

**REPORT FROM: CORPORATE DIRECTOR**

**TO: EXECUTIVE**

**DATE: 21<sup>ST</sup> SEPTEMBER, 2017**

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## **TENDERS AND OTHER CONTRACT RELATED MATTERS**

### **PURPOSE OF REPORT**

To report, for information, tenders which have been received and accepted and to report any exemptions from the requirements of the Contract Procedure Rules.

### **RECOMMENDATION**

That the Executive -

- (1) notes the tender which has been received and accepted;
- (2) approves a two year extension with Zurich Municipal for the provision of insurance services to the Council from 1<sup>st</sup> April 2018.

### **REASONS FOR RECOMMENDATION**

To agree acceptance of tenders/offers in accordance with Contract Procedure Rules.

### **ISSUE**

#### **Award of Contracts**

1. Following the relevant procurement process, tenders have been received and accepted in relation to the following project:-
  - (a) **Disabled Facilities Grant Batch 160 – 10 Townley Street, Brierfield; 94 Charles Street, Nelson; and 16 Cotton Tree Lane, Colne**

<b>Tenderer</b>	<b>Tender Figure (£)</b>
Rollinson & Son Limited	10,233.46
Bluebell North West Limited	10,430.00
Elite Plumbing	10,865.00

The contract has been awarded to Rollinson & Son Limited and will be funded from the approved capital programme for Disabled Facilities Grants.

## **Insurance Renewal**

### **2. Background:**

The Council has a long-term contract for insurance with Zurich Municipal (ZM). The contract commenced on 1<sup>st</sup> April 2013 and has a five year duration with the option of a 2 year extension built-in. A decision is now required on whether to re-tender for the service or to exercise the option of an extension. In support of this, ZM were asked to provide terms for the extension and in response indicated a willingness to reduce current premium rates in the range of 10% to 13.75% from 1<sup>st</sup> April 2018. The higher rate is dependent on both Pendle and Burnley Councils agreeing to extend the current contract which we procured in partnership.

Advice on the terms offered by ZM has been sought from AON, the Council's broker, and they confirm that the offer is a good offer in current market conditions taking account also of the time and cost savings to the Council from not going out to tender and engaging consultants to support and advise on the process.

As the renewal date is 6 months away ZM can only commit to these proposals on renewal (i.e. 1st April 2018) if the claims loss ratios remain static and the exposures, overall, remain stable too. ZM have agreed the above terms in principle but propose reviewing the position towards the end of the year. On current rates the level of premium reduction being offered by ZM could generate annual savings of up to £40,000. This is caveated as subject to deterioration in claims experience and significant changes in the risk exposure.

Councillors may be aware that the Local Government Association (LGA) is considering creating an Insurance Mutual (Mutual) with the primary objective of reducing insurance costs for local authorities nationally. It is envisaged that the Mutual will be effective from April 2018. Whilst this is a positive step, there is insufficient detail on savings and risks to recommend that the Council commits to the Mutual at this stage. So far only a small number of authorities nationally have demonstrated a strong intention to join the Mutual from next year.

Taking account of the offer from ZM and the level of uncertainty with regard to the development of the Mutual it is proposed that the Council enters in to a two year extension with ZM on the basis outlined above. Progress on the development of the Mutual will be monitored with a view to possibly considering participating in the Mutual in two years' time (depending on the performance of the Mutual). The LGA has recognised that local authorities may be tied into long term agreements with their current insurers and noted that a lot of authorities may look to be participate in the Mutual in the future.

## **RECOMMENDATION**

The Executive is recommended to approve a two year extension with Zurich Municipal for the provision of insurance services to the Council from 1<sup>st</sup> April 2018.

## **IMPLICATIONS**

- Policy:** None arising directly from the report.
- Financial:** The financial implications are generally as provided in the report.
- Legal:** None arising directly from the report.
- Risk Management:** None arising directly from the report.
- Health and Safety:** None arising directly from the report.
- Sustainability:** None arising directly from the report.
- Community Safety:** None arising directly from the report.
- Equality and Diversity:** None arising directly from the report.

**APPENDICES:** None