

DMPC Decision – PCD 1223

**Title: Insurance Programme Procurement – approval sought to tender and award contracts:
Motor and Property Contractors All Risks Insurance**

Executive Summary:

This decision seeks approval to tender for two insurance policies and award the contracts.

Authority is required for insurance premium expenditure greater than the authority delegated by the MOPAC Scheme of Delegation; so requiring approval from the Deputy Mayor for Policing and Crime.

Within an Insurance Programme, MOPAC-MPS purchases two insurances policies that were the subject of a competitive tender 4 years ago and an award made under a long term agreement, subject to a limit of expenditure which has now been reached.

Recommendation:

The Deputy Mayor for Policing and Crime is recommended to:

1. Approve this request to conduct a tender for Motor Insurance and Property Contractors All Risks (C.A.R.) Insurance and award the contract within agreed financial parameters, in protection of MPS property assets and potential liabilities, which are due to expire on 1st Oct. 2022.

Deputy Mayor for Policing and Crime

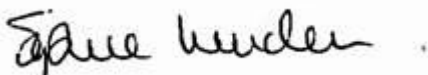
I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature

Date

16/06/2022



PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

1. Introduction and background

- 1.1. This proposal needs to be considered because MOPAC-MPS purchases two insurances policies that were previously awarded under a long term agreement that is coming to an end on 1st October 2022. Because the premium levels involved are greater than the authority delegated by the MOPAC Scheme of Delegation, approval needs to be sought from the Deputy Mayor for Policing and Crime.
- 1.2. The MOPAC/MPS purchases this insurance to mitigate the potential financial and business impact of risks by transferring them to an insurance company. The insurance policies to be tendered form part of a range of insurance policies within an insurance programme covering MOPAC-MPS assets and potential legal liabilities This should be noted in the context that MPS has property assets with a rebuilding and replacement value in the region of £2bn, planned refurbishment work of approximately £100m annually and can be subject to unlimited legal liabilities arising from injury to persons and damage to third party property.
- 1.3. The MOPAC/MPS uses its size and leverage to maximize insurance premium savings and employs a qualified in-house insurance professional, the Head of Insurance and Claims Services, who in liaison with the appointed Insurance Broker, ensures that all policies are suitable.
- 1.4. The nature of the insurance market and the required timings to conduct the procurement does not match with the MOPAC governance process. This paper therefore seeks empowerment to conduct the procurement via a tender and award action within agreed financial limits.

2. Issues for consideration

- 2.1. The insurance market for Blue Light/Emergency Services market is currently very difficult, particularly for Motor Insurance, with a very small number of insurers able to provide the cover.
- 2.2. The MPS will be conducting a two stage Restricted Procedure procurement compliant with Public Contract Regulations, in order to maximize the opportunity for receiving competitive tender responses from the broadest possible market, and maintain control of operationally sensitive information for insurance purposes. The MPS use the insurance broker to bring up to date insight and knowledge of the insurance industry and market.
- 2.3. The Restricted procedure has been selected over an Open procedure, as the latter would mean having to publish a full data set in a public environment, which is not desirable given sensitivities. A Restricted procedure will allow the MPS to only release sensitive data to selected bidders in a controlled rather than public way, to suppliers who can realistically deliver. The broker's advice is that, given the challenging market

and with motor in particular, this will give the market the confidence that the effort they are putting in for a full quote is against a short list rather than a long list. This is the best way to ensure the MPS do receive quotes.

- 2.4. Market engagement events have been planned in order to get the very best response from the very limited market.
- 2.5. The current annual insurance cost is contained in the restricted section of the report and approval is requested to tender and award the contract up to a budgeted value also set out in that restricted section.
- 2.6. Maintenance of this insurance cover provides critical financial risk transfer.
- 2.7. Given the requirements of the insurance market, timescales required by a PCR compliant tender and the need to prepare for cover to continue beyond expiry on 1st October, activity is already under way in the early stages of preparing for the tender process, without commitment to premium costs.
- 2.8. It should be noted that a separate paper to the Portfolio Investment Board May 2022 will seek fresh approval for a new 3 year Insurance Strategy to extend beyond expiry of the current Insurance Strategy at 1st October 2022.
- 2.9. This paper and the two related insurance policies are in line with the current three year Insurance Strategy: they provide transfer of risk to an insurer for losses that are large enough to be prejudicial to the finances of MOPAC/MPS and they facilitate operational activities.

3. Financial Comments

- 3.1. The current annual insurance cost of these insurances is commercially sensitive and set out in the restricted section of this report. Approval is sought to conduct a tender and award up to a budgeted value also set out in the restricted section.
- 3.2. The expected premium payable is already budgeted for within the existing revenue budget. The intention is to maintain the insurance premium at the expiring premium level or under, however there is a possibility that renewal terms will be at a higher cost depending on terms received from the insurance market. The MPS would seek to manage any increase in the cost of the insurance premium within the overall insurance premium budget.
- 3.3. There is no impact on the Capital Plan.

4. Legal Comments

- 4.1. The Mayor's Office for Policing and Crime ("MOPAC") is a contracting authority as defined in the Public Contracts Regulations 2015 ("the Regulations"). All awards of

public contracts for goods and/or services valued at £213,477 or above shall be procured in accordance with the Regulations. This report confirms the value of the proposed contract exceeds this threshold.

- 4.2. This report confirms the MOPAC's route to market will be compliant with the Regulations.
- 4.3. The MOPAC Scheme of Delegation and Consent provides the Deputy Mayor for Policing and Crime ("DMPC") has delegated authority to approve:
 - Business cases for revenue or capital expenditure of £500,000 and above (paragraph 4.8); and
 - All requests to go out to tender for contracts of £500,000 or above, or where there is a particular public interest (paragraph 4.13).
- 4.4. Paragraph 7.23 of the Scheme provides that the Director of Strategic Procurement has consent for the approval of the award of all contracts, with the exception of those called in through the agreed call in procedure. Paragraph 4.14 of the Scheme provides the DMPC reserves the right to call in any MPS proposal to award a contract for £500,000 or above.

5. Commercial Issues

- 5.1. The insurance policies will be procured via a PCR compliant tender process, led by the MPS' contracted insurance broker, managed by the MPS Head of Insurance and Claims Services and in liaison with the MPS Commercial department.
- 5.2. London's Anchor Institutions' Charter will be supported by the paper in so far as the paper will drive financial control for the MPS, allowing more funds to be used for frontline policing, which is already aligned to supporting London's Anchor Institutions' Charter.
- 5.3. Procurement activity arising from approving the application of the Existing Insurance Strategy will be conducted in accordance with the Public Contract Regulations 2015, EU law and the MOPAC's Scheme of Delegation and Consent. Commercial Services are engaged in the process.

6. GDPR and Data Privacy

- 6.1. The MPS is subject to the requirements and conditions placed on it as a 'State' body to comply with the European Convention of Human Rights and the Data Protection Act (DPA) 2018. Both legislative requirements place an obligation on the MPS to process personal data fairly and lawfully in order to safeguard the rights and freedoms of individuals.

- 6.2. Under Article 35 of the General Data Protection Regulation (GDPR) and Section 57 of the DPA 2018, Data Protection Impact Assessments (DPIA) become mandatory for organisations with technologies and processes that are likely to result in a high risk to the rights of the data subjects.
- 6.3. The Information Assurance and Information Rights units within MPS will be consulted at all stages to ensure the project (tender) meets its compliance requirements.
- 6.4. The project does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

7. Equality Comments

- 7.1. This business case has undergone initial equality screening. Due regard has been given to the Equality Act's Public Sector Equality Duty. Real consideration has been taken to assess equality impact caused by the proposed business changes. As a result no positive or negative impact has been identified to any individual and/or group safeguarded by a protected characteristic and those who are not.

8. Background/supporting papers

- 8.1. Report

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, for what reason:

Until what date:

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form – YES

ORIGINATING OFFICER DECLARATION	<i>Tick to confirm statement (✓)</i>
Financial Advice: The Strategic Finance and Resource Management Team has been consulted on this proposal.	✓
Legal Advice: The MPS legal team has been consulted on the proposal.	✓
Equalities Advice: Equality and diversity issues are covered in the body of the report.	✓
Commercial Issues The proposal is in keeping with the GLA Group Responsible Procurement Policy.	✓
GDPR/Data Privacy <ul style="list-style-type: none"> • GDPR compliance issues are covered in the body of the report. • A DPIA is not required. 	✓
Drafting Officer Craig James has drafted this report in accordance with MOPAC procedures.	✓
Director/Head of Service: The Interim Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓

Chief Executive Officer

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature



Date 14/06/2022

**Insurance Programme Procurement – approval sought to tender and award contracts:
Motor and Property Contractors All Risks Insurance**

**MOPAC Investment Advisory & Monitoring meeting 9th June 2022
(following Portfolio and Investment Board 10th May 2022)**

**Report by Gary McCulloch, Head of Insurance and Claims, on behalf of the Chief of
Corporate Services**

**Part 1 – This section of the report will be published by MOPAC. It is
classified as OFFICIAL – PUBLIC**

EXECUTIVE SUMMARY

- 1.
2. We need to tender for two insurance policies and award the contracts.
3. Authority is required for insurance premium expenditure greater than the authority delegated by the MOPAC Scheme of Delegation; so requiring approval from the Deputy Mayor for Policing and Crime.
4. Within an Insurance Programme, MOPAC-MPS purchases two insurances policies that were the subject of a competitive tender 4 years ago and an award made under a long term agreement, subject to a limit of expenditure which has now been reached.
- 5.

Recommendations

The Deputy Mayor for Policing and Crime, via the Investment Advisory and Monitoring meeting (IAM), is asked to:

1. Approve this request to conduct a tender for Motor Insurance and Property Contractors All Risks (C.A.R.) Insurance and award the contract within agreed financial parameters, in protection of MPS property assets and potential liabilities, which are due to expire on 1st Oct. 2022.

Time sensitivity

2. A decision is required from the Deputy Mayor by 11/07/22. This is because the Public Contract Regulations (PCR) compliant tender requires key decisions at set milestones, to ensure cover is in place before expiry of the current cover on 01/10/2022.

Non-confidential facts and advice to the Deputy Mayor for Policing and Crime

Introduction and background

1. This proposal needs to be considered because MOPAC-MPS purchases two insurances policies that were previously awarded under a long term agreement that is coming to an end

on 1st October 2022. Because the premium levels involved are greater than the authority delegated by the MOPAC Scheme of Delegation, approval needs to be sought from the Deputy Mayor for Policing and Crime.

2. The MOPAC/MPS purchases this insurance to mitigate the potential financial and business impact of risks by transferring them to an insurance company. The insurance policies to be tendered form part of a range of insurance policies within an insurance programme covering MOPAC-MPS assets and potential legal liabilities. This should be noted in the context that MPS has property assets with a rebuilding and replacement value in the region of £2bn, planned refurbishment work of approximately £100m annually and can be subject to unlimited legal liabilities arising from injury to persons and damage to third party property.
3. The MOPAC/MPS uses its size and leverage to maximize insurance premium savings and employs a qualified in-house insurance professional, the Head of Insurance and Claims Services, who in liaison with the appointed Insurance Broker, ensures that all policies are suitable.
4. The nature of the insurance market and the required timings to conduct the procurement does not match with the MOPAC governance process. This paper therefore seeks empowerment to conduct the procurement via a tender and award action within agreed financial limits.

Issues for consideration

5. The insurance market for Blue Light/Emergency Services market is currently very difficult, particularly for Motor Insurance, with a very small number of insurers able to provide the cover.
6. We will be conducting a two stage Restricted Procedure procurement compliant with Public Contract Regulations, in order to maximize the opportunity for receiving competitive tender responses from the broadest possible market, and maintain control of operationally sensitive information for insurance purposes. We use the insurance broker to bring up to date insight and knowledge of the insurance industry and market.
7. The Restricted procedure has been selected over an Open procedure, as the latter would mean having to publish a full data set in a public environment, which is not desirable given sensitivities. A Restricted procedure will allow us to only release sensitive data to selected bidders in a controlled rather than public way, to suppliers who can realistically deliver. The broker's advice is given the challenging market and with motor in particular, this will give the market the confidence that the effort they are putting in for a full quote is against a short list rather than a long list is the best way to ensure we do receive quotes.
8. Market engagement events have been planned in order to get the very best response from the very limited market.
9. The current annual insurance cost is contained in the restricted section of the report and approval is requested to tender and award the contract up to a budgeted value also set out in that restricted section.
10. Maintenance of this insurance cover provides critical financial risk transfer.
11. Given the requirements of the insurance market, timescales required by a PCR compliant tender and the need to prepare for cover to continue beyond expiry on 1st October, activity

is already under way in the early stages of preparing for the the tender process, without commitment to premium costs.

12. It should be noted that a separate paper to the Portfolio Investment Board May 2022 will seek fresh approval for a new 3 year Insurance Strategy to extend beyond expiry of the current Insurance Strategy at 1st October 2022.

Contributes to the MOPAC Police & Crime Plan 2021-2025¹

13. This insurance procurement activity will protect MPS/MOPAC from certain insurance financial risks that are large enough to be prejudicial to the effective execution of the Police and Crime Plan and should be transferred to insurers.

Financial, Commercial and Procurement Comments

14. The current annual insurance cost of these insurances is commercially sensitive and set out in the restricted section of this report. Approval is sought to conduct a tender and award up to a budgeted value also set out in the restricted section.

15. The expected premium payable is already budgeted for within the existing revenue budget. The intention is to maintain the insurance premium at the expiring premium level or under, however there is a possibility that renewal terms will be at a higher cost depending on terms received from the insurance market. We would seek to manage any increase in the cost of the insurance premium within the overall insurance premium budget.

16. There is no impact on the Capital Plan.

17. The insurance policies will be procured via a PCR compliant tender process, led by our contracted insurance broker, managed by the MPS Head of Insurance and Claims Services and in liaison with the MPS Commercial department.

18. London's Anchor Institutions' Charter will be supported by the paper in so far as the paper will drive financial control for the MPS, allowing more funds to be used for frontline policing, which is already aligned to supporting London's Anchor Institutions' Charter.

19. Procurement activity arising from approving the application of the Existing Insurance Strategy will be conducted in accordance with the Public Contract Regulations 2015, EU law and the MOPAC's Scheme of Delegation and Consent. Commercial Services are engaged in the process.

Legal Implications (by DLS)

20. The Mayor's Office for Policing and Crime ("MOPAC") is a contracting authority as defined in the Public Contracts Regulations 2015 ("the Regulations"). All awards of public contracts for goods and/or services valued at £213,477 or above shall be procured in accordance with the Regulations. This report confirms the value of the proposed contract exceeds this threshold.

This report confirms the MOPAC's route to market will be compliant with the Regulations.

The MOPAC Scheme of Delegation and Consent provides the Deputy Mayor for Policing and Crime ("DMPC") has delegated authority to approve:

1. Business cases for revenue or capital expenditure of £500,000 and above (paragraph

¹ [Police and crime plan: a safer city for all Londoners | London City Hall](#)

- 4.8); and
2. All requests to go out to tender for contracts of £500,000 or above, or where there is a particular public interest (paragraph 4.13).

Equality Comments

21. This business case has undergone initial equality screening. Due regard has been given to the Equality Act's Public Sector Equality Duty. Real consideration has been taken to assess equality impact caused by the proposed business changes. As a result no positive or negative impact has been identified to any individual and/or group safeguarded by a protected characteristic and those who are not.

Privacy Comments

22. The MPS is subject to the requirements and conditions placed on it as a 'State' body to comply with the European Convention of Human Rights and the Data Protection Act (DPA) 2018. Both legislative requirements place an obligation on the MPS to process personal data fairly and lawfully in order to safeguard the rights and freedoms of individuals.

Under Article 35 of the General Data Protection Regulation (GDPR) and Section 57 of the DPA 2018, Data Protection Impact Assessments (DPIA) become mandatory for organisations with technologies and processes that are likely to result in a high risk to the rights of the data subjects.

The Information Assurance and Information Rights units within MPS will be consulted at all stages to ensure the project (tender) meets its compliance requirements.

The project does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

Real Estate Implications

23. There are no changes to the estate associated with this report.

Environmental Implications

24. There are no known environmental implications, nor any impact on delivering the Mayor's London Environment Strategy².

Background/supporting papers

25. None

Report author: Gary McCulloch, Head of Insurance and Claims Services, Tel 0207 161 2944

Part 2 – This section refers to the details of the Part 2 business case which is NOT SUITABLE for MOPAC Publication.

The Government Security Classification marking for Part 2 is:
OFFICIAL-SENSITIVE [COMMERCIAL]

Part 2 of this report title 'Insurance Programme Procurement – approval sought to tender and award contracts: Motor and Property Contractors All Risks Insurance' is exempt from publication for the following reasons:

² <https://www.london.gov.uk/WHAT-WE-DO/environment/environment-publications/draft-london-environment-strategy>

- Exempt under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011 (Data Protection Section 43 – Commercial Interests).
- The relevant sections under the FOIA that would exempt this information from disclosure, for example:
 - Commercial Interest Section 43

The paper will cease to be exempt from 01/10/2032.