

## ABERDEEN CITY COUNCIL

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COMMITTEE	Communities, Housing & Infrastructure
DATE	24 <sup>th</sup> January 2017
DIRECTOR	Pete Leonard
TITLE OF REPORT	Procurement- Tenants Home Contents Insurance Scheme
REPORT NUMBER	CHI/16/313
CHECKLIST COMPLETED	Yes

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### 1. PURPOSE OF REPORT

The purpose of this report is to seek Committee Approval to re-tender the contract for the "Pay As You Go" Home Contents Insurance Scheme which provides home contents insurance cover for Aberdeen City Council tenants.

### 2. RECOMMENDATION(S)

It is recommended that the Committee:

- a) Authorise the initiation of a tender process for the procurement of a contract for the "Pay As You Go" Home Contents Insurance Scheme
- b) Approve the award of a contract to the successful Tenderer for a period of three years, with an option to extend for a further period of two years thereafter, and
- c) Approve the expenditure as detailed in this report, noting that it shall be cost-neutral to the Council and fully paid for by tenants.

### 3. FINANCIAL IMPLICATIONS

- a) There are no direct financial cost implications to the Council as the Scheme is deemed to be cost neutral and seen as an added value service to tenants, which tenants themselves pay for in full.
- b) Insurance premiums are paid by the tenants, and collected by the Council with all proceeds less a commission payment (which is retained by the Council) remitted to the Insurer on a monthly basis.

- c) Advertising, training, claims handling and literature costs are all met by the successful bidder, with the Scheme administered internally by existing City Council staff. Any associated costs are covered by the commission received.
- d) The estimated value of this contract to the successful bidder over a five year period is £720,000.

#### 4. OTHER IMPLICATIONS

None other than those already described in the report.

#### 5. BACKGROUND/MAIN ISSUES

- a) Aberdeen City Council tenants need to provide their own insurance to cover their contents against fire, flood, vandalism or other household risks. Whilst it is not compulsory, it is highly recommended that they take out their own insurance to ensure that their belongings are adequately protected.
- b) Since 1995, Aberdeen City Council has provided a low cost Contents Insurance Scheme. Unlike some insurance schemes, it is available to all City Council tenants and there are no restrictions regarding property type, construction method or postcode area. It is however subject to the completion of a satisfactory application form, which tenants can complete online or via a paper application form.
- c) There are currently 3,029 tenants are on the household insurance scheme, which out of the total Housing Stock of represents 13.6% of the total number of Council tenants. There are a number of benefits offered as part of the Scheme:- new for old cover, nil excess applies, the ability to pay weekly along with rent, special terms for over 55 year olds, extended Accidental Damage cover and optional extras e.g., wheelchair, hearing aid cover.
- d) The current scheme expires on 2<sup>nd</sup> April 2017 and a new contract requires to be tendered and put in place prior to this. Approval is therefore sought for this to be re-tendered. Given the tight timescales, an Invitation to Tender has been advertised on the basis that there is no expenditure by the Council and no contract will be awarded until there is Committee approval.

#### 6. IMPACT

**Improving Customer Experience** – The current Scheme provides a low cost, plain english insurance product which caters for our tenants needs. Applying is very straightforward and easy with the ability to apply online a recent improvement. Insurance costs will be fixed for a minimum 3 year period

in the contract and we are looking to continue these benefits by tendering for a new contract.

**Improving Staff Experience** – As the Scheme has been in existence for a number of years, the current Council staff who administer the Scheme are already very experienced and able to provide a high standard of service to tenants. Additional training may be required depending on the outcome of the tender.

**Improving our use of Resources** – We are effectively outsourcing and providing tenants with an added value service that they might not be able to obtain elsewhere. There will be no increased use of resources and it will be cost neutral in terms of budget spend. The recent ability to apply online has provided a self service option for tenants and reduced process/postage costs for the City Council.

**Corporate** – The Tenants contents Insurance Scheme supports the Smarter city Outcome “We will provide quality services to our council tenants to enable them to have a dry, warm home in a safe and enjoyable environment.” The opportunity to utilise an existing framework agreement for Household Contents was investigated but none were available. No option was available to have a joint procurement with Aberdeenshire Council as they entered into their contract in April 2015.

**Public** – This report will be of interest to tenants and particularly those who have already accessed the Home Contents Insurance. Given the scheme is available to all tenants, subject to successful application, there are no Equality and Human Rights Issues.

## 7. MANAGEMENT OF RISK


If the Committee is minded not to approve the report, then the Scheme would require to be terminated at the expiry of the existing contract, and would impact over 3000 tenants. There is a financial cost here in terms of postage, printing etc, as we would require to write to each tenant to advise them of the Scheme termination and the need for them to obtain alternative insurance provision. There may also be a reputational risk and be perceived as a reduction in the service offered by the City Council.


## 8. BACKGROUND PAPERS

N/a

## 9. REPORT AUTHOR DETAILS

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