

INSURANCE ARRANGEMENTS 2020-23 (HAMPSHIRE DISTRICT & BOROUGH COUNCILS)

1. PURPOSE

- 1.1 This report updates the Audit Committee on the outcome of the procurement for the provision of Insurance Services for New Forest District Council.

2. INTRODUCTION AND BACKGROUND

- 2.1 Ten borough and district councils in Hampshire worked collaboratively to procure insurance services during 2019/20 using an OJEU Open Procedure in accordance with the Public Contracts Regulations 2015. The cost of insurance across the 10 borough and district councils in Hampshire prior to the new contract was £4 million a year and for New Forest District Council was £653,355 for 2019/20. This report provides the Audit Committee with information regarding the tenders received and the contract that was awarded.
- 2.2 The joint tender procured through the Hampshire Insurance Forum (HIF) was successful in delivering savings of £891,000 across the collaboration with an overall reduction in cost to New Forest District Council of £23,000.

3. PROCUREMENT EXERCISE AND OUTCOME FOR NFDC

- 3.1 Fareham Borough Council led the procurement process on behalf of the HIF using its e-tendering portal. The specification of requirements, the proposed operation of service and the tender evaluation process (including criteria and weightings) were established by the HIF sub-group and Aon.
- 3.2 The HIF appointed a sub-group to coordinate the procurement of a new insurance programme. The sub-group consists of officers representing Basingstoke & Deane Borough Council, Fareham Borough Council, Gosport Borough Council, Test Valley Borough Council and Winchester City Council.
- 3.3 The HIF sought to reduce the risks of this procurement by:
- Procuring via an OJEU Regulation Open Tender.
 - Regular communication amongst HIF members and progress updates to the CFO's group.
 - Appointing an experienced broker to support the procurement process.
 - Hosting an 'Insurer Day' in September 2019; where interested insurers met the HIF sub-group and Aon to explain the collaborative approach and ensure the tender was attractive to the insurance market.
- 3.4 To encourage competitive quotes and attract specialist insurers in the market, the tender specification was split into 8 Lots. Insurers were invited to submit bids for any or all, of the Lots.
- 3.5 The quotations received were evaluated in accordance with 60%/40% price/quality weighting respectively.

- 3.6 Nine tenders were received electronically and evaluated by the HIF sub-group and Aon in accordance with the criteria set out in the invitation to tender. The tenders were received on the basis of a 3-year contract, with an option to extend for 2 years.
- 3.7 Fareham Borough Council facilitated the intention to award notification on behalf of all HIF authorities and award confirmation once the HIF members own approval processes had been finalised. An OJEU standstill period of 10 calendar days was applied before the contract was implemented. Only once implemented were HIF members able to meet the awarded insurer(s) in order to mobilise for the contract to start on 1 April 2020.
- 3.8 It was recommended by the HIF that the 3-year contract, with the option to extend for a further 2 years commencing 1 April 2020, was awarded to the following insurers:

Cover	Incumbent Insurer	Winning Tender
Lot 1 - Property	Allianz	Protector
Lot 2 - Right To Buy	Ocaso/ ZM	Protector
Lot 3 - Crime	ZM	ZM
Lot 4 - Liability	RMP	Protector
Lot 5 - Motor	RMP	Protector
Lot 6 - Engineering	ZM	ZM
Lot 7 - Personal Accident/Travel	ZM	ZM
Lot 8 - Terrorism	AUM	RMP

- 3.9. The results were positive for all the HIF members with the overall premium reducing from £3.994M to £3.103M; a reduction of £891k. The New Forest District Council premium reduced by £23k. No material changes to its cover arrangements were proposed nor had the Council had any significant changes in circumstances that would have warranted a large share of the overall saving.
- 3.10 The performance of the arrangements will be monitored to ensure ongoing savings and the avoidance of premium increases. The Council will continue to focus its efforts on reducing loss frequency and costs through good risk management.

4. CYBER INSURANCE

- 4.1 From 1 April 2020 NFDC have incepted a Cyber Insurance policy with Beazley, who are one of the most experienced cyber insurers in the market. NFDC has access to a 24/7 helpline where all claim services are accessible. Our cover includes for example Cyber Extortion and Ransomware. There have been no instances to date that have required a claim against the policy, but since this policy began our ICT team have been using the Beazley Online Risk Management Guidance to ensure that NFDC policies and procedures are in line with industry best practice.

5. FINANCIAL IMPLICATIONS

- 5.1 The overall 2020/21 Insurance Premium for New Forest District Council as procured through the HIF is £630,327. This is a reduction of £23,000 per annum on the previous overall premium. This saving has been utilised towards the cost of the cyber insurance policy.

6. ENVIRONMENTAL MATTERS AND EQUALITY & DIVERSITY IMPLICATIONS

- 6.1 There are no direct environmental or equality and diversity implications arising from this report.

7. RECOMMENDATIONS

- 7.1 Audit Committee note the contents of this report.

For further information

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