

---

**Manchester City Council  
Report for Information**

**Report To:** Resources and Governance Overview and Scrutiny Committee -  
10 March 2011

**Subject:** Insurance Contract

**Report of:** City Treasurer

---

**Summary**

To provide members with a brief update on the progress made to date relating to the procurement of contracts for the following elements of insurance cover:

- Liability
- Motor Fleet
- Uninsured Loss Recovery
- Personal Accident/Travel
- School Journey
- Computer Insurance.

**Recommendations**

To note the progress made towards having new contracts in place for liability and other insurance policies by 1 April 2011.

To note that the Chair of Scrutiny will be requested to exempt the Key Decision from further call in to enable the timescales for award of the contract to be met.

---

**Wards Affected:** All

---

**Contact Officers:**

Richard Paver City Treasurer 0161 234 3564 E-mail richard.paver@manchester.gov.uk	Tom Powell Head of Audit and Risk Management 0161 234 5273 E-mail t.powell@manchester.gov.uk
---	--

**Background documents (available for public inspection):**

Procurement documentation relating to the negotiated procedure process.

## **1 Introduction**

- 1.1 The current five year contracts for the Council Liability, Motor Fleet, Personal Accident/Travel, School Journey and Computer Insurance arrangements will expire on 31 March 2011.
- 1.2 In accordance with EU Procurement Regulations (Negotiated Procedure) tenders have been sought for new insurance arrangements to commence with effect from 1 April 2011, on the basis of a three year long term agreement, with the option, at the Council's discretion, to extend for a further two years. This option to extend will be subject to an annual break clause, which will release City Council from any long term agreement obligations, in the event that AGMA set up an insurance purchasing mechanism on a collaborative basis. Insurers were required to complete a Pre Qualification Questionnaire to assess their suitability to provide insurance services to the City Council.
- 1.3 The contract(s) will need to be awarded on or before the 31 March 2011 to meet EU Procurement Regulations and enable the continuity of insurance cover.

## **2 Process of Evaluation and Award**

- 2.1 A procurement exercise has been jointly conducted by the Council's Corporate Procurement and Insurance and Risk teams with support from Legal Services and the Council's nominated insurance brokers Aon Limited.
- 2.2 Tenders were invited for (a) a specified programme of insurance per lot and (b) variations of the lots considered suitable by prospective service providers. The tender was broken down into the following seven lots:
  - Primary Layer – Combined Liability - Employers' liability, Public/Products Liability, Officials Indemnity including Libel and Slander, Land Charges and Public Health Act and Professional Liability
  - Excess Layers – excess Employers and Public Liability
  - Motor Fleet – general and hired vehicles and non fleet management vehicles
  - Motor Uninsured Loss Recovery
  - Personal Accident/Travel - Staff and other adults
  - Personal Accident/Travel – school journey for children
  - Computer
- 2.3 The invitation to tender did not specify whether a single contract would be awarded for the full insurance programme, or separate awards would be made for distinct lots. This was to maximise competition, enable bidders to price competitively and maximise the opportunities for the Council to secure optimum value for money.
- 2.4 The tender evaluation was based on a mix of price, scope of cover and quality of service including claims handling provision.

- 2.5 Evaluation reports are currently being prepared by the insurance brokers (AON) as well as by Corporate Procurement and the Insurance and Risk Section for consideration by the Head of Audit and Risk Management, City Treasurer and Chief Executive. These reports will form the basis for a decision on the award of contracts.
- 2.6 The Council needs to have continuity of insurance cover from 1 April 2011. Any delays in the award of insurance contracts could leave the Council exposed to significant financial risks, in particular on the liability policy. The costs of incidents or losses, to the Council or to third parties, that occurred during such a period would have to be met from Council reserves and balances.

### **3 Recommendation**

- 3.1 To note progress made in the procurement of insurance cover.
- 3.2 To note that the Chair of Scrutiny will be requested to exempt the Key Decision from further call in to enable the timescales for award of the contract to be met.