

## OFFICER DECISION RECORD SHEET

**Name of decision maker:** James Deane  
Corporate Director – Finance & Operations

**Service Area:** Financial Services

**PART II Report**

**PART II reason:** The report contains information relating to the financial and business affairs of the Council and third party companies

(LGA 1972, Part V, Schedule 12A, part 1, paragraph 3).

**Title of Decision:** Approval to award contract for Tenants Contents insurance to Aon

**Decision made and reasons**

**Decision:**

That the policy cover be placed by Aon in conjunction with Aviva with effect from 7 October 2019, for an initial period of 3 years with the option for a 2-year extension.

**Reason:**

The Council operates a Tenants Contents Insurance scheme. Day to day administration of the scheme is managed by Council officers. As part of the scheme, the Council appoints a provider to supply the insurance cover. A tender exercise has been taken to appoint this provider as current contract arrangements are due to end in October 2019.

Tenants in the scheme pay their premiums to the Council on a regular basis. These premiums, are passed on to the provider, net of a commission of 15% taken by the Council to support the in- house administration of the scheme. No other payment is made by the Council to the provider.

Following a tender exercise, responses were received from brokers Aon, Marsh and Thistle Services, providing quotes from Aviva, RSA and Allianz, all of whom are well known insurers.

A comparison of the submissions was undertaken, based on price, cover, quality and service, the results are shown below.

|                   | <b>Score</b> |
|-------------------|--------------|
| Aon - Aviva       | 91           |
| Marsh - RSA       | 84           |
| Thistle – Allianz | 78           |

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**Reports considered:**

The procurement report is attached

**Officers/Councillors/Ward Councillors/Stakeholders Consulted:**

Group Manager – Commissioning, Procurement & Compliance

**Financial Comments:**

Premium payments to the provider will be funded by Council tenants themselves. There is no net cost to the Council associated with this contract.

Based on current scheme take up, the value of the contract is estimated at a maximum of £96k per annum (£288k over 3years, £480k over 5 years). The exact cost will be dependent upon take up of the scheme amongst Council tenants.

The Council will earn a commission at the rate of 15% of the premiums paid by Council tenants. Based on current take up, annual commission to the Council is expected to be £15k per annum. There is a slight reduction over current premium rates arising from the tender exercise. This may result in a reduced level of commission for the Council. This reduction is expected to be minimal and will be managed within existing service budgets.

**Deputy Monitoring Officer Comments:**

An appropriate contract should be completed between the Council and AON prior to the Scheme being made available to Council tenants.

**S151 Officer Comments:**

The financial costs of this contract are in line with financial expectations and the assessment of bids included 50% of the scoring based on price.

**Implications:**

**Value for Money:** The tender exercise has produced a slight reduction in the premium rate, meaning that the tenants will pay slightly less each week for their policy cover.

**Financial:** The Council itself does not incur any cost in relation to the premiums, as it merely pays over the amounts that are actually collected each month, net of the policy commission of 15%. This contributes to the operational costs of the scheme.

**Risk:****Officer Signature:**

Date: