

<b>Cabinet Member</b> Deputy Leader of the County Council			
<b>Procurement Title</b> Supply of Insurance for Material Damage and Business Interruption for the Farington & Thornton Waste Recovery Parks.			
<b>Procurement Option</b> OJEU – Open Tender			
<b>New or Existing Provision</b> Existing – current contract end date 30/06/2017			
<b>Estimated Contract Value and Funding Arrangements</b> £2,000,000 per annum (this is an approximate value, however this may reduce due to reduced loss estimates). There is sufficient provision within the waste management budget from July 2017 to fund this contract.			
<b>Contract Duration</b> Initial period of 12 months, with an option to extend the contracts beyond the initial term, for any number of agreed periods, to a maximum of a further 3 years.			
<b>Lotting</b> The contract will not be lotted as there is a requirement to have a single policy for this insurance.  Both sites are to be considered as a single lot.			
<b>Evaluation</b> <table border="1" data-bbox="193 1272 1002 1328"> <tr> <td>Quality Criteria 40%</td><td>Financial Criteria 60%</td></tr> </table> <p>The quality element is expected to be broken down into:</p> <ul style="list-style-type: none"> <li>- Assessment of policy cover</li> <li>- Claims Service</li> <li>- Added value and innovation</li> </ul>		Quality Criteria 40%	Financial Criteria 60%
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## Contract Detail

The contract for the Council's Waste Facilities' Material Damage and Business Interruption Insurance is to be for a period of 12 months, with an option to extend up to a maximum of three years.

The previous contract Premium from July 2016 to June 2017 was £1,904,253 (plus £180,904 Insurance Premium Tax).

The two areas covered by this contract will be:

- Material Damage - All risk of physical loss or damage to property owned or for which the Council is responsible, subject otherwise to the policy terms, conditions & exclusions.
- Business Interruption - Interruption or interference to the business resulting in a consequential loss, defined as gross profit and additional increased cost of working.

The sites covered by this contract are the two County Council waste facilities as detailed below:

- Farington Waste Recovery Park, Sustainability Way, Leyland
- Thornton Waste Recovery Park, Enterprise Way, Cleveleys

In reviewing the options for how the County Council can insure these facilities on the expiry of the current insurance term, a key consideration has been an assessment of the financial loss that could be incurred in the event of an incident.

Baseline property and equipment valuations have been received, and have been used by commissioned Risk Engineers to calculate *maximum* and *normal* loss estimates. These figures represent estimates of financial loss as a result of a single event. The 'Maximum Foreseeable Loss' at Farington and Thornton respectively is estimated to be £27.491 million and £26.482 million, with the 'Normal Loss Expectancy' at £6.866 million and £5.304 million respectively.

The existing insurance is based on a maximum loss value of £260m, limited to £100m cover. For the new insurance contract a cover level of £30m has been selected, as this would represent the amount of funds that would need to be available in the event of an incident, on the assumption that an incident at both facilities is unlikely to occur during the same time period.

In order to ascertain the optimum deductible level, the Council will request bidders to offer prices at four different 'deductible amounts' i.e. £500,000; £1,000,000; £2,500,000 and £5,000,000. The amount is £250,000 in the current insurance term. There is considered to be a financial benefit in increasing this deductible limit, whereby premium costs are expected to reduce as a result, whilst the Council can limit its financial loss exposure to an amount that can be afforded through its provisions.

There are two options for the values to be insured:

Reinstatement – Insurers will pay to replace the item with a new one which is equal to but not better than the item lost or damaged

Indemnity – Insurers will pay for the second hand value of the item

The current insurance cover insures on reinstatement values for all the buildings and equipment at these two sites. This represents a higher cost option. As there is a market in used equipment, indemnity values are to be used for equipment in the new contract term, with some exceptions. Buildings are to continue to be insured on a reinstatement basis.

The current Business Interruption insurance covers a 24 months Indemnity Period on a Gross Revenue Basis. This represents £50,000,000 of lost revenue cover. Current revenue loss estimates indicate a level of £5,000,000 per site, per annum, is more appropriate for the level of lost revenue that may occur based on critical equipment downtime and the operators ability to repair/replace equipment or diversion actions being taken.

The above details represent the more significant changes from the current insurance cover, however, other changes may also be made in the interests of efficiency and effectiveness through the procurement process.

Organisations will be invited via an Open OJEU procurement process to submit bids based on the criteria outlined above.

The use of the Insurance Broker for the sites, JLT, will be involved in the production of all documents for the tender and will complete the evaluation with input from LCC and GRLOL (the Council's operator).

Throughout the period of the policy it is expected that the Council will undertake a review of its risk mitigation plans at these sites, such that risk mitigation policies, processes and infrastructure continue to be appropriate for the changing business operations at these sites.

<b>Cabinet Member</b> Cabinet Member for Highways and Transport.
<b>Procurement Title</b> Supply and delivery of street lighting materials.
<b>Procurement Option</b> OJEU – Open Tender
<b>New or Existing Provision</b> New requirement for the supply and delivery of street lighting materials.
<b>Estimated Annual Contract Value and Funding Arrangements</b> The estimated annual value is £1,200,000 which will be funded by Capital and Revenue budgets, the DfT Challenge Funding and external income.
<b>Contract Duration</b> Four years.
<b>Lotting</b> The component parts will be categorised and 'lotted' in the tender, with an estimated number of lots between 6 and 8. Suppliers will be able to bid for one or more 'Lots'.
<b>Evaluation</b> The tender will be conducted as an OJEU Open tender procedure.  The industry standard Selection Questionnaire will be issued to all suppliers who express an interest to supply; Part 1 will gather basic information about the supplier, Part 2 will establish if there are grounds for exclusion and Part 3 will determine that the supplier meets the selection criteria in respect of their financial standing, technical capacity and quality before evaluating their bid on price.
<b>Contract Detail</b>  Street lighting materials are currently purchased via established frameworks operated by Eastern Shires Purchasing Organisation (ESPO) and the Association of Greater Manchester Authorities (AGMA), both of which are due to expire this year with no scheduled replacement.  The County Council contract will be a multi provider framework agreement which provides no guarantee of spend and no commitment to use. Purchases will be made on a call-off basis as and when required and the supplier will be selected on a ranked basis according to the lowest price submitted. The contract will also include a 30 Day Termination Notice.