

NORTH LANARKSHIRE COUNCIL

REPORT

To: POLICY AND RESOURCES (FINANCE AND CUSTOMER SERVICES) SUB COMMITTEE		Subject :INSURANCE TENDER FOR RIGHT TO BUY PROPERTIES
From: Head Of Revenue and E-Government Solutions		
Date : 27 January 2017	Ref: BC /LA	

1. Introduction

- 1.1. The purpose of this report is to advise Committee of the outcome of the tender for "Right to Buy "Properties Insurance.
- 1.2. The current contract was awarded to Zurich Municipal following approval by the Policy & Resources (Finance and Customer Services) Sub-Committee at its meeting on 22nd May 2013. The contract was awarded for a period of 3 years with the option to extend for a further year. This option was exercised (as approved by committee on 09/09/15) and the policy is due to expire on 15th May 2017.

2. Background

- 2.1. The Council provides a facility whereby owners of former Council houses can insure their properties via the Council's blanket arrangement with an insurance company. The Council administers the policy on behalf of the Insurers, maintaining records, issuing accounts, collecting premiums and providing assistance to policyholders. For these services, the Council receives a commission.
- 2.2. The proposed Contract is for a period of 3 years from 15th May 2017 to 15th May 2020 with an option to extend for a maximum of a further year thereafter.
- 2.3. The forecast value of this contract was estimated based on existing total sums insured at the existing rates. The Contract was advertised with an estimated value of £650,000 per annum and £2.6 Million for the full term of the Contract.

3. Procurement Process

- 3.1. In consultation with the Council's Corporate Procurement team and Aon; the Council's Insurance Broker; an OJEU Open Tender opportunity was advertised on the Public Contracts Scotland portal on 20th December 2016 in accordance with the Public Contracts (Scotland) Regulations 2015.
- 3.2. Based on the criteria and scoring methodology set out in the procurement documents, a full evaluation of the offers received was completed by members of the Evaluation Panel. Appendix 1 summarises the outcome of the procurement exercise. Further detail of the procurement process is provided in Appendix 2.

3.3 After completing the evaluation in accordance with the criteria and weightings published in the procurement documents, the most economically advantageous tender from the Policyholder's point of view was submitted by Marsh-Ageas.

4. **Benefits**

4.1 Tenders were requested for the provision of cover on the same basis as the existing policy, which is subject to a nil excess for Standard Cover except for Escape of Water, and Storm Damage which carry an excess of £100, and a £50 excess on Accidental Damage.

4.2 The following table is a summary of the gross premium indications provided in the submissions:

Bidder	Gross annual premium (inc IPT 10%)	Total Premium over 3+1 years (Inc IPT)
Zurich Municipal	£616,735.64	£2,466,942.56
Marsh-Ageas	£534,962.72	£2,139,850.88

4.3 The rates tendered by Marsh-Ageas represent a reduction on the current rates as noted in the table below:

	Current Rate (per £1000 Sum Insured)	New Rate (per £1000 Sum Insured)	% Reduction
Standard Cover	1.528	1.33	19.8%
Accidental Damage	1.578	1.37	20.8%

4.4 Marsh-Ageas has committed to these rates being fixed for the duration of the Contract.

5 **Financial Implications**

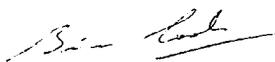
5.1 Costs are to be met by the Right to Buy Policyholders.

6 **Recommendation**

Committee is asked to

6.1 note the contents of the report, and

6.2 approve the award of the Contract to Marsh- Ageas.



Head of Revenue and E-Government Solutions

Members wishing further information please contact Mrs Lauren Anthony, Risk & Insurance Manager Tel: 01698 403946

Appendix 1 – Procurement Outcome

Bidder Name	Weighted Price Score	Weighted Quality Score	Final total score	Rank
Zurich Municipal	52.04	29.00	81.04%	2
Marsh – Ageas *	60.00	37.00	97.00%	1

* indicates the company that is recommended to be awarded the contract.

Appendix 2 – Summary of Tendering and Tender Evaluation Process

Contract	Property Insurance for Right to Buy Properties
Period adopted by NLC	3 years from 17 May 2017 with option to extend by 1 year
Estimated total Contract value	£2.6 Million
Governing UK Regulation	Public Contracts (Scotland) Regulations 2015
Procurement Procedure	Open
Interest List – number of organisations that downloaded procurement documents	7
Number of tenders received	2
Number of non-compliant tenders	0
Number of compliant tenders	2
Number of recommended suppliers	1
Basis of contract award	Most Economically Advantageous Price:60% Quality:40%
Evaluation team	Internal – Risk & Insurance with technical input from Aon the council's Broker