

TONBRIDGE & MALLING BOROUGH COUNCIL
FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

20 July 2016

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)

1 CONTRACT RENEWALS 2017- (1) INSURANCE AND (2) CASH COLLECTION

The Council's existing contracts for the provision of (1) cash collection and (2) insurance arrangements expire in January and June 2017 respectively.

The cash collection contract is a county wide procurement exercise where the lead authority is Maidstone Borough Council.

The Director of Finance and Transformation has appointed a Broker, under financial procedure rules to assist with the administration of the insurance tender process and identify where savings may be achieved. Further details are contained within this report.

1.1 Background – Cash Collection Contract

1.1.1 The current cash collection contract was also a county wide procurement exercise with a contract start date of January 2010 for a period of 5 years with an option to extend for up to 2 years. The contract is currently fulfilled by Contract Security Services Ltd. The current contract provides for cash collection from the Council's offices located in Tonbridge and Kings Hill and the numerous car parking machines located around the borough.

1.1.2 The new contract is to be the subject of a tender exercise and as before this is a county wide procurement exercise where the lead authority is Maidstone Borough Council. The proposed contract period is 5 years with a potential extension of a further 2 years.

The tender process is due to be completed in September 2016 with a contract commencement date of January 2017.

1.2 Background – Insurance

1.2.1 The Council's current insurance arrangements with Zurich Municipal, commenced in June 2007. The contract was awarded for an initial period of 7 years, to June

2014, with an option to extend for a further 3 years, to June 2017, subject to the agreement of both parties.

- 1.2.2 A new contractual arrangement now needs to be entered into and this will require the completion of a formal tender exercise. Neighbouring councils that have recently completed tenders of this nature have appointed a broker to administer the exercise. This is to ensure that all interested parties are offered the opportunity to quote, as industry experience suggests that many insurance providers are only prepared to quote for business via a broker.
- 1.2.3 Enquiries have revealed that the broker appointed by our neighbouring councils was AON Risk Solutions (“AON”). Councils have been pleased with the work carried out by the company.
- 1.2.4 AON have quoted £3,000 for undertaking the administration of our tender and have suggested that the tender be undertaken using a Framework Agreement. They have proposed that the Crown Commercial Service Insurance Services II Framework Agreement is used.
- 1.2.5 The broker’s fee is within the limit that may be approved by the Director of Finance & Transformation and her approval has been obtained.
- 1.2.6 Early meetings with AON have suggested the use of a framework contract approved by the Financial Conduct Authority (FCA) which complies with current EU procurement regulations would be the best procurement method for the Council; and the framework agreement referred to above meets such requirements.
- 1.2.7 The Framework only allows for contracts to be awarded up to a maximum duration of 5 years from commencement (June 2017). A contract period of 5 years is considered to be in the best interest of the Council as it is expected that a longer term arrangement would yield lower rates.
- 1.2.8 The tender process is likely to commence in October 2016 and be completed with award of the contract in May 2017.

1.3 Legal Implications

- 1.3.1 Maidstone Borough Council as the lead authority will need to ensure that the current EU procurement legislation and the Social Value Act 2012 requirements are complied with when letting the cash collection contract.
- 1.3.2 Use of the Framework Agreement mentioned in paragraph 1.2.4 above will remove the need for this Authority to carry out a full two stage EU procurement process itself and will also allow access to a wide range of suppliers all approved by the FCA. It is understood that there are 27 insurers and 12 brokers on the Framework who could quote for the Council’s proposed contract. Use of this Framework will save time and resources by not having to conduct a full OJEU

procurement. The Council will however need to let the contract in accordance with the procedures set out in the Framework Agreement for the process to be fully EU compliant. AON will assist with this process.

1.4 Financial and Value for Money Considerations

- 1.4.1 A county wide procurement exercise in respect of the cash collection contract should enable tenderers a greater economy of scale as they will be able to allocate resources more effectively.
- 1.4.2 As previously mentioned at paragraph 1.2.2, it is believed that the number of quotations for our insurance business would be restricted without the appointment of a broker. A broker will also be able to offer advice on the prevailing insurance market conditions as well as suggest areas within our existing cover arrangements in which we may be able to achieve savings.

1.5 Risk Assessment

- 1.5.1 As noted above, if the tender exercise is carried out without the assistance of a broker, we run the risk of restricting the number of interested parties who are prepared to tender and therefore not achieving the best result possible.

1.6 Equality Impact Assessment

- 1.6.1 The contents of this report have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.7 Policy Considerations

- 1.7.1 Procurement, Business Continuity/Resilience, Asset Management.

1.8 Recommendations

- 1.8.1 Members are asked to note the current situation regarding renewal of the cash collection contract and to endorse the appointment of a broker to administer renewal of the Council's insurance arrangements.

2 The Director of Finance and Transformation confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and policy Framework.

3

Background papers:

Nil

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