

Report of Deputy Insurance Officer, Financial Development

Report to Chief Officer – Financial Development

Date: 23 October 2012

Subject: Request to invoke Contract Procedure Rule 25.1 and extend the current contract with Certo Chartered Loss Adjusters to provide loss-adjusting services for 24 months to allow the provision of this service to the council until 30 November 2014

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

Requesting invocation of CPR 25.1 to allow the extension of the current contract with Certo Chartered Loss Adjusters to supply loss-adjusting services to Leeds City Council for a further 24 months from 1 December 2012

Recommendations

That the Chief Officer approve the invocation of CPR 25.1 and that Certo Chartered Loss Adjusters continue to act for the council and provide loss-adjusting services.

1 Purpose of this report

- 1.1 The purpose of this report is to request the invocation of CPR 25.1 to allow the extension of the current contract with Certo Chartered Loss Adjusters for the provision of loss-adjusting services.

2 Background information

- 2.2 The Loss Adjuster acts as an impartial expert who advises both the Leeds City Council Insurance Section and the Department, establishment or individual making a claim. The principal Insurance Policies for which this service is required are, but not restricted to,:

Schools Balance of Risks
Material Damage (within current deductibles)
All Risks – Foster Parents

- 2.3 Upon receipt of instructions from the Council's Insurance Section the Loss Adjuster visit the establishment or individual making a claim to discuss the circumstances of the claim. The loss adjuster will:

- ~ check that the loss or damage falls within the terms of the insurance policy/cover provided;
- ~ check that the amounts being claimed are fair and reasonable;
- ~ advise how security or safety could be improved to avoid a further incident;
- ~ advise on repair/replacement techniques including the recommendation of specialists;
- ~ liaise with repairers/suppliers, the Council's Insurance Section and the insurer (where appropriate) concerning the method of repair or replacement and the cost of such;
- ~ report initially to the Council's Insurance Section following a first visit on the circumstances of the loss or damage, the proposed method of repair or replacement and the anticipated cost of the claim;
- ~ report periodically to the Council's Insurance Section during the currency of the claim as necessary;
- ~ report to the Council's Insurance Section at the conclusion of the claim advising on the amount to be paid in settlement of the claim.

- 2.4 Historically the council has utilised the services of a loss adjuster to negotiate and place such cover for a large number of years.

- 2.5 The current contract with Certo Chartered Loss Adjusters was awarded in 2009 following a full procurement exercise. The contract was concluded on the basis of a 3-year agreement including an option, at the end of the 3 years, to extend for a further 2 years, subject to the satisfactory performance of the brokers and both parties reaching agreement over the fees to be charged for the extended contract period.

- 2.6 The quality of the service provided by Certo Chartered Loss Adjusters has proved to be satisfactory and both parties wish to extend the contract as provided.
- 2.7 Fees payable to Certo are entirely dependent on the number of cases on which they are instructed and the final, adjusted, value of such cases.
- 2.8 Certo have confirmed that they will maintain the current fee scale if the contract is extended as provided.
- 2.9 The fee paid to Certo for the last financial year (2012/13) was £21,663

3 Main issues

Reason for Contract Procedure Rules Invocation

- 3.1 Contract Procedure Rule 25.1 allows the extension of any contract before the expiry date where it is in accordance with its terms and proves to deliver Best Value for Money. Approval for such an extension shall be sought in a timely manner and supported by an appropriate Delegated Decision signed by the Relevant Chief Officer. In the circumstances, I am seeking invocation of Contract Procedure Rule 25.1 in the knowledge that in approximately 24 months time the provision of this service will be put out to competitive tender.

Consequences if the proposed action is not approved

- 3.2 If the extension of the contract is not approved we would have to go out to competitive tender to secure a new contract in accordance with Contract Procedure Rule 12 which would not realise efficiencies and costs savings and would compromise the achievement of Best Value for Money for the council.
- 3.3 There is no alternative 'in house' provider of specialised loss-adjusting services.

4 Corporate Considerations

4.1 Consultation and Engagement

No consultation with other stakeholders has been undertaken. The invocation relates to the provision of specialised loss-adjusting services for a small number of insurance claims.

4.2 Equality and Diversity / Cohesion and Integration

The proposed invocation has no implications for equality and diversity, cohesion and integration.

4.3 Council policies and City Priorities

The proposed invocation seeks to obtain insurance loss-adjusting services which would not otherwise be received and therefore increase the cost of the council's insurance claim settlements.

4.4 Resources and value for money

The service is not available in-house or through any other existing contract. Direct cost to the council is limited to the amount provided for in the contract based on the number of instructions issued and the final, adjusted, settlement cost of those claims..

4.5 Legal Implications, Access to Information and Call In

4.5.1 As detailed under Section 3.1 above, Contract Procedure Rule 25.1 permits the relevant Chief Officer using delegated authority, to allow the extension of an existing contract without competition provided.

4.5.2 The Chief Procurement Officer has advised that it would be lawful for the council to invoke Contract Procedure Rule 25.1 in these circumstances provided that the relevant Chief Officer is satisfied that there are compelling reasons to do so.

4.5.3 Should the invocation be approved and the current contract extended for 24 months, I estimate the direct 2-year cost of the contract extension to be between £40,000 and £50,000, which is accounted for in the 2012/13 and 2013/14 budgets.

4.6 Risk Management

4.6.1 If the invocation is approved, business would continue as normal and the small number of insurance claims concerned would be negotiated and settled successfully.

4.6.2 If the invocation were not approved, it would be necessary to go out to competitive tender, which would compromise efficiencies and cost savings and potentially result in a delay in appointing a new contractor, which would affect the ability to successfully negotiate and settle claims.

5 Conclusions

5.1 The extension of the existing contract with Certo Chartered Loss Adjusters for 24 months represents the best option for the continued provision of the service prior to the procurement exercise for the provision of a loss-adjusting service in 2014.

6 Recommendations

6.1 The Chief Officer of Financial Development is recommended to approve the invoking of Contract Procedure Rule 25.1 - Contract Extensions and Variations – Extensions and to approve the extension of the existing arrangement with Certo Chartered Loss Adjusters for 24 months

7 Background documents

7.1 There are no background documents