

London Borough of Bromley

Report No.
FSD19091-1

PART ONE - PUBLIC

Decision Maker: RESOURCES, COMMISSIONING & CONTRACTS
MANAGEMENT PORTFOLIO HOLDER

Date: For pre-decision scrutiny by the Executive, Resources & Contracts PDS
Committee on Wednesday 9th October 2019

Decision Type: Non-Urgent Executive Non-Key

Title: GATEWAY 0/1: PROCUREMENT STRATEGY FOR
INTEGRATED INSURANCE AGREEMENT
PART 1 (PUBLIC INFORMATION)

Contact Officer: Viknesh Gill, Insurance & Risk Manager
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Chief Officer: Director of Finance

Ward: (All Wards);

1. REASON FOR REPORT

- 1.1 The Council currently has an insurance shared services agreement in place with the Royal Borough of Greenwich, which expires on 31st March 2020.
 - 1.2 A review of the alternative provisions for insurance shared services has been undertaken and various options have been considered as detailed below. Further information is contained in the Part 2 report.
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2. RECOMMENDATION(S)

- 2.1 Members of the PDS Committee are requested to note and comment on the report.

Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
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Corporate Policy

1. Policy Status: Existing Policy:
 2. BBB Priority: Excellent Council:
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Financial

1. Cost of proposal: Estimated Cost: Details included in the Part 2 report
 2. Ongoing costs: Recurring Cost: Details included in the Part 2 report
 3. Budget head/performance centre: Audit and Assurance
 4. Total current budget for this head: £84k per annum
 5. Source of funding: Costs will be recharged to the Insurance Fund
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Personnel

1. Number of staff (current and additional): 1 current Insurance and Risk Manager
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: No statutory requirement or Government guidance
 2. Call-in: Applicable
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Procurement

1. Summary of Procurement Implications: The service proposals and procurement strategy have been developed in accordance with the Council's Financial Regulations and Contract Procedure Rules and the EU Procurement Regulations 12(7).
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Approx. 450 claims are received each year across all insurance covers
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A - Council wide

3. COMMENTARY

- 3.1 The insurance service is responsible for internal claims handling under the Council's self-insurance arrangements including the negotiation and settlement of claims, management of more serious or complex claims that may involve the instruction of solicitors or Counsel, ensuring policies are maintained and renewed annually and tendering to secure the most competitive cover.
- 3.2 Since 1st January 2014 the insurance service has been performed by the Royal Borough of Greenwich (RBG) with a formal shared service arrangement from 1st April 2015 which is due to expire on 31st March 2020.
- 3.2 Whilst the service has worked well since its inception and this partnership does not contravene any EU procurement regulations (as set out in Regulation 12(7) of the said rules as it is an agreement between two public authorities aimed at carrying out jointly their public service tasks and is governed only by considerations relating to the public interest), there is a duty to ensure that best value is being obtained.
- 3.3 The alternative options which were considered are detailed in the Part 2 report and are summarised below:
- Option 1 - Review and renew the existing partnership arrangement with RBG
 - Option 2 - Establish an in-house resource, directly recruiting and managing claims handling staff
 - Option 3 - Engage a Claims Handling Company to undertake processing of all claims.
 - Option 4 - Enter into an arrangement with each of the Council's individual insurers to handle all claims for their area of insurance.
 - Option 5 - Enter into a new partnership arrangement with an alternate public sector provider
- 3.4 Please see the Part 2 report (Exempt) for details of the procurement strategy and the justification for the contract award.

4. FINANCIAL IMPLICATIONS

- 4.1 Insurance currently has a budget of £84k to undertake shared services work.
- 4.2 Further financial considerations are included in the Part 2 report.

5. PERSONNEL IMPLICATIONS

- 5.1 Please see Part 2 (Exempt) report for further details on the personnel implications.

6. LEGAL IMPLICATIONS

- 6.1 Please see Part 2 (Exempt) report for further details on the legal implications.

7. PROCUREMENT IMPLICATIONS

- 7.1. Please see Part 2 (Exempt) report for further details on the procurement implications.

Non-Applicable Sections:	Impact on Vulnerable Adults and Children Policy Considerations
Background Documents: (Access via Contact Officer)	Insurance Fund – Annual Report 2017/18, Executive and Resources PDS Committee, 11 th October 2018 Contract Award: Insurance Policies, Executive 27 th March 2019 Provision of Insurance Service, Executive and Resources PDS Committee, 27 th March 2014 Provision of Insurance Service, Executive and Resources PDS Committee, 4 th February 2015 Due diligence review - Integrated Insurance Service – August 2019