

Report to	Policy & Resources Committee
Date	30 September 2021
By	Head of Business Services
Title of Report (Decision)	Insurance Services Contract 2022 onwards

Recommendation: The Committee is recommended to

- 1) Approve the commencement of a procurement process leading to the appointment of a contractor to provide insurance services to SDNPA for a period of 3 years (and up to 5 years with extensions) from April 2022.**
- 2) Approve delegation of authority to the Chief Executive to award contracts for the above, following a competitive process carried out under the terms of the Public Contracts Regulations 2015.**

1. Introduction

- 1.1 The report describes the process for tendering the insurance services contract and the proposed timetable for this.
- 1.2 The current insurance services contract ends on 31 March 2022. No further extensions to this contract are possible and a new competitive process is now required to put a new contract in place. The current contract includes cover for liability (employers' public, finance and administration, etc.) and for buildings, contents, motor insurance, as well as personal accident. Insurance. The cost of our insurances in total is in the region of £50k per annum.
- 1.3 The current contract has provided reasonably stable pricing for insurance policies over the last five years, given that there is always some fluctuation in policy costs each year, as a result of changes to the claims history. SDNPA has been able to increase the value of some insurance cover and the scope of cover provided, while enjoying considerable price reductions compared to the previous arrangement.

2. Future Service Delivery – Re-tendering the contract

- 2.1 SDNPA will enter into the insurance contract as part of a consortium of National Park Authorities, including but not limited to Dartmoor NPA, Exmoor NPA, Yorkshire Dales NPA and North York Moors NPA. The determining factor on what National Park Authorities tender together is the contract renewal date. The three Welsh NPAs did consider joining this tender process but at a time when premiums are rising, decided to utilise their current arrangement to its fullest possible extent.
- 2.2 Writing the specifications for the insurance needs of NPAs and evaluating the quality of responses from insurance companies is quite technical and beyond the knowledge of the National Park Authority staff. Therefore, we have engaged the services of a broker, Marsh Ltd, through a North Yorkshire County Council framework agreement, who will manage the tender process on our behalf.

- 2.3 Our own local representative from Marsh Ltd, who we have an existing relationship with, will be supporting us through the process but the tender process itself will be handled through Marsh's Newcastle office, as it was five years ago.
- 2.4 The tender itself will be presented as a mini-competition within a dynamic purchasing system administered by Yorkshire Purchasing Operation (YPO). Insurance companies who wish to deal with the public sector will already be members of the YPO agreement or can apply to join this if they wish to take part. A Dynamic Purchasing System works like a framework agreement with the difference that suppliers can join at any time, if they can meet the selection criteria. YPO use the Crown Commercial Services list of named public sector bodies within their agreements therefore the National Park Authorities are permitted to access their systems and agreements.
- 2.5 It should be noted that although the five National Park Authorities are joining together for this tender process, we will each be presenting different assets and risks for insurance and relying on our own separate risk profiles. Insurance companies will provide individual prices based on those for each National Park Authority. Each National Park Authority will enter into a separate contract with one or more insurance companies at the conclusion of the process.

3. Next steps

- 3.1 The five National Park Authorities have agreed a detailed timetable with Marsh Ltd for the tender process. An open day for interested companies was held in July and detailed information gathering will now take place to bring a specification to tender. It is planned to release the tender notice on the 18 November for return on 18 January 2022, leading to the award of the new contract on 11 March 2022.

4. Other Implications

Implication	Yes*/No
Will further decisions be required by another committee/full authority?	No
Does the proposal raise any Resource implications?	SDNPA has sufficient resources in place, both in term of staff qualified to undertake the procurement exercise, and revenue budget to meet the costs of the on-going contract
How does the proposal represent Value for Money?	The competitive tender process is aimed at delivering value for money for SDNPA
Are there any Social Value implications arising from the proposal?	No
Have you taken regard of the South Downs National Park Authority's equality duty as contained within the Equality Act 2010?	Consideration will be given to ensure that the procurement exercise and the terms of the subsequent contract comply with the NPA's duties under the Equality Act 2010.
Are there any Human Rights implications arising from the proposal?	No
Are there any Crime & Disorder implications arising from the proposal?	The Crime and Disorder implications are met through the mandatory selection criteria that the companies taking part in the process will have had to pass in order to join the dynamic purchasing system
Are there any Health & Safety implications arising	No

from the proposal?	
Are there any Data Protection implications?	Yes, both personal and financial information will be held by the successful contractor, who will need to demonstrate full compliance with GDPR
Are there any Sustainability implications based on the 5 principles set out in the SDNPA Sustainability Strategy:	No

5. Risks Associated with the Proposed Decision

- 5.1 There are four well documented risks with any procurement and those are listed as follows;
- 5.2 *Commercial Risk* – That either the price objectives are not achieved up front or there are other costs that arise during the contract that diminish the overall benefits. The term contracts are designed to deliver best value for insurance cover for a defined risk. If the perceived risk changes then the cost will change. SDNPA has to be vigilant and maintain an continuously improve the protections in place against insured risks.
- 5.3 *Technical Risk* – This concerns the difficulty in being able to specify the desired outcome and on the market being able to deliver to the specification. The specification is written with the insurance broker and will be presented to the market in terms that they are familiar with.
- 5.4 *Performance Risk* – This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits. Performance is closely specified within the contract and is generally systematic.
- 5.5 *Contractual Risk* – This covers things like being able to remedy the shortcomings in the contractors’ performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops. It is impossible not to rely on a contracted supplier in a contract such as this and it is important that the evaluation at the outset, in both stages, capability and award, is thorough.
- 5.6 In Public Procurement, there is also the *Legal Risk*, where a procurement is found unsound in law, through the public procurement rules. The use of the dynamic purchasing system reduces the risk in this respect. Marsh Ltd are experienced in placing those contracts and SDDNPA staff will also be monitoring the process.

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SDNPA Consultees Chief Executive; Director of Countryside Policy and Management;
Director of Planning; Chief Finance Officer; Monitoring Officer; Legal
Services

External Consultees None