

**SCOTTISH POLICE  
AUTHORITY**

<b>Meeting</b>	<b>Public SPA Board Meeting</b>
<b>Date and Time</b>	<b>20 June 2016</b>
<b>Location</b>	<b>Stirling Court Hotel, Stirling</b>
<b>Title of Paper</b>	<b>Award for Insurance Services</b>
<b>Item Number</b>	<b>13.1</b>
<b>Presented By</b>	<b>Colette Sherry, Head of Corporate Procurement</b>
<b>For Approval/For Consultation</b>	<b>For Approval</b>
<b>Appendices</b>	<b>No</b>

**PURPOSE**

To invite Members to;

- Consider approval of the Award of Contract for Insurance Services for the Scottish Police Authority to Risk Management Partners for a Total contract value of £ 1,330,507 including Insurance Premium Tax (IPT) and VAT (where applicable).

*This paper is presented in line with the Scottish Police Authority / Police Scotland Scheme of Delegation and Standing orders and is submitted for approval.*

## **1. BACKGROUND**

- 1.1 Police Scotland, is a largely self-insured organisation, as defined within the Scottish Public Finance Manual. In essence, this means that constituent parts of the Scottish Administration and self-insuring Scottish Government sponsored bodies would be justified in taking out commercial insurance only in specified circumstances or where the cost of claims including in-house and contracted-out administration costs was likely to exceed the cost of insurance premiums.
- 1.2 Accordingly, Police Scotland, on formation, procured the following insurance policies:
- Motor Third Party Liability
  - Airside Liability
  - Statutory Engineering Liability
  - Personal Accident and Travel
- 1.3 These policies for insurance were procured initially for a period of three years and subsequently extended until 31 July 2017, following approval at the Finance and Investment (F & I) Committee on 17th March 2016, completed by way of a Non-Competitive Action whilst a procurement strategy was agreed for insurance renewals.

## **2. FURTHER DETAIL ON THE REPORT TOPIC**

- 2.1 A procurement exercise was thereafter undertaken, utilising the revised Crown Commercial Services (CCS) framework which resulted in one supplier (our existing insurer) providing what is considered, following robust scrutiny, to present value for money whilst delivering significant savings compared with the previous contract of insurance.
- 2.2 The quotations provided by Risk Management Partners represent a reduction in costs against previous years with a minimal increase in costs for Engineering Inspection Insurance. Members should note the inclusion of a claims handling which is a requirement of taking Motor Third Party Liability Insurance. The quoted cost,

represents a reduction of 14.6% against the current claims handling cost, it is a requirement of all like insurance policies and payable in respect of the claims handling work not undertaken by Police Scotland Legal Services.

- 2.3 The quotes provided in relation to Airside Liability, Statutory Engineering and Personal Accident & Travel meet with all the insurance requirements of Police Scotland and reflect exactly the level of insurance cover which Police Scotland has had in the previous three years.
- 2.4 A revised approach for Motor Third Party Liability has been taken as we recognised an opportunity to reduce costs and as a result the excess has been increased from £150,000 to £500,000. This approach was considered and approved at the SPA Finance & Investment committee on 11th May 2016.
- 2.5 This contract will deliver savings yet still provide Police Scotland with insurance protection for catastrophic claims.

### 3. FINANCIAL IMPLICATIONS

- 3.1 There are financial implications as a consequence of this paper, costs are less than FY16.17 budget provision therefore delivers a saving over this period, as well as over the contract term yet protecting Police Scotland and the Scottish Police Authority mitigating exposure to risk through having appropriate insurance provision in line with the self-insurance arrangements outlined in the Scottish Public Finance Manual.
- 3.2 The table below provides a summary of the financial arrangements for the term of the contract.

	2015-16 Actual Spend	2016-17 New Contract Rates	2017-18 New Contract Rates	2018-19 New Contract Rates	Contract Value (3 years)
Insurance Services	£ 917,409	£ 570,122	£ 380,193	£ 380,193	£ 1,330,507

- 3.3 Premium costs for 16/17 include 4 months of existing insurance costs and 8 months of new contract.

3.4 Prices remain fixed for the duration of the 3 year contract and if the option to extend the contract for a further 1 year is exercised.

3.5 The overall savings for the 3 year contract equates to £1.4m.

#### **4. PERSONNEL IMPLICATIONS**

4.1 There are no direct personnel implications associated with this paper as staff are either protected by insurance provision or under the terms of the self-insurance scheme.

#### **5. LEGAL IMPLICATIONS**

5.1 This procurement was performed in compliance with The Public Contracts (Scotland) Regulations 2015 and the Police and Fire Reform (Scotland) Act 2012.

#### **6. REPUTATIONAL IMPLICATIONS**

6.1 There are reputational impacts associated with this paper, notably if insurance is not purchased and a significant claim was to be made. Similarly, if personal accident insurance was not purchased, then alternative arrangements would require to be made to cover volunteers working with Police Scotland.

#### **7. SOCIAL IMPLICATIONS**

7.1 There are no social implications associated with this paper.

#### **8. COMMUNITY IMPACT**

8.1 There are no community impact implications associated with this paper.

#### **9. EQUALITIES IMPLICATIONS**

9.1 There are no equality implications associated with this paper.

#### **10. ENVIRONMENTAL IMPLICATIONS**

10.1 There are no environmental implications associated with this paper.

**RECOMMENDATIONS**

It is recommended that Members consider;

- (i) Note and approve the award of the contract to Risk Management Partners utilising the CCS Framework Agreement, Lot 1 for Insurance Services for a period of three years (with an optional one year extension) to a total contract value of £1,330,507 including IPT and VAT (where applicable).

On receipt of this approval also:

- (ii) Subject to approval from SPA, and as part of service provision to the Authority by police staff permitted under section 83 (2) of the Police and Fire Reform (Scotland) Act 2012, to instruct Procurement staff within Police Scotland to prepare contract documentation for the contract period, to present this documentation for review and signature by the Accountable Officer and subsequently issue on behalf of the Authority.