



# West Sussex Districts Joint Procurement Collaboration on Insurance Services

## Summary

A collaborative joint procurement exercise on insurance services was undertaken by Arun District Council, Hasting Borough Council and Crawley Borough Council in early 2008 with the objective of attracting a wider interest from the insurance market and obtaining competitive pricing.

## Objectives

There had been little competitive interest in the local authority insurance market for a number of years. The general belief was that this lack of market interest did not enable councils to demonstrate 'best value' for its insurance requirements as it was tending to rely on a single supplier.

Suppliers were asked to provide prices for each authority individually and indicate any additional discounts that would be available should all or more than one authority, place a contract with that supplier.

The process was successful in that a wider market interest was stimulated and savings were achieved. Arun District Council, Hastings Borough Council and Crawley Borough Council achieved annual premium reductions of £112,000, £104,000 and £345,000 respectively, following the award of contract. The projected benefits for the three councils for the term of the contract is calculated to be at £2million.



As a result of the tender exercise price reductions have been achieved with no adverse effect on service delivery standards. The price reductions may therefore be treated as cashable efficiency savings in accordance with Government guidelines for the achievement of an overall 3 per cent efficiency saving.

### Role of Improvement and Efficiency South East

Improvement and Efficiency South East hosted an insurance services workshop which gave local authorities an opportunity to discuss their shared concerns about the insurance market. The workshop provided a useful starting point for the collaborative exercise in West Sussex.

### Critical Success Factors and Lessons Learned

Lesson learnt for the future regarding collaborative purchasing arrangements with other local authorities include:

- (i) Authorities should consider all opportunities for collaboration to improve efficiencies and benefit from cashable savings.

The joint procurement exercise did achieve the objective of attracting a wider range of bids.

*“The joint procurement exercise achieved the objective of attracting a wider range of bids and whilst it is not possible to assess the likely outcome had the Councils approached the market individually, it is considered that the element of additional competition has driven down prices and a favourable outcome was obtained when judged against a pre-tender offer from the existing insurer of renewal on existing terms for one Council with a one-off £40,000 cash discount”* Rob Kitt, Procurement Officer.

#### Contacts

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