

Birmingham City Council

Report to: CABINET

Date: 26 April 2022



Subject: CONTRACT AWARD – THE RENEWAL OF VARIOUS INSURANCE POLICIES

Report of: Director, Council Management

Relevant Cabinet Member: Councillor Tristan Chatfield, Finance and Resources

Relevant O &S Chair(s): Councillor Mohammed Aikhlaq, Resources

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference:		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential: Exempt information paragraph 3: Information relating to the financial or business affairs of any particular person (including the Council)		

1 Executive Summary

- 1.1 This report provides details of the outcome of the procurement process for the renewal of various insurance policies. Appendix B and C – Exempt information contains the details of the evaluation for the award of the contracts.

- 1.2 The contracts are for a period of 5 years with a break clause after 3 years commencing 1st May 2022 for the estimated total value £18,160,742.
- 1.3 As this is significantly higher than the estimate of £16,539,420 stated in the Procurement Strategy Report approved by Cabinet on 15 December 2020, this updated report is being presented for decision.

2 Recommendations

That Cabinet:

- 2.1 Approves the award of the contracts for the renewal of various insurance policies for a period of 5 years with a break clause after 3 years commencing 1st May 2022 for the estimated total value £18,160,742 to:
- Lot 1 - Material Damage and Business Interruption (encompassing fire):
Risk Management Partners Ltd
 - Lot 2 - Commercial and Industrial Properties:
Risk Management Partners Ltd
 - Lot 3 - Leaseholder Right to Buy:
Allianz Insurance PLC
 - Lot 4 - Casualty (encompassing Employers Liability, Personal Accident and Travel, Public Liability and Fidelity Guarantee):
Risk Management Partners Ltd
 - Lot 5 - Engineering Insurance and Inspection:
Zurich Municipal PLC
 - Lot 6 - Property Terrorism:
Alesco Risk Management Services Ltd
 - Lot 7 - Motor Fleet:
Zurich Municipal PLC
- 2.2 Authorises the Acting City Solicitor & Monitoring Officer to execute and completes all necessary legal documents to give effect to the above recommendation.

3 Background

- 3.1 On 15th December 2020, Cabinet approved the procurement strategy in the report: Procurement Strategy for the Renewal of Various Insurance Policies to commence the tender process for a further competition exercise using the Crown Commercial Services (CCS) Insurance Services 3 Dynamic Purchasing System (DPS) and detailed the evaluation criteria of quality 40% (including Social Value) and 60% price.
- 3.2 The insurance policies for renewal are as follows:
- Lot 1 - Material Damage and Business Interruption (encompassing fire):

Fire Policy (excluding terrorism) – provides the Council with insurance cover against loss or damage to its property assets e.g. offices, schools, leisure facilities etc. and which fall above its levels of self-insurance

arrangements following the catastrophic events of fire, lightning and explosion that exceeds the level of self-insurance

- Lot 2 - Commercial and Industrial Properties:

Industrial / Commercial Policy (excluding terrorism) – provides the Council with insurance cover on a fire and full range of perils basis against loss or damage to its industrial and commercial property assets which are let to external tenants.

- Lot 3 - Leaseholder Right to Buy:

Leaseholder Policy – provides buildings insurance for properties bought under the Right to Buy scheme in the joint names of the leaseholder and the Council.

- Lot 4 - Casualty (encompassing Employers Liability, Personal Accident and Travel, Public Liability and Fidelity Guarantee):

Public Liability – provides an indemnity to the Council in respect of compensation claims received from third parties following personal injury or damage to property that exceeds the level of self-insurance.

Employers Liability - provides the Council with an indemnity against its legal liability to compensate those employees who sustain either a personal injury or contract an illness or disease during the course of their employment that exceeds the level of self -insurance.

Fidelity Guarantee - Theft by employees and all theft of money.

- Lot 5 - Engineering Insurance and Inspection

Engineering Inspection – provides statutory inspection of plant in Council' property.

- Lot 6 - Property Terrorism

Property Terrorism – property policies exclude damage caused by terrorist attack and the Council therefore procure separate cover for this risk in excess of the level of self-insurance.

- Lot 7 - Motor Fleet

Motor Insurance - provides cover on a comprehensive basis for both damage to Council motor vehicles, together with an indemnity in respect of the Council's legal liability to compensate motorists or third parties for any personal injury or damage to their property as a result of motor vehicle accidents that exceeds the level of self-insurance.

- 3.3 The details of the evaluation process and the recommendations for the award of contracts are detailed in Appendix B and Appendix C – Exempt information.
- 3.4 The overall responsibility for the contract and its management will be with the Finance Manager, Council Management Directorate.

4 Options Considered and Recommended Proposal

- 4.1 To award the contract – this is the recommended option as contracts are required to support the various Council's insurance policy cover.
- 4.2 Not to award the contract – this is not an option as it would leave the Council without contracts for the provision of various insurance policies.

5 Consultation

- 5.1 The details were included in the Procurement Strategy for the Renewal of Various Insurance Policies, approved 15th December 2020 and the same continues to apply.

6 Risk Management

- 6.1 The details were included in the Procurement Strategy for the Renewal of Various Insurance Policies, approved 15th December 2020 and the same continues to apply.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

- 7.1.1 The details were included in the Procurement Strategy for the Renewal of Various Insurance Policies, approved 15th December 2020 and the same continues to apply.

7.1.2 Birmingham Business Charter for Social Responsibility (BBC4SR)

The recommended organisations are certified signatories to the BBC4SR and have provided an action plan of activities to be carried out during the contract period. The action plans will form part of the conditions of contracts and will be managed and monitored as part of the contract management. It should be noted that the action plans will be reviewed annually during the life of the contract to ensure targets remain current and viable.

The list below shows the headline social value actions committed by the recommended suppliers over the contract period:

- 136 hours - Number of hours supporting unemployed into work over 24 years old (mentoring, mock interviews, CV advice and careers guidance).
- 196 hours - Number of hours supporting young people into work under 24 years old (mentoring, mock interviews, CV advice and careers guidance).

- £2.3m - Total amount spent in local supply chain (within 30 miles of point of delivery).
- 1543 hours - Number of hours volunteering time provided to support local community projects.

7.2 Legal Implications

- 7.2.1 Under S.111 Local Government Act 1972, the Council has power to support of the performance of the Council's primary functions which are contained in a raft of legislation according to the services areas in which the buildings / assets facilitate service delivery.

7.3 Financial Implications

- 7.3.1 The Insurance premiums estimated total value of £18,160,742 will be funded from existing budgets and the Insurance Fund.
- 7.3.2 The increase in premiums is 9.8% against the current costs. The main reason for the increase in premiums is a recent change in the way insurers approach property insurance for all local authorities, leading to a significant and unexpected rise in the property premiums. In addition, the general insurance market has not stabilised as had been expected in December 2020. Construction price pressures have also led to insurers assuming higher rebuild values.
- 7.3.3 The premiums for each of the insurance policies are contained within Appendix C – Exempt information.

7.4 Procurement Implications (if required)

- 7.4.1 This report concerns the award of a contracts for various insurance policies and any implications are detailed throughout the report.

7.5 Human Resources Implications (if required)

- 7.5.1 The contract management will be undertaken by Council staff.

7.6 Public Sector Equality Duty

- 7.6.1 The requirements of the Constitution Part D, Section 2.9 in respect of the Council's Equal Opportunities Policy will be incorporated into the contracts.
- 7.6.2 The requirements of the Equality Act 2010 will be specifically included in the Contract to comply with, the Act.
- 7.6.3 Equality Analysis was undertaken for the various insurance policies. This Equality Analysis has been reviewed and it is concluded that this project is unlikely to have

a disproportionate impact on any of the protected groups and characteristics under the Equality Act 2010.

8 Background Documents

8.1 Cabinet Report Procurement Strategy for the Renewal of Various Insurance Policies, 15th December 2020.

8.2 List of Appendices accompanying this Report (if any):

- Appendix A – Equality Act 2010
- Appendix B – Evaluation Summary
- Appendix C - Exempt Information

Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

1	<p>The Council must, in the exercise of its functions, have due regard to the need to:</p> <ul style="list-style-type: none"> (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
2	<p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none"> (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic; (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
3	<p>The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.</p>
4	<p>Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none"> (a) tackle prejudice, and (b) promote understanding.

5	<p>The relevant protected characteristics are:</p> <ul style="list-style-type: none"> (a) Marriage & civil partnership (b) Age (c) Disability (d) Gender reassignment (e) Pregnancy and maternity (f) Race (g) Religion or belief (h) Sex (i) Sexual orientation
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