

OFFICER DECISION FORM

DECISION TO BE TAKEN BY: Shaer Halewood

KEY DECISION YES

DIRECTORATE: Resources

WARDS AFFECTED: All

SUBJECT: Casualty (Liability) Insurance and Professional Indemnity Insurance Contract Award

1.0 DECISION:

- 1.1 The Director of Resources is recommended to award a contract for Casualty (Liability) and Professional Indemnity Insurance to Maven Public Sector for an initial 3 year period, with 2 extension options of 2 years, with an annual value of £460,331.80 which is subject to variation from year two based on insured factors and claims experience.

2.0 REASONS FOR THE DECISION

- 2.1 The award of the contract is required to ensure the Council is adequately insured in respect of its legal liabilities in respect of claims from both employees and the wider public.

3.0 STATEMENT OF COMPLIANCE

- 3.1 The recommendations are made further to legal advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been completed. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

4.0 DECLARATION OF INTEREST

- 4.1 Nil

Signed:



Officer: Shaer Halewood

Title: Director of Resources

Date: 07 March 2022

A list of background papers on this issue is held with:

Contact Officer: Paul Taylor
Date: 17 February 2022

Date of Publication: 10 March, 2022

Date of Expiry of Call-In Period: (only applicable to Key Decisions)

Due to the need to commence the contract on 1st April 2022 it has been agreed to waive call in for this matter under the urgency provision of the Constitution, Part 4 – Decision Review, Paragraph 9



25 February 2022

Report Title:	CASUALTY (LIABILITY) INSURANCE AND PROFESSIONAL INDEMNITY CONTRACT AWARD
Report of:	ASSISTANT DIRECTOR OF FINANCE

REPORT SUMMARY

Authority is delegated to the Director of Resources for the award of insurance contracts. A Tender exercise has been undertaken procured using a Yorkshire Purchasing Organisation (YPO) Framework to procure casualty (liability) and professional insurance and associated claims handling services. Current insurance contract arrangements will cease on 31st March.

This report seeks approval from the Director of Resources to award the contract for the provision of casualty (liability) insurance and professional indemnity insurance and associated claims handling services.

The contract award is within budget with a slight reduction on current contract price.

Under the urgency provision of the Constitution, Part 4 – Decision Review, Paragraph 9, it has been agreed that this decision is as a matter of urgency and that it not be subject to call-in, as any delay could seriously prejudice the Council's or public interest. This is due to the new contract arrangements being required for a 1st April implementation.

This is a key decision.

RECOMMENDATION

The Director of Resources is recommended to award a contract for Casualty (Liability) and Professional Indemnity Insurance to Maven Public Sector for an initial 3 year period, with 2 extension options of 2 years, with an annual value of £460,331.80 which is subject to variation from year two based on insured factors and claims experience.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION

- 1.1 Insurance cover is required to ensure the Council are insured in respect of its legal liabilities.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Consideration was given to self-insuring the risks but this would generate significant financial exposure to the Council in the event of a catastrophic claim.

3.0 BACKGROUND INFORMATION

- 3.1 The Council's current long term insurance contract expires on 31st March 2022 with no further extension options available. Work commenced in June 2021 to procure a new long term insurance contract in collaboration with the Council's contracted insurance brokers, Marsh.
- 3.2 Public Sector casualty insurance is a specialist market with a limited number of insurers willing to underwrite the wide-ranging exposures. It covers personal injury claims relating to employees and the wider public. The market has hardened in recent years influenced by factors including claims inflation and the change to the personal injury discount rate set by the Government. The change to the discount rate resulted in significant increases in damages awards for future financial losses on catastrophic personal injury claims e.g. loss of earnings and care costs, with insurers increasing rates as a direct result.
- 3.3 In addition to Casualty insurance the Council also procures professional indemnity insurance. This covers potential claims arising from fee generating non-statutory professional services provided to external organisations. Given the wide-ranging services provided by Wirral cover is not readily available from the general professional indemnity insurance market. As such, a bespoke standalone policy has been in place with a specialist insurer, via the Council's appointed insurance brokers, for a number of years. However, the professional indemnity market is proving challenging with many insurers pulling this line of business with remaining insurers imposing restrictive terms and significant rating increases. The major factor influencing insurers appetite of this risk has been the Grenfell Disaster.
- 3.4 During the initial casualty tender discussions with our appointed brokers it was agreed to approach the market to establish whether insurers would be prepared to include the professional indemnity insurance as an extension to the casualty insurance. Following disclosure of the exposures all key insurers confirmed they would be willing to provide the extension. As such, the casualty insurance tender has been widened to include professional indemnity insurance.
- 3.5 An extensive procurement exercise was undertaken to ensure that competitively priced bids were received. A significant volume of information and documentation about the authority, the management of different areas of liability and its claims experience was compiled for inclusion in the Invitation To Tender document to aid with the pricing of risk. A detailed specification, including the Council's claims philosophy and required service standards, was also drafted.

- 3.6 Five bids from four insurers were received and were evaluated. One bidder providing alternative claims handling arrangements as options. As well as price a wide number of factors were scored and summarised as:
- Breadth of policy cover
 - Quality of the claims management service
 - Added value/innovation
 - Social value

Following the evaluation Maven Public Sector emerged as the top scoring bid. The relative scores for all bids are disclosed in Appendix 1 which is exempt for commercial reasons

- 3.7 Pre-tender contract length was set at three years with two, two year extensions available. This was felt to encourage a best price as tenderers could see a long term contract providing performance met the Council's requirements. The length also allows the Council to have leverage to encourage high performance in return for any extension being granted

4.0 FINANCIAL IMPLICATIONS

- 4.1 The annual cost of the contract is £460,331.80 inclusive of insurance premium tax. This has resulted in a very minor reduction on the existing contract price.
- 4.2 The contract is to be awarded for an initial period of 3 years with 2 extension options of 2 years, a total of 7 years if both extension options taken.. From year 2 the contract price will be subject to annual renewal negotiations and may fluctuate. The renewal costs will be determined by a number of underwriting factors including the value of the Council's salaries & wages costs, number of employees, claims experience and any changes in the Council's risk profile (i.e. insourced and outsourced services). Annual renewal negotiations will generally have a minor impact on the renewal costs, which can decrease or increase.

5.0 LEGAL IMPLICATIONS

- 5.1 The tender exercise was conducted through the YPO Framework with agreement of the Council's Corporate Team in accordance with the contract procedure rules and public procurement regulations.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There are no direct resource implications associated with the award of the casualty (liability) and professional indemnity insurance contract.

7.0 RELEVANT RISKS

- 7.1 The award of contract will be made on the basis of the most economically advantageous tender (MEAT) scoring. The meaning of MEAT is currently governed by the Public Contract Regulations 2015. As criteria for the assessment of tenders on the basis of the best price-quality ratio, MEAT will always predominantly contain a cost or quality element, but the MEAT criteria may also include assessment on the basis of various other criteria linked to the subject-matter of the contract in question, including lifecycle costing and environmental or social aspects. For example, particular award criteria may take into account the inclusion of vulnerable and

disadvantaged people, local wealth building, training and educational aspects or the use of non-toxic substances in the production process to deliver the requirement. The Council's Contract Procedure Rules (Standing Orders) set out how contracts are to be awarded by the Council, which will include reference to the Council's Procurement Strategy and Social Value Policy.

- 7.2 Failure to award the contract would result in a significant financial exposure to the Council. Damages for personal injury claims can exceed £10m which the Council would need to fund if the Council were not indemnified through insurance cover.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 There has been extensive consultation with the Council's contracted insurance brokers, Marsh. The tender did not involve public consultation.

9.0 EQUALITY IMPLICATIONS

- 9.1 There are no direct equality implications as a result of the award of this contract.
- 9.2 The contract has been awarded following the Councils' procurement procedures which have equalities embedded within them

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 The management of claims forming part of the casualty (liability) insurance contract has historically generated significant volumes of paperwork. The Risk and Insurance Team manage claims for the Council and now operate in a paperless working environment. It is a requirement of the contract that any communications in respect of the contract are by electronic means. The contractor has an Environmental Working Group and introduced a number of initiatives to reduce its carbon footprint, with a 60% reduction in CO2 emissions since 2015 and a further 43% reduction from 2019 to 2020.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 Although the core requirement of the contract is the provision of an insurance policy the contractor is committed to assisting the Council in meeting its Social Value objectives where possible. The contractor has offered to attend Wirral careers advice sessions / fairs to provide advice and guidance to Wirral students who are considering a career in the insurance industry.

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APPENDICES

Appendix 1 (Exempt) – Casualty (liability) and Professional Indemnity Insurance Tender 2022 Scoring (restricted by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972)

BACKGROUND PAPERS

Casualty (liability) and Professional Indemnity Insurance Contract Award Briefing Note
Tender Evaluation Scoring Worksheets
Tender Evaluation Submissions
Tender Clarification Questions and Responses
Wirral Council Invitation to Tender

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
None	