LONDON BOROUGH OF CROYDON

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STATEMENT OF EXECUTIVE DECISIONS MADE BY THE CABINET MEMBER FOR FINANCE AND TREASURY ON 22.06.15

This statement is produced in accordance with Regulation 12 of the Local Authorities (Executive Arrangements) Meetings and Access to Information) (England) Regulations 2012.

The following apply to the decisions listed below:

Reasons for these decisions: are contained in the **attached** Part A report

Other options considered and rejected: are contained in the **attached** Part A report

Details of conflicts of Interest declared by the Cabinet Member: none

Note of dispensation granted by the head of paid service in relation to a declared conflict of interest by that Member: none

The Leader of the Council has delegated to the Cabinet Member the power to make the executive decisions set out below:

CABINET MEMBER'S DECISION REFERENCE NO. 37/15/FT
Decision title: Extension of Litigation Legal Services framework for the Insurance London Consortium

Having carefully read and considered the Part A report and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the reports, the Cabinet Member for Finance and Treasury in consultation with the Leader of the Council

RESOLVED

To approve the extension of the of the Litigation Legal Services Framework, for the Insurance London Consortium, to a panel of five firms listed below, for a term of one year starting 1st August 2015 with the option to extend for an additional one year subject to the ongoing satisfactory performance of the companies on the framework:

- Berrymans Lace Mawer LLP
- Browne Jacobson LLP
- Clyde & Co LLP
- DWF LLP

- Plexus Law LLP

Contact Officer: jim.simpson@croydon.gov.uk
Democratic Services Manager
Date: 25.06.15

For General Release

REPORT TO:	**Cabinet Member for Finance & Treasury 22.06.15**
AGENDA ITEM:	**Background report to Cabinet agenda item 14**
SUBJECT:	Extension of Litigation Legal Services framework for the Insurance London Consortium
LEAD OFFICER:	Richard Simpson Assistant Chief Executive (Corporate Resources and Section 151 Officer)
CABINET MEMBER:	Cllr Simon Hall, Cabinet Member for Finance and Treasury and Cllr Tony Newman, Leader of the Council
WARDS:	**All**

CORPORATE PRIORITY/POLICY CONTEXT

Through the combined and focused purchasing power of the Insurance London Consortium, of which Croydon is the Accountable Body, extending this Litigation Legal Services framework meets the objectives of improving value for money and the shared services agenda.

AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS:

Croydon Council will save approximately £17k per annum, therefore this recommendation supports the ambition of taking a prudent approach to managing the Council's finances and improving value for money for local public services.

FINANCIAL IMPACT:

The Litigation Legal Services framework does not have any specific budget attached to it as the costs are covered under the self-insurance fund, (Legal advice and support).

Based on current spending patterns, extending the framework will continue to deliver savings for Croydon Council of £17k per annum.

For the Insurance London Consortium as a whole, savings are anticipated to be in excess of £60k per annum.

The Insurance London Consortium members and the legal providers will continue to work together and share information in order to maximise efficiencies and look to reduce the overall cost of claims.

KEY DECISION REFERENCE NO.: N/A

The Leader of the Council has delegated to the nominated Cabinet Member the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

1.1 The Cabinet Member for Finance & Treasury, in consultation with the Leader of the Council, is recommended to approve the extension of the Litigation Legal Services Framework, for the Insurance London Consortium, to a panel of five firms listed below, for a term of one year starting 1st August 2015 with the option to extend for an additional one year subject to the ongoing satisfactory performance of the companies on the framework:

- Berrymans Lace Mawer LLP
- Browne Jacobson LLP
- Clyde & Co LLP
- DWF LLP
- Plexus Law LLP

2. EXECUTIVE SUMMARY

2.1 This report seeks approval for the extension of the current framework for Litigation Legal Services, initially for one year but with the opportunity to extend for a further year subject to the ongoing satisfactory performance of the companies on the framework.

2.2 The framework tender documentation and contract included the provision for possible extensions, after the initial three yearterm, for up to a further two years. However, the extension option was not reflected in the recommendation made to the former Corporate Services Committee and hence was not part of the award decision made by the Cabinet Member. This report is therefore necessary to seek approval of the contract extensions as set out in the recommendation above.

2.3 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. Number
14/05/2015	CCB1008/15-16

3. DETAIL

The option to extend the current framework has been considered by the members of the Insurance London Consortium following a contract review meeting with each of the legal providers on the Litigation Insurance Services Framework. The consortium members concluded that there is little identified benefit with re-tendering the contract at this stage and there is no evidence that the rates for the legal providers are uncompetitive, which is a significant consideration.

3.1 Set against this, there is a significant degree of satisfaction with the way that the legal panel on the framework are currently performing with a consequense reduction in self Insured claims costs. In addition the stability of the current legal panel was considered to be important for several members, (including Croydon Council), who are currently implementing internal claims handling arrangements following the cessation of an external claims handling contract. This in itself is expected to deliver financial savings but is reliant on the stability and support of the current legal providers to make those arrangements work well. Tendering the legal panel arrangement at this point could potentially impact on that programme.

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3.2 In addition, following the recent contract review meeting, all members of the legal panel agreed to continue to offer added value items such as free ad hoc advice, training and case surgeries if the contract was extended. The panel members also agreed to work closely together in sharing best practice and experience which will lead to improved working practices which it is ancipated will bring about a reduction in 3rd party legal costs. The panel have also offered to work with the Consortium members free of charge to develop a third party contractor /partner claims handling protocol which will be of significant benefit to the Consortium members.

Background

3.3 In 2009, a group of 8 London boroughs, including the London Borough of Croydon, set up the Insurance London Consortium (ILC) in order to manage their joint insurance arrangements. The ILC is a formal body set up under an S101 Agreement with Croydon Council as the Accountable Body elected to run tendering opportunities on behalf of the Consortium.

3.5 **Procurement**

As the Accountable Body, Croydon Council undertook a procurement exercise on behalf of the Insurance London Consortium members for Litigation Legal Services. Tenders were sought for a minimum three year period with an option to extend for up to two further years.

3.4 The procurement strategy was approved by the Contracts and Commissioning Board on 1st February 2012, CCB ref. number CCB0483/12 (U).

3.6 **Participation**

In order to achieve the best pricing structure, whilst including a reasonable spread of providers, it was agreed that a panel of up to 5 firms would be sought, with cases being passed to the panel on a ‘taxi rank’ basis.

Due to relationships with their current providers, and the risk that new providers may not be able to achieve the same standards, 2 of the consortium members were not comfortable with this approach and therefore declined to participate, hence only 7 of the 9 Consortium members took part in the original exercise.

3.4 **Results of the Original Tender**

The tender process was a two stage process. Stage 1 was designed to look at both 'Value for Money and Quality' and 'Value Added Services' with stage 2 showing how the bidders would react under time pressures.

Whilst the bidders all had to state their standard rates, and were scored on such, they were advised that, at contract award, the Consortium would specify the rates to be paid. These were harmonised across all panel members, hence the rates offered by bidders were only used to establish what were current market rates.

Quality was considered by way of responses to specific criteria detailed in the tender such as case examples, cost management, innovation and ideas. 'Value for Money and Quality' and 'Value Added Services' scores were combined and a short list of 7 bidders went through to stage 2 of the evaluation process.

At stage 2, the bidders had to undertake presentations to the evaluation panel based on 4 claim scenarios given to them on arrival. This tested their knowledge, ability to perform under pressure and their presentation skills, all of which are considered key attributes for litigation providers.

The top 5 were invited to become a member of the panel, on the rates specified by the consortium, with a contract commencement date of 1st August 2012.

3.5 **Effect of Award for London Borough of Croydon**

In tendering the Framework the Council achieved an average 10% reduction in rates with a saving for the Insurance London Consortium in excess of £60k per annum and for Croydon Council £17k per annum.

4. CONSULTATION

4.1 Consultation has taken place with the Assistant Chief Executive, Corporate Resources and Section 151 Officer, along with counterparts at the other London Boroughs involved in the Insurance London Consortium and with Procurement.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 There are no adverse financial considerations to this report. The funding for Litigation Legal Services costs sits within the insurance fund, (a reserve that is agreed annually and used to pay for insurance claims against the Council up to the level of deductible / excess that the Council has with their external insurers, as well as all other insurance related expenditure – the fund is reviewed annually and adjusted up or down accordingly). The result of this extension will be an on-going saving in spend.

5.2 The cost of extending the framework, (e.g members of the ICL, procurement, business support time plus legal help implementing the extension

documentation etc), is equally shared amongst all of the participating authorities and is therefore minimal for the Council and other Consortium members.

1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2015/16	2016/17	2017/18	2018/19
	£'000	*£'000*	*£'000*	*£'000*
Revenue Budget available				
Expenditure	153	153	153	
Income				
Effect of decision from report				
Expenditure	153	153	153	
Income				
Remaining budget				

2 The effect of the decision

Nil impact. The decrease falls within the insurance fund.

3 Risks

Failure to approve this extension award recommendation will require the Council to run a tender process for Litigated Legal Services for the Insurance London Consortium. This will incur additional costs, take up valuable officer time and may result in a less favourable outcome. A tender process would also require an interim arrangement to be set up as the current framework expires on 31st July 2015.

4 Options

Re-tendering and extending the contract are the two options considered. Following a contract review meeting with the legal panel of providers extending the contract was considered by all Consortium members to be the best value for money option.

5 Future savings/efficiencies

It is anticipated there will be saving for Croydon Council of approximately £17k per annum.

Approved by: Dianne Ellender, Head of Finance and Deputy Section 151 Officer.

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

6.1 The Council Solicitor comments that the contract extension process as detailed in this report complies with the requirements of the Council's Tenders & Contracts Regulations and meets the stator duty to demonstrate best value under the Local Government Act 1999.

Approved by: Gabriel MacGregor, Head of Corporate Law on behalf of the Council Solicitor & Monitoring Officer)

7. HUMAN RESOURCES IMPACT

7.1 There are no immediate immediate human resource issues arising from the extension of this contract for LBC staff.

Approved by: Michael Pichamuthu on behalf of Heather Daley, Director of Human Resources

8. EQUALITIES IMPACT

8.1 An Initial Equality Analysis was undertaken to ascertain the potential impact on protected groups compared to non – protected groups. This concluded that a full analysis would not be required as the change would not have any impact on protected groups.

9. ENVIRONMENTAL IMPACT

9.1 There are no adverse crime and disorder considerations arising from this report.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no adverse crime and disorder considerations arising from this report.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 Reasons have been given in the Executive Summary.

12. OPTIONS CONSIDERED AND REJECTED

12.1 Re-tendering was considered but rejected as there was no evidence that the rates the Council currently pay are uncompetitive. In addition, following the recent contract review meeting, the legal panel agreed to continue to offer added value items such as free ad hoc advice, training, and case surgeries if the contract was extended

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BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972

There are no background papers **Not for Publication:** The public and press are likely to be excluded from the meeting during consideration of this report as it contains