

CANNOCK CHASE COUNCIL

COUNCIL

23 JANUARY 2008

REPORT OF THE DIRECTOR OF GOVERNANCE

TENDERING OF THE TENANTS' CONTENTS INSURANCE SCHEME

1. Purpose of Report

- 1.1 The purpose of this report is to advise the Council of the actions taken with regard to the tender of the Tenants' Contents Insurance Scheme and seek retrospective approval to waive the requirement, under the Council's Contract Procedure rules, to advertise the tender in a professional journal and a local paper.

2. Recommendations

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| 2.1 That Council gives retrospective approval to the waiving of the requirement, under the Council's Contract Procedure Rules, to advertise the tender in a professional journal or local newspaper. |
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3. Key Issues

- 3.1 The Housing Department offers a contents insurance scheme to all housing tenants. To ensure that the Council is able to offer the best scheme that it can to the tenants, the scheme is reviewed periodically. This year, with the support of the Council's insurance brokers, a tendering exercise is being undertaken.
- 3.2 Due to the value of the scheme, it is being tendered in accordance with the EU regulations. In accordance with EU regulations the contract notice was published in the Official Journal of the European Union (OJEU). However, in accordance with the Council's Contract Procedure Rules an advertisement should also be placed in an appropriate professional journal and a local paper. It is estimated that this would cost approximately £2,500. The Council's insurance brokers were consulted on the need for advertising and it is the joint view that to advertise would be an unnecessary expense and not good value for money for the Council. This type of insurance cover is a very specialist market and those interested parties would be monitoring contract notices in OJEU on a regular basis and be aware of the tender. Potential insurers are unlikely to rely on local newspapers to find out about tendering opportunities. In the absence of placing advertisements in a local newspaper or a professional journal, the tender has been advertised on the Council's website.
- 3.3 In order to waive the requirement to advertise the tender in a professional journal or local newspaper Council approval is needed. Unfortunately, in order to comply with the EU timescales for tendering there was insufficient time to seek Council approval before the tender was advertised throughout Europe. However, the Leader of the Council was advised of the situation.

4. **Risk Management Implications**

There is a risk that the Council could be challenged about the advertising of the tender but this is considered to be very low given that the tender has been advertised through OJEU and on the Council's website.

5. **Legal Implications**

The duty of best value requires all Councils to seek to achieve continuous improvement by having regard to the efficiency, effectiveness and economy of their service delivery. The Council's Contract Procedure Rules seek to assist the Council discharge this duty through the promotion of competition between service/works providers.

In view of professional advice being obtained from the Council's insurance broker with regards the likely benefits of advertising in a professional journal or local newspaper, it seems unlikely that competition will be promoted to any measurable degree or that best value will be achieved having regard to the costs.

In view of a notice having been placed in OJEU, which is a legal requirement given the value of the contract, the Council is unlikely to be challenged in relation to procurement of the said insurance services, should the recommendation be approved.

6. **Financial Implications**

There are no financial implications arising directly from this report. Had adverts been placed, additional funding would have been required or met from existing budgets as there is no budget currently allocated to cover this expenditure.