

Agenda Item No 6(a)

DERBYSHIRE COUNTY COUNCIL

CABINET

31 January 2018

**Report of the Strategic Director of
Commissioning, Communities and Policy**

**PROCUREMENT OF CLAIMS MANAGEMENT SYSTEM
RISK AND INSURANCE SERVICES
(COUNCIL SERVICES)**

1 Purpose of the Report

To seek Cabinet approval for the procurement of a new Claims Management System (CMS) for a period of 5 years with an option to extend for 5 further periods of 12 months up to a maximum of 10 years.

2 Information and Analysis

The Risk and Insurance Database has been in existence since 1 January 2000, and was written as a collaboration with IT and the Risk and Insurance Team. A second Highways claims database was re-written in or around 2003 following a request from the Scrutiny Committee to allow benchmarking with other Authorities.

There are a further two databases in use by Legal and Fleet management for recording claims, making a total of four sets of data in different formats.

This makes the task of evaluating the claims and assessing where the Council's risks lie a laborious and time consuming undertaking with potential to miss or duplicate claims. There is no ability to immediately act to reduce or mitigate risk when a trend appears as it can take considerable time to collate the information from all databases.

With the four separate databases and their limited functionality across the Council, it is difficult to:-

- Identify common risks or issues
- Identify areas for savings
- Reduce the amount paid out on claims
- Provide risk modelling
- Identify fraud

- Maintain accurate reserving of the Insurance Fund
- Create an effective “lessons learned” reporting mechanism across the Council.
- Produce claim Triangulation reports that are important to show the claims trends and predict future claim expenditure
- Have an audit trail to track changes to a claim
- Identify when a claim reserve has altered significantly
- Check if financial sanctions are in force against a third party
- Create reports to provide meaningful management information data to enable the different departments to manage risks
- Prioritise work
- Calculate amounts spent on Solicitors costs and identify efficiencies
- Calculate payment splits to third parties or employees for damages
- Identify duplicate claims
- Interface with other relevant Council Systems
- Ensure the safety of Claimant and Employee data

With the adoption of a specific CMS, the Council will be able to access the functionality stated in the bullet points above, providing greater efficiencies across the departments.

The databases are both written in Access and recently difficulties have started to manifest themselves especially with regard to password security on the Risk and Insurance Database. The current password cannot be changed and although help was sought from internal IT, although they have resolved this issue it is on a temporary basis and they have deemed that the platform is unstable and could crash leaving the Council without access to the data and claims system that we do have.

There are also limitations on the reporting side as only the author can create complex queries and reports and who is often asked to help out the Highways team with their FOI requests and reporting. This creates issues as staffing levels in the Risk and Insurance team have reduced leaving less capacity to help out the highways team.

Both databases can become sluggish and require regular compacting to speed them up, as they become larger it is feared that the compact and repair function will be less effective rendering both databases unusable due to poor performance.

3 Financial Considerations

The budget available for the new Solution is both Capital and Revenue. The funding for this would be suitable for either an Internally or Externally Hosted Solution.

Taking into account the summary of the Soft Market Testing exercise; dialogue with other authorities; the hosting; business and financial

considerations, the recommendation is to procure an Externally Hosted Solution.

The indicative costs from the Soft Market Testing for a 10 year contract ranged from £183,795 to £597,070. It is anticipated costs over the 10 year contract term will be around £450,000.

The budget for the term of the contract is as follows:

- £60-70,000 capital; and
- £25-40,000 for annual revenue costs.

4 Legal Considerations

The procurement exercise in relation to the contract is over the OJEU threshold of £181,302 and the procurement will follow the procurement and award procedure under Protocol 1 of the Council's Financial Regulations.

5 Other Considerations

In preparing this report the relevance of the following factors has been considered as pertinent to this tender: prevention of crime and disorder, transport, property, environmental, health, human resources, equality and diversity and social value considerations.

6 Background Papers

Working papers are held within the Risk and Insurance Team. Please contact the Risk and Insurance Manager, Jane Morgan ext 39988.

7 Key Decision

No

8 Is it necessary to waive the call-in period?

No

9 Officer's Recommendation

That Cabinet approves the commencement of the procurement of a new Claims Management System for a period of 5 years with an option to extend for 5 further periods of 12 months up to a maximum of 10 years.

EMMA ALEXANDER
Strategic Director of
Commissioning, Communities and Policy