

ABERDEEN CITY COUNCIL

COMMITTEE Finance & Resources

DATE 01 February 2011

DIRECTOR Stewart Carruth

TITLE OF REPORT Extension of Tenants Contents Insurance Contract

REPORT NUMBER: CG/10/206

1. PURPOSE OF REPORT

This report advises that approval has been granted under Standing Order 1(6)(b) (Contracts and Procurement), to extend the contract for The Tenants Household Contents Insurance Scheme which provides home contents insurance cover for Aberdeen City Council Tenants. It also seeks approval to re-tender in 2011 to allow continuation of the Scheme in 2012, after the current contract expires.

2. RECOMMENDATION(S)

The Committee is asked to:

1. note the position in respect of the implementation of Standing Order 1(6)(b) (Contracts and Procurement), as agreed by the Chief Executive, the Head of Legal and Democratic Services, the Head of Finance and the Head of Procurement and that a contract extension has been entered into until 31 December 2011.

and

2. approve that the Council undertakes a formal EU compliant tender process to appoint a provider for the provision of Tenants Household Contents Insurance from 1st January 2012.

3. FINANCIAL IMPLICATIONS

There are no financial cost implications to the Council as the Scheme is offered as an extra service to tenants, which is paid for by them. All administration and publicity costs are met by the provider.

A contract extension was agreed and began on 1 January 2011 for 12 months. It is proposed that a new contract would begin on 1 January 2012 and end on 4 April 2015 with an option to extend for 2 further 12 month periods at the discretion of the Council. The estimated value of this contract to the successful bidder over a five-year period would be between £800,000 to £900,000 but again

there would be no cost implications to the Council due to the cost neutral nature of this contract.

4. SERVICE & COMMUNITY IMPACT

Section 5.17 of the Council's Scottish Secure Tenancy Agreement states: "You are strongly recommended to insure your personal possessions against loss or damage caused by fire, flood, theft, accident etc. We operate such a scheme. Ask us for details."

The Council's Scottish Secure Tenancy Agreement would therefore have to be amended if the insurance scheme was withdrawn.

By withdrawing this service it would impact on 3,494 tenants.

5. OTHER IMPLICATIONS

None identified.

6. REPORT

Since August 1995 the Council has been committed to provide a low premium pay as you go contents insurance scheme for all tenants. As part of the scheme special premiums are available for pensioners. Tenants also have the option to choose standard or accidental damage cover. Premiums can be paid at any cash office and by direct debit or standing order.

A request under Standing Order 1(6)(b) for an exemption from the Council's Standing Orders on contracts and procurement in relation to Tenants household Contents Insurance was approved on 13 December 2010 by the Chief Executive, Head of Finance, Head of Legal and Democratic and Head of Procurement.

The Chief Executive, Head of Finance, Head of Legal and Democratic and Head of Procurement were satisfied that a contract extension was urgently required because timescales involved were not sufficient to re-tender to ensure that contents insurance cover was still provided to our tenants after 31 December 2010.

The Council had gone out to tender in 2010 in order to appoint a supplier for the period from January 2011 but the tender process was abandoned. The Invitation to Tender ("ITT") provided details of the Council's requirements. The successful bidder offered 25% coverage to the sum insured for any claim made for accidental damage. If the contract was awarded to this bidder it would have provided our tenants with an inferior product to the current supplier which

provides 100% coverage. As there was no definition of cover stated within the invitation to tender for 100% accidental damage cover, the successful bidder was the top scoring bidder in terms of the Council's evaluation criteria, met all of the Council's requirements as specified in the ITT and could not therefore be disqualified from the tender process. The only options open to the Council were to either award a contract to this successful bidder or to abandon the tender process. The decision was therefore taken to abandon the process and re-tender. Due to the timescales involved, a contract extension was required in order to provide sufficient time to successfully re-tender.

In any future tender document it will be stated in full what coverage Aberdeen City Council expects a bidder to provide and the Specification will comprehensively cover all of the Council's requirements.

7. REPORT AUTHOR DETAILS

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