

To: Finance, Resources and Customer Services Policy Board

On: 1 September 2021

Report by: Chief Executive and the Director of Finance and Resources

**Heading: Framework Agreement for Insurance for Renfrewshire Council
and Associated Bodies, and Renfrewshire Valuation Joint Board
(RC-CPU-21-034)**

1. Summary

- 1.1 The purpose of this report is to obtain authorisation from the Board to enter into a Framework Agreement for Insurance and to obtain delegated authority to enter into subsequent call-off contracts for Renfrewshire Council and associated bodies under this Framework Agreement once it has been awarded.
 - 1.2 This procurement exercise for the Framework Agreement was conducted in accordance with the Restricted Procedure under the Public Contracts (Scotland) Regulations 2015 and the Council's Standing Orders Relating to Contracts.
 - 1.3 A Contract Strategy was agreed by the Director of Finance and Resources and the Strategic Commercial and Procurement Manager 1st June 2021.
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2. Recommendations

- 2.1 It is recommended that the Board authorise:
 - 2.1.1 The Head of Corporate Governance to award the Framework Agreement for Insurance for Renfrewshire Council and Associated Bodies and Renfrewshire Valuation Joint Board (RC-CPU-21-034) to the following Tenderers per specific Lots as follows:

Lots	Recommended Tenderer
1 Property Damage & Business Interruption including Money and Specified Property Insured	Zurich International PLC trading as Zurich Municipal
2 Terrorism	Risk Management Partners Ltd acting as Managing General Agent on behalf of Convex Insurance UK Limited
3 Casualty including Employers' Liability/Public Liability Libel and Slander/ Officials Indemnity/Professional Liability	Zurich International PLC trading as Zurich Municipal
4 Motor Fleet	Zurich International PLC trading as Zurich Municipal
5 Computer	Zurich International PLC trading as Zurich Municipal
6 Contractors All Risks/Own Plant/ Hired-in Plant	Zurich International PLC trading as Zurich Municipal
7 Engineering Insurance and Inspection	Risk Management Partners Ltd acting as Managing General Agent on behalf of HSB Engineering Insurance Ltd
8 Group Personal Accident / Travel	Risk Management Partners Ltd acting as Managing General Agent on behalf of American International Group UK Limited (AIG UK)
9 Crime	Zurich International PLC trading as Zurich Municipal
10 Medical Malpractice	Zurich International PLC trading as Zurich Municipal
11 Marine	[Not to be awarded]

2.1.2 To delegate authority to the Head of Policy and Commissioning to approve the award of Call-Off Contracts under each Lot noted in 2.1.1 once the Framework Agreement has been awarded, and for the Head of Corporate Governance to award these Call-Off Contracts for insurance cover to be in place for most Lots by 1 November 2021.

2.2 The spend under this Framework Agreement and associated Call Off contracts for the maximum Call Off periods will be up to the value of £10 million.

2.3 The Framework is intended to go live on 15 October 2021 and is for a period for 4 years

2.4 The Call-Off contracts will run from 1 November 2021 for a period of three years with the option to extend for a further two periods of two years each.

3. **Background**

3.1 Renfrewshire Council tendered for a Framework Agreement for Insurance services on behalf of the Council and their associated bodies and the

Renfrewshire Valuation Joint Board The areas of insurance cover required were separated into 11 individual lots as noted below:

- Property Damage & Business Interruption including Money and Specified Property Insured
- Terrorism
- Casualty including Employers' Liability/ Public Liability Libel and Slander/ Officials Indemnity/ Professional Liability
- Motor Fleet
- Computer
- Contractors All Risks/ Own Plant/ Hired-in Plant
- Engineering Insurance and Inspection
- Group Personal Accident/ Travel
- Crime
- Medical Malpractice
- Marine

- 3.2 The Framework Agreement also has the flexibility to enter into mini-competitions with suppliers in all Lots for any additional insurance requirements should they be identified by the Council during the Framework lifetime.
- 3.3 For the procurement of this Framework Agreement, a two-stage Restricted Procedure was undertaken in accordance with the Public Contracts (Scotland) Regulations 2015 and the Council's Standing Orders Relating to Contracts. The contract notice was dispatched via the Public Contracts Scotland advertising portal on 1 June 2021 and published on Find a Tender Service on the 1 June 2021 with the invitation to participate documents available for download from the Public Contracts Scotland – Tender portal.
- 3.4 During the invitation to participate stage (ITP) (stage 1), six candidates expressed an interest. By the return date for stage 1 at 12 noon on 17 June 2021, six candidates had submitted a request to participate (RTP).
- 3.5 All six (6) RTP submissions were evaluated against a set of pre-determined criteria in the form of the Single Procurement Document (SPD) by representatives from the Corporate Procurement Unit and the Council's Risk Manager.
- 3.6 The selection criteria at stage 1 required that bids would only be accepted from bidders who were insurers regulated by the FCA to underwrite insurance business in the UK and being rated as "A" with Standard & Poor's or equivalent rating with another ratings provider, OR brokers or managing general agents who are authorised by the relevant insurer to submit a tender on the insurer's behalf and bind them into the cover to be provided for the Framework Agreement and Call Off Contracts for the duration of the Framework Agreement and Call Off Contracts.

- 3.7 One (1) candidate withdrew from the process and the remaining five (5) RTP submissions satisfied the Council's minimum requirements at stage 1. All five remaining candidates were invited to stage 2 – details below:

Aon UK Limited trading as Maven Public Sector
Protector Forsikring ASA trading as Protector Insurance and registered with FCA as Protector Insurance UK
Risk Management Partners Ltd
Travelers Insurance Company Limited
Zurich International PLC trading as Zurich Municipal

- 3.8 The Invitation to Tender (Stage 2) documentation was made available to download by the five (5) candidates via the Public Contracts Scotland – Tender portal on 23 June 2021. By the closing date, 12 noon on 23 July 2021, all five (5) companies had submitted a tender submission.
- 3.9 All five tenders were then evaluated against the set of published award criteria which was based on a price/ quality ratio of 30%/ 70%, which applied to each Lot. Each Lot was then evaluated separately in accordance with the Specification for the respective Lot.
- 3.10 The scores relative to the award criteria of each tenderer are as follows per lot:

Lot 1 - Property Damage & Business Interruption including Money and Specified Property Insured			
Supplier	Final Technical Score (70%)	Final Commercial Score (30%)	Total Score (100%)
Zurich International PLC trading as Zurich Municipal	55.00	30.00	85.00
Risk Management Partners Ltd acting as Managing General Agent on behalf of American International Group UK Limited (AIG UK)	53.75	17.36	71.11

Lot 2 - Terrorism			
Company	Final Technical Score (70%)	Final Commercial Score (30%)	Total Score (100%)
Risk Management Partners Ltd acting as Managing General Agent on behalf of Convex Insurance UK Limited	51.25	30.00	81.25
Zurich International PLC trading as Zurich Municipal	43.75	9.71	53.46

Lot 3 - Casualty (includes Officials' Indemnity and Professional Indemnity)			
Company	Final Technical Score (70%)	Final Commercial Score (30%)	Total Score (100%)
Zurich International PLC trading as Zurich Municipal	55.00	30.00	85.00
Aon UK Ltd trading as Maven Public Sector	63.75	17.22	80.97
Risk Management Partners Ltd acting as Managing General Agent on behalf of QBE UK Limited	31.25	21.99	53.24

Lot 4 – Motor Fleet			
Company	Final Technical Score (70%)	Final Commercial Score (30%)	Total Score (100%)
Zurich International PLC trading as Zurich Municipal	57.50	30.00	87.50
Risk Management Partners Ltd acting as Managing General Agent on behalf of QBE UK Limited	53.75	18.60	72.35
Protector Forsikring ASA trading as Protector Insurance	53.75	16.52	70.27
Travelers Insurance Company Limited	43.75	21.30	65.05

Lot 5 - Computer			
Company	Final Technical Score (70%)	Final Commercial Score (30%)	Total Score (100%)
Zurich International PLC trading as Zurich Municipal	56.25	26.12	82.37
Risk Management Partners Ltd acting as Managing General Agent on behalf of HSB Engineering Insurance Ltd	51.25	30.00	81.25

Lot 6 - Contractors All Risks/ Own Plant/ Hired-in Plant			
Company	Final Technical Score (70%)	Final Commercial Score (30%)	Total Score (100%)
Zurich International PLC trading as Zurich Municipal	43.75	30.00	73.75
Risk Management Partners Ltd acting as Managing General Agent on behalf of HSB Engineering Insurance Ltd	51.25	16.40	67.65

Lot 7 - Engineering Insurance and Inspection			
Company	Final Technical Score (70%)	Final Commercial Score (30%)	Total Score (100%)
Risk Management Partners Ltd acting as Managing General Agent on behalf of HSB Engineering Insurance Ltd	63.75	30.00	93.75
Zurich International PLC trading as Zurich Municipal	65.00	22.91	87.91

Lot 8 - Group Personal Accident / Travel			
Company	Final Technical Score (70%)	Final Commercial Score (30%)	Total Score (100%)
Risk Management Partners Ltd acting as Managing General Agent on behalf of American International Group UK Limited (AIG UK)	55.00	22.94	77.94
Zurich International PLC trading as Zurich Municipal	43.75	30.00	73.75

Lot 9 - Crime			
Company	Final Technical Score (70%)	Final Commercial Score (30%)	Total Score (100%)
Zurich International PLC trading as Zurich Municipal	56.25	22.34	78.59
Aon UK Ltd trading as Maven Public Sector	50.00	20.21	70.21
Risk Management Partners Ltd acting as Managing General Agent on behalf of behalf of QBE UK Limited	38.75	30.00	68.75

Lot 10 - Medical Malpractice			
Company	Final Technical Score (70%)	Final Commercial Score (30%)	Total Score (100%)
Risk Management Partners Ltd acting as Managing General Agent on behalf of behalf of QBE UK Limited	51.25	12.95	64.20
Zurich International PLC trading as Zurich Municipal	18.75	30.00	48.75

Lot 11 - Marine			
For Lot 11, only one bid was received at Stage 2. The documentation provided revealed that the supplier would be placing reliance on another party to underwrite the cover. Since this relationship had not been declared at Stage 1 no award can be made for Lot 11			

3.11 For Lot 10, the tenderer with the highest score had indicated in their tender submission that this Lot 10 would not be accepted without an award for Lot 3, consequently it is recommended that the award for Lot 10 is made to the supplier in second place (Zurich International PLC trading as Zurich Municipal).

3.12 Note that for Lot 10, Zurich International PLC trading as Zurich Municipal (Zurich) have a low technical score of 18.75 out of 70. This is because one of the PDF files submitted by Zurich with their response to the Quality Questions for this Lot was corrupted and could not be opened. In accordance with the requirements of the Regulations, the Council can only evaluate based on information submitted by the tender closing date and time. The response was evaluated without the supporting information hence the low score. As part of the tender clarification process, the Council contacted Zurich to advise them that their document could not be opened or evaluated. Zurich resubmitted the information which could be viewed by the evaluation team for information only but not considered as part of the tender or as a scored / evaluated item. The Council is satisfied that although the technical score is low, the bid submitted by Zurich for this Lot is fully compliant and will meet the requirements of the Council.

3.13 For Lot 11 the Council reserves the right to mini-competition for this Lot in accordance with the Framework Agreement requirements.

3.14 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 once the Framework Agreement has been awarded and whom, based on this evaluation, have provided the most economically advantageous tender responses:

Lots	Recommended Tenderer
1 Property Damage & Business Interruption including Money and Specified Property Insured	Zurich International PLC trading as Zurich Municipal
2 Terrorism	Risk Management Partners Ltd acting as Managing General Agent on behalf of Convex Insurance UK Limited

Lots	Recommended Tenderer
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3.15 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.

3.16 Under the terms of this Framework Agreement, the tenderer listed in the respective Lot is able to provide insurance cover for the Council and Associated bodies and separately Renfrewshire Valuation Joint Board. Once the Framework Agreement is awarded and active, Call-off contracts can be awarded in accordance with the Framework Agreement. Each award for the Council will be based on current policy renewal dates and it is anticipated the Call-Off contracts will run from 1 November 2021 for a period of three years with the option to extend for a further two periods of two years each. The actual dates will be confirmed in individual the Letter of Appointment issued for the respective Lot.

3.17 Due to the value of some of the premiums for these insurance risk, some of these contract values would require authorisation from the Finance Resources and Policy Board. Due to the renewal dates for these policies, delegated authority is requested to approve awards of these call off contracts once the Framework Agreement is live.

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/Council Planning** – n/a
4. **Legal** - the tendering procedures for the establishment of this Framework Agreement was made in accordance with the Restricted Procedure under the Public Contracts (Scotland) Regulations 2015 and Renfrewshire Council's Standing Orders Relating to 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** – The health and safety submissions have been evaluated by the Council's Health and Safety Section and meet the Council's requirements.
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** – potential privacy risk (mainly claims handling data), have been addressed via the procurement procedures and in consultation with the Information Governance Team.
12. **Cosla Policy Position** – n/a

13. **Climate Change** – no climate change implications were noted as part of this Framework Agreement.
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List of Background Papers

(1) None

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