value of £4.6million.

2.1.3 The Framework is intended to commence on 31 October 2016 and is for a period for 4 years.

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### **3. Background**

3.1 Renfrewshire Council tendered for Insurance on behalf of the Council and their associated bodies. The areas of insurance cover required were separated into 10 individual lots as noted below;

- Property Damage, including claims handling (above deductible)
- Terrorism
- Combined Liability
- Motor Fleet, including claims handling (own damage > deductible, and any third party claims)
- Computer
- Contractors All Risk
- Engineering Insurance and Inspection
- Group Personal Accident/Travel
- Fidelity Guarantee
- Medical Malpractice

3.2 The call-off contracts will be awarded based on current policy renewal dates and will each run for an initial period of 3 years, with an option to extend for a further 2 years.

3.3 The procurement of this Framework Agreement contract was tendered in accordance with the above EU Threshold Open Procedure (Services), Public Contracts (Scotland) Regulations 2015 and the Council's Standing Orders Relating to Contracts.

3.4 A contract notice was published on the Public Contracts Scotland advertising portal and the Official Journal of the European Union (OJEU) on 7 July 2016. Twelve suppliers expressed an interest in the tender, with seven suppliers submitting responses, for a variety of the individual Lots, by the deadline for submissions of 12 noon on 5 August 2016.

3.5 The seven tender submissions were evaluated by representatives from Corporate Insurance, CPU and also the Council's Insurance Broker against pre-determined criteria which assessed scope of cover, competence and expertise. All seven tenderers met those minimum requirements.

3.6 All seven tenders were then evaluated against a set of award criteria which was based on a price / quality ratio of 60% / 40%, which was applied to each Lot which was then evaluated separately.

3.7 The scores relative to the award criteria of each tenderer are as follows for each lot:

Lot 1 - Property Damage/Business Interruption			
Supplier	Final Technical Score	Final Commercial Score	Total Score
Risk Management Partners Ltd managing agent of behalf of AIG Europe Limited	29.00	60.00	89.00
Travelers Ins Co Ltd	29.00	50.08	79.08
Zurich Municipal	23.00	40.31	63.31

Lot 2 - Terrorism			
Company	Final Technical Score	Final Commercial Score	Total Score
Arthur J. Gallagher Insurance Brokers Ltd	6.00	60.00	66.00
Risk Management Partners Ltd	32.00	33.40	65.40
Asta Managing Agency Limited on behalf of Axis Syndicate 1686	24.00	31.13	55.13

Lot 3 - Casualty (includes Officials' Indemnity and Professional Indemnity)			
Company	Final Technical Score	Final Commercial Score	Total Score
Risk Management Partners Ltd managing agent of behalf of QBE Insurance Group	26.00	60.00	86.00
Maven Public Sector	25.00	44.05	64.00
Zurich Municipal	19.00	40.01	54.43

Lot 4 - Motor			
Company	Final Technical Score	Final Commercial Score	Total Score
Zurich Municipal	28.00	60.00	88.00
Risk Management Partners Ltd	29.00	55.31	84.31
Travelers Ins Co Ltd	25.75	56.56	82.31
Maven Public Sector	31.00	39.41	70.41

Lot 5 - Computer			
Company	Final Technical Score	Final Commercial Score	Total Score
RSA Insurance Group PLC	25.00	60.00	85.00
Zurich Municipal	23.00	47.86	70.86
Risk Management Partners Ltd	29.00	41.83	70.83
Travelers Ins Co Ltd	26.00	36.73	62.73

Lot 6 - Contractor's All Risks (includes Own / Hired-in Plant)			
Company	Final Technical Score	Final Commercial Score	Total Score
Risk Management Partners Ltd managing agent of behalf of HSB Engineering Insurance Ltd	23.00	60.00	83.00
Travelers Ins Co Ltd	20.00	8.73	28.73
Zurich Municipal	8.00	2.41	10.41

Lot 7 - Engineering Inspection / Insurance			
Company	Final Technical Score	Final Commercial Score	Total Score
Risk Management Partners Ltd managing agent of behalf of HSB Engineering Insurance Ltd	26.00	60.00	86.00
Zurich Municipal	23.00	50.92	73.92

Lot 8 - Group PA / Travel			
Company	Final Technical Score	Final Commercial Score	Total Score
Risk Management Partners Ltd managing agent of behalf of AIG Europe Limited	26.00	60.00	86.00
Zurich Municipal	20.00	21.80	41.80

<b>Lot 9 - Fidelity Guarantee</b>			
<b>Company</b>	<b>Final Technical Score</b>	<b>Final Commercial Score</b>	<b>Total Score</b>
Risk Management Partners Ltd managing agent of behalf of QBE Insurance Group	26.00	60.00	86.00
Travelers Ins Co Ltd	29.00	40.00	69.00
Maven Public Sector	27.00	39.00	66.00
Zurich Municipal	26.00	39.65	65.65

<b>Lot 10 - Medical Malpractice</b>			
<b>Company</b>	<b>Final Technical Score</b>	<b>Final Commercial Score</b>	<b>Total Score</b>
Risk Management Partners Ltd managing agent of behalf of QBE Insurance Group	26.00	60.00	86.00

3.8 It is therefore recommended that the following tenderers are awarded a place on the Framework Agreement in respect of these individual Lots and any subsequent call-off contracts made under the respective Lot, who based on this evaluation, have provided the most economically advantageous tender responses;

<b>Lots</b>	<b>Recommended Tenderer</b>
Lot 1 – Property Damage/Business Interruption	Risk Management Partners Ltd managing agent of behalf of AIG Europe Limited
lot 2 – Terrorism	Arthur J. Gallagher Insurance Brokers Ltd
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3.9 The estimated cost for call-off contracts made under this Framework will be allocated in accordance with the Council arrangement to cross charges to all Council Services.

3.10 The recommended tenderers have offered the following Community Benefits;

- Business Support and Mentoring Opportunities
- School Talks
- Financial support to local charities and community groups

Discussions will take place post-award to formalise the opportunities offered.

3.11 The recommended tenderers have also each offered as part of the contract additional services to assist the Council with managing their risk profile.

Example of additional services includes;

- Rebates for Low Claims
- Free consultancy with regards to loss control
- Property and Security Surveys
- Dedicated risk engineers for technical referrals
- Risk profiling
- Claims trend and leakage analysis
- 20 risk control days/customer days
- News and views on market trends

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## Implications of the Report

### 1. Financial

The financial stability of each recommended tenderer has been assessed as part of the evaluation procedure and met with the Council's minimum requirements for this Framework Agreement and each respective Lot.

### 2. HR & Organisational Development

N/A

### 3. Community Planning

N/A

#### **4. Legal**

The tendering procedures for the establishment of this Framework Agreement was in accordance with Renfrewshire Council's Standing Orders Relating to Contracts for over EU Threshold Services contracts.

#### **5. Property Assets**

N/A

#### **6. Information Technology**

N/A

#### **7. Equality & Human Rights**

The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

#### **8. Health & Safety**

N/A

#### **9. Procurement**

The Procurement procedures outlined within this report ensure that the Council meets its statutory requirements in respect of procurement procedures, efficiency and modern Government.

#### **10. Risk**

The recommended tenderers have been assessed and evaluated to confirm that they have met the minimum requirements regarding risk.

#### **11. Privacy Impact**

N/A

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#### **List of background papers**

(1) None

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