

Finance and Resources Committee

2.00pm, Wednesday, 13 May 2015

Insurance Policies Waiver of Contract Standing Orders

Item number	7.10
Report number	
Executive/routine	
Wards	

Executive summary

The City of Edinburgh Council has an insurance programme covering a range of risks. Those which exceed the OJEU threshold are tendered in line with OJEU procedures and Contract Standing Orders (CSOs). There are, however, a few exceptions where a waiver of the CSOs is justifiable and where entering into a contract in these circumstances is in the Council's best interests.

The policies concerned are All Risks, Fidelity Guarantee and Professional Indemnity.

It is proposed to allow the Council's insurance advisers to market these policies in order to achieve best value for the Council.

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Insurance Premiums Waiver of Contract Standing Orders

Recommendations

- 1.1 It is recommended that Committee:
 - 1.1.1 Approves the waiver of Council's Contract Standing Orders (CSOs) in relation to the purchase of insurance for the following risks: All Risks, Fidelity Guarantee and Professional Indemnity; and
 - 1.1.2 Notes the Council's Insurance Advisers will obtain quotations from the insurance market.

Background

- 2.1 The CSOs state that for work in excess of £25,000 a public advertisement followed by an invitation to tender should be carried out before the award of contract. Under Paragraph 9, the CSOs can be waived (if the value of the proposed contract is under £250,000) and is justifiable on at least one of five points.
- 2.2 The Council has an insurance programme covering a range of risks. The larger risks are tendered in line with OJEU procedures and CSOs. There are a few exceptions where a waiver of the CSOs is justifiable including on the grounds that it is in the Council's best interests. This is one of the five points mentioned above.
- 2.3 The policies concerned are All Risks, Fidelity Guarantee and Professional Indemnity insurance.

Main report

- 3.1 Local authority business is not always attractive to the insurance market and there may be a limited market willing to tender for certain risks, particularly where these are specialised. In these circumstances, insurance advisers are best placed, with their knowledge, to approach the markets which are able to quote and encourage them to do so. Insurance advisers also have access to markets the Council does not. This produces competition and best results.

3.2 The policies shown in the table below fall into this category.

Policy Description	Current Insurer	Premium	Renewal Date
All Risks	AXA Art	£41,948	1/10/15
Fidelity Guarantee	ZMI	£54,848	1/10/15
Professional Indemnity	QBE	£30,740	1/10/15

3.3 In order to achieve best value for the Council it is proposed to allow the Council's Insurance Advisers to obtain alternative quotations from the insurance market.

3.4 Adopting this method will also avoid the risks of cover being unavailable and budget pressures for Services from increased premiums or uninsured claims.

Measures of success

4.1 The three policies are successfully marketed and cover is placed before the current policies expire.

Financial impact

5.1 Financial impact will depend on the outcome of the marketing exercise which will also be dependent on claims experience and any alteration to the risk.

Risk, policy, compliance and governance impact

6.1 This approach should achieve best value for the Council and therefore be in the Council's best interests.

Equalities impact

7.1 There are no adverse equality impacts arising from this.

Sustainability impact

8.1 There are no adverse sustainability impacts arising from this.

Consultation and engagement

9.1 None.

Background reading/external references

None.

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Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long-term financial planning
Council outcomes	CO25 - The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all
Appendices	None