

Case Study

Blackpool Council saves £500,000 following an insurance procurement exercise.

Blackpool Council is an associate member of YPO based in the North West region of England offering hundreds of services to approximately 142,000 local residents and 10 million visitors each year.

Contract RM958: Insurance Services

The challenge

In 2013, Blackpool Council began a major procurement exercise for their insurance requirements. The agreement had to be in place by 1 April 2014 and covered an expenditure of £1.75 million. This was a complex programme and had to cover not only the interests of the Council but other subsidiary and associated organisations.

The solution

A quotation exercise in January 2013 saw Aon being appointed as a consultant to assist Blackpool Council review its insurance portfolio and prepare for the upcoming procurement exercise.

A stakeholder engagement programme followed which involved a series of risk clinics with Heads of Service and key officers to gain a thorough understanding of the Council's risk exposure, controls currently in place and those planned for the immediate future.

Aon also evaluated the Council's insurance programme to determine cover and structure required. This included a review and validation of claims history, changes to service delivery (past, present and future) sums insured, limits of indemnity and levels of self-insurance.

The findings were detailed in a report to the Council's Corporate Leadership Team with programme design and recommendations for the tender and alternative options. After further consultation involving the procurement team, the Council went through the RM958 – Insurance Services framework agreement (a collaboration between YPO, ESPO, NEPO and Crown Commercial Service). Following a comprehensive option appraisal exercise Aon were appointed by direct award under Lot 2 (brokerage) to procure the requirements from the Lot 1 insurers.

The results

By going through the RM958 framework agreement, the Council benefitted from:

- Savings in excess of £500,000 per annum against their previous programme.
- Simplified programme with fewer policies.
- Fit for purpose solution.
- Inclusion of cover enhancements.
- Quotes obtained and accepted for previously uninsured risks such as cyber liability.
- Provision of a risk presentation which highlighted the Council's risks to the insurance market. This was supported by surveys of key property risks and an insurer day to promote engagement with the market.
- Simpler and streamlined process to follow whilst ensuring full compliance with OJEU processes.

“Aon were appointed as Blackpool Council’s broker under the Pro5 and CCS framework agreement to run a procurement exercise on behalf of the Council. I have found all members of the Aon team supportive and helpful throughout and the outcome of the procurement exercise has been good with significant savings generated. I am looking forward to continuing to build on this good relationship with the Aon team as we move on from awarding the contracts to the day to day management of the Council’s insurance portfolio.”

Tracy Greenhalgh, Chief Internal Auditor, Blackpool Council

“It most certainly has been an interesting, challenging and thought provoking process! I’m also delighted with the results achieved especially with so much pressure being placed on local authorities to deliver efficiency savings through the tendering and contracting process.”

Helen Thompson, Procurement Officer, Blackpool Council

“Aon are delighted with the access and co-operation which Blackpool Council allowed our team in running this tender. This enabled us to positively present the Council’s risks in an engaging way which got the best out of the Lot 1 Insurers. The success of this tender using the CCS Framework demonstrates the benefit of allowing brokers maximum time to put together the tender specification. We had a 15 month lead in time which enabled us to do an extremely thorough job and deliver real value.”

Nigel Cooper, Public Sector Practice Leader, Aon