

COMMITTEE	Finance Policy and Resources
DATE	30 th September 2014
DIRECTOR	Ewan Sutherland
TITLE OF REPORT	Provision of Insurance Services
REPORT NUMBER:	CG/14/107
CHECKLIST RECEIVED	Yes

1. PURPOSE OF REPORT

Seeking permission to incur an estimated spend of £1.5m per year on insurance services, utilising the Crown Commercial Service framework permission for which has been agreed by Head of Commercial & Procurement Service and Head of Legal & Democratic Service.

Seeking permission to dis-establish the post of Insurance Officer (Grade 12) to allow a post to be created jointly with Aberdeenshire Council as part of a shared Insurance service.

2. RECOMMENDATION(S)

It is recommended that the Committee approves:

- (i) a tendering exercise for renewal of the Council's Insurance covers utilising the Crown Commercial Service framework.
- (ii) the award of a contract estimated to be in the region of £1.5m per year following such a tendering exercise, to the bidder who submits the most economically advantageous tender in accordance with the award criteria stated in the Invitation to Tender and subject to satisfactory conclusion of the contractual documentation; and
- (iii) the contract be awarded for a period of up to 5 years

It is further recommended that the Committee approves

- (i) the post of Insurance Officer be dis-established from the Council structure to allow the appointment of a joint officer with Aberdeenshire Council to carry out the duties on a combined basis.

3. FINANCIAL IMPLICATIONS

The anticipated value of the contract to the successful bidder or bidders – and, therefore, the Council's estimated expenditure - is approximately £1.5m per year or £7.5m over the 5 year period of the contract. This is an estimated figure based on current insurance premiums plus inflationary and market conditions and is not expected to exceed this level.

Dis-establishing the Insurance Officer post will reduce the budgeted salary costs by approximately £17,500 per annum. This reduction will be utilised to cover implementation and support costs for automated software within the Accounts Payable Section within Financial Services.

4. OTHER IMPLICATIONS

The Council has a legal obligation to carry certain insurance covers, and must therefore ensure that a new contract is awarded from 1 April 2015.

5. BACKGROUND/MAIN ISSUES

Renewal of Insurance Covers

The Council's current Insurance cover, which has been in force for the last 6 years, is due for renewal on 1st April 2015.

There are five classes of cover for which the Council must hold insurance. These are:-

- Property Interruption Insurances
- Engineering Inspection
- Motor Insurance
- Liability Insurances
- Personal Accident Insurances

Currently, the Council's annual insurance premiums for the five classes total £1,273,268.00 per annum.

Proposal of Joint Aberdeen City/Aberdeenshire Insurance Officer Post

The Current Insurance Officer Post which is proposed to be dis-established has been vacant since May 2013.

The Council in conjunction with Aberdeenshire Council has been exploring the possibility of a shared approach to its day to day Insurance requirements. At present the City has a vacancy for its Insurance Officer and the Insurance Officer in Aberdeenshire Council is due to retire in September 2014.

Both Councils feel there would be benefit both in terms of reduced salary cost as well as a more joined up approach to its insurance provision, to appoint a joint officer.

Work is underway to draft a job profile in conjunction with each Council's Human Resources & Organisational Development Service , with a view to filling the post by the end of 2014. The post will be part of the Aberdeenshire structure, and the shared costs will be re-charged to the City on annual basis.

Reporting lines will be agreed to ensure that the City has ultimate control over its insurance portfolio and decision making as well as a Service Level Agreement being put in place between the two Councils in order to monitor performance of the Officer.

6. IMPACT

It must be recognised that the provision of Insurance covers by the successful bidder should be seen as a seamless transition and extension of the Council's own operation. It is also important to recognise that the Council expects certain standards of operation in terms of claims handling and customer care. The ability of an Insurer to actually undertake such a complex and large contract and to show commitment to invest in their people and systems are seen as important factors in ensuring that the Council obtains a quality insurance service.

7. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

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