

**NORTH LANARKSHIRE COUNCIL
REPORT**

To: POLICY AND RESOURCES (FINANCE AND CUSTOMER SERVICES) SUB – COMMITTEE		Subject : INSURANCE TENDER FOR RENEWAL OF THE COUNCIL'S NOMINATED LOSS ADJUSTER 2012
From: HEAD OF REVENUE SERVICES		
Date : 20 th January 2012	Ref: AC/BC	

1. Purpose of the Report

1.1 The purpose of this report is to seek Committee approval to award the contract for the renewal of the Council's nominated Loss Adjuster. The Policy & Resources (F&CS) Committee on 1st June approved the report "Insurance Tender for Appointment of Nominated Loss Adjuster for Property Claims" (April 2011) to commence the Procurement Process.

2. Background

2.1 The use of external Loss Adjusters has been in operation by the Council since 2003 for property losses in excess of £15,000. It is proposed that the new contract be awarded for a period of four years from 1st April 2012, as this contract will run in parallel with the Council's Insurance programme. The contract has an estimated potential value of £310,000 based on historical figures.

2.2 With the assistance of Corporate Procurement, an "Open" tendering process was undertaken by way of the Public Contracts Scotland portal with tenders invited from interested firms of Loss Adjusters to provide this service. There were 6 registrations of interest recorded on the portal, 6 suppliers subsequently responded. Two suppliers progressed through the PQQ stage of the process and both suppliers responded to the Invitation to Tender. These were GAB Robins and Crawford & Company.

3. Evaluation Process

3.1 An evaluation scoring methodology was prepared and details were included in the tender documentation issued to prospective Tenderers via the Public Contracts Scotland portal. Tender responses were evaluated on a Most Economically Advantageous (MEAT) basis, taking into account both cost and quality:

- Cost 60%
- Quality 40%

On cost, the scoring provides 100 points for the lowest Tenderer, the other Tenderer being awarded 100 points minus the percentage by which their price was above that of the lowest.

The Qualitative element of the Tenders required suppliers to provide details of their approach to Service Delivery, Partnership & Joint Working, and Innovation & Efficiency. A scoring convention was developed, with maximum scores available per criteria, and a percentage weighting for each:

Qualitative Criteria	Max Points Score Possible	Weighting %
Service Delivery	10	40%
Partnership and Joint Working	10	40%
Innovation and Efficiency	10	20%
Totals	30	100%

The tender evaluation panel consisted of three Council Officers with relevant experience in this field.

4 Tender Comparisons

4.1 The suppliers were requested to provide fee quotations based on 6 loss bands between £15,000 to £1,000,000.

4.2 In order to enable a meaningful comparison to be made between the fees quoted, a sample calculation was carried out based on the number of historical claims that fall within each of these loss bands. It is important to note that this has only provided an example of what the total fee could be based on previous claims history. In reality, this is almost certain to vary significantly, in either direction, depending on the Council's claims experience over the life of the contract.

4.3 The Council's claim experience in the future will be affected by the changing trends in terms of weather patterns in recent years. The variation in types of weather i.e. flooding, high winds, severe low temperatures etc, combined with the increased frequency of such extreme weather events, means that it has become even more unpredictable and variable than in years gone by.

4.4 Tenders were received from the two companies with the following fee structures:

	GAB Robins fee	Crawford & Co fee
Loss Band £	£	£
15,000 – 25,000	900	1,045
25,001 – 50,000	1,500	1,900
50,001 – 100,000	2,500	3,100
100,001 – 150,000	3,000	4,040
150,001 – 200,000	3,500	4,680
200,001 – 1,000,000	3,500 plus 1.25% of amount over £200,000	14,710*
Hourly rate for ad hoc work	Director £110, Senior Adjuster £85	£100

* In addition, Crawford & Co's proposal intended to make an additional charge per dwelling on single incidents involving multiple dwellings.

- 4.5 Using a sample of historical claims to project the potential contract value provides the following comparison:

	<i>Weighted Price</i>	<i>Weighted Quality</i>	<i>Total Score</i>
<i>Bidder</i>			
Crawford & Co	49	16	65
GAB Robins	60	37	97

* this value does not include the additional charge per dwelling on single incidents involving multiple dwellings.

- 4.6 In terms of comparison of qualitative responses, the evaluation revealed that GAB Robins have significantly more experience of providing Loss Adjusting services to the Public Sector and therefore have in-depth knowledge of the type of service required and how it needs to be delivered in the context of a Local Authority. They also demonstrated a clearer understanding of the relationships which need to be established and cultivated to achieve the aims of the service delivery, and were able to clearly illustrate their ability to assist the Council in ensuring that the service is delivered in an efficient and cost effective manner.

The tender submitted by Crawford & Co demonstrated certain positive aspects, but was found to lack any substantive response in relation to cost effectiveness and process innovation, nor did they fully show an appreciation of how the partnership with North Lanarkshire Council could operate.

5 Corporate Considerations

- 5.1 In line with current practice, the Loss Adjuster's fees projected to be approximately £80,000 per annum will be met from the Council's insurance fund.

6. Recommendations

- 6.1 It is recommended that the committee approve the award of the Loss Adjuster contract to GAB Robins.



Head of Revenue Services

Members wishing further information please contact Brian Cook, Head of Revenue Services,
Tel: - 01698 403929.

APPENDIX A

NORTH LANARKSHIRE COUNCIL - PROCUREMENT REPORTING

		PART A PROPOSED ARRANGEMENTS	PART B ACTUAL ARRANGEMENTS												
1	Procurement Title	Insurance Tender for Appointment of Nominated Loss Adjuster													
2	Description	Loss adjusting services, as well as a limited amount of professional surveying services where appropriate, ie restoration and specialist cleaning services where necessary.													
3	Contract Category	Supply Services Works	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>												
4	Contract Type	Term Framework Agreement Framework Contract One-off Other	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>												
5	Contract Duration	<input type="text" value="48"/> Months	<input type="text" value="48"/> Months												
6	Contract Start Date	<table border="1" style="width: 100%; text-align: center;"> <tr> <td>DD</td> <td>MM</td> <td>YYYY</td> </tr> <tr> <td>01</td> <td>04</td> <td>2012</td> </tr> </table>	DD	MM	YYYY	01	04	2012	<table border="1" style="width: 100%; text-align: center;"> <tr> <td>DD</td> <td>MM</td> <td>YYYY</td> </tr> <tr> <td>01</td> <td>04</td> <td>2012</td> </tr> </table>	DD	MM	YYYY	01	04	2012
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7	Contract End Date	<table border="1" style="width: 100%; text-align: center;"> <tr> <td>DD</td> <td>MM</td> <td>YYYY</td> </tr> <tr> <td>31</td> <td>03</td> <td>2016</td> </tr> </table>	DD	MM	YYYY	31	03	2016	<table border="1" style="width: 100%; text-align: center;"> <tr> <td>DD</td> <td>MM</td> <td>YYYY</td> </tr> <tr> <td>31</td> <td>03</td> <td>2016</td> </tr> </table>	DD	MM	YYYY	31	03	2016
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8	Contract Extension	<p>Is a provision being included to extend the contract?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If 'Yes', what is the maximum period of extension being sought?</p> <p><input type="text" value="n/a"/> Months</p>	<p>Has a provision been included to extend the contract?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If 'Yes', what is the maximum period of extension included?</p> <p><input type="text" value="n/a"/> Months</p>												

9	Total Value	£ 310,000	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%; text-align: right;">£320,000</td> </tr> <tr> <td>Actual</td> <td style="text-align: right;"><input type="checkbox"/></td> </tr> <tr> <td>Estimate</td> <td style="text-align: right;"><input checked="" type="checkbox"/></td> </tr> </table>		£320,000	Actual	<input type="checkbox"/>	Estimate	<input checked="" type="checkbox"/>
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Actual	<input type="checkbox"/>								
Estimate	<input checked="" type="checkbox"/>								
10	What Procurement Route will be used?	EU <input checked="" type="checkbox"/> Non-EU <input type="checkbox"/>							
11	If EU Procurement Route to be used, which procedure will apply?	Open <input checked="" type="checkbox"/> Restricted <input type="checkbox"/> Other <input type="checkbox"/> If 'Other' please provide details below:							
12	If Non-EU Procurement Route to be used, which procedure will apply?	Open <input type="checkbox"/> Restricted <input type="checkbox"/> Approved List <input type="checkbox"/> Other <input type="checkbox"/> If 'Other' please provide details below:							
13	What Evaluation Criteria will be used?	Lowest Price <input type="checkbox"/> Most Economically Advantageous <input checked="" type="checkbox"/>							
14	Procurement Checklist	Procurement checklist provided to Procurement Manager? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>							
15	Details of Council Officer responsible for this procurement process	<table border="1" style="width: 100%;"> <tr> <td style="width: 20%;">Name</td> <td>Lauren Anthony</td> </tr> <tr> <td>Telephone</td> <td>01698 403946</td> </tr> </table>		Name	Lauren Anthony	Telephone	01698 403946		
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