

Dear Prospective Tenderer,

**North Norfolk District Council Housing Transfer  
Environmental Risk Transfer – Invitation to Tender (“ITT”)**

I Martin Associates Limited (“IMA”) has been retained by North Norfolk District Council (“the Council”) to undertake the environmental insurance market review for a new insurance contract to succeed the existing insurance policy on 31<sup>st</sup> January 2017.

The insurance contracts estimated value exceeds the threshold for inclusion on Contracts Finder, but is less than the EU thresholds, as set out in the Public Contract Regulations 2015. The required Notice has been placed on Contracts Finder along with the initial documentation. The Procurement Procedure set out in the Contract Notice is the “Open Procedure”. The initial documentation can be accessed via Contracts Finder, and Dropbox: <https://www.dropbox.com/sh/kelaljqxn59vzg7/AACEbfa-x7DX0PR0WyV0qYMva?dl=0> and includes this ITT, the Council’s Contaminated Land Strategy 2015, maps of the district, and the Instruction to Proceed by NNDC to IMA to undertake the tender and place the insurance, if purchased.

In addition to the initial documentation there is Confidential Information that will be provided immediately to qualifying prospective tenderers. As set out in the Contract Notice, qualifying prospective tenderers are those who can confirm that they:

- are insurance companies duly authorised and regulated within the European Union;
- are able to write the class of insurance required; and
- have a current credit/financial strength rating of at least Standard & Poor’s “A”, or equivalent.

The cut-off date for requesting the Confidential Information or for questions related to this tender is 12 noon 4<sup>th</sup> January 2017. Requests for access to the Confidential Information or any questions related to the tender should be submitted by email to [ian@i-martin.com](mailto:ian@i-martin.com) and copied to [susan@i-martin.com](mailto:susan@i-martin.com) and [paul.rose@buildingandland.co.uk](mailto:paul.rose@buildingandland.co.uk). Any relevant additional information provided to one qualifying prospective tenderer will be provided to all qualifying prospective tenderers.

The “Tender Process & Requirements” are set out in Attachment 1 and the “Specification of the Risk Transfer Solution” is in Attachment 2.

The deadline for tender submission is 12 noon 9<sup>th</sup> January 2017.



**The Objective:**

This is to provide the Council with costed proposals of at least similar levels of insurance protection for the given risk, as have been in place for the first 10 years, for the next 7 years and 13 days – in order to manage its associated long term liabilities and risks (both warranty and residual) associated with the housing transfer in 2006.

**Background:**

On 13<sup>th</sup> February 2006 North Norfolk DC transferred some 4,650 council homes, associated garages, community homes and land to Victory Housing Trust (“VHT”), set up to specifically manage this property. VHT now has around 5,000 homes. The existing insurance policy was put in place as part of the Council’s environmental risk management following the Housing Transfer. It was incepted on 31<sup>st</sup> January 2007 for ten years and therefore expires on 30<sup>th</sup> January 2017 and. It should be noted that it is the original property transferred that is to be insured. Under the warranties the Council is still potentially liable for any breach of warranty claims arising from the land that was included in the transfer, and any buildings on it, including any that has since disposed of by VHT. Conversely, the Council is not liable for, and the insurance is not therefore required to cover, any additional land purchased by VHT subsequent to the housing transfer date, as the warranties do not extend beyond the land transferred in 2006.

If purchased, the new insurance policy would be incepted on 31<sup>st</sup> January 2016. The continuity date (or reverse retroactive date) for the new policy will as usual be the day of the original housing transfer i.e. 13<sup>th</sup> February 2006. As part of the Housing Transfer Agreement the Council gave environmental warranties to VHT for 18 years. These expire on 12<sup>th</sup> February 2024 i.e. seven years and thirteen days remaining come 31<sup>st</sup> January 2017. The Council’s environmental risks arising from the transfer include the residual liabilities associated with having been the former landowner and landlord, in addition to those set out in the Housing Transfer Agreement. The current insurance policy cover addresses both the contractual and the residual liabilities for the land transferred in 2006.

**Confidential Information**

This includes copies of the information disclosed for the original insurance policy plus information on developments that have taken place in the past almost 11 years since the original transfer. The information disclosed in 2007 includes:

- the Environmental Phase 1 Survey from Enviro Consulting Ltd for the property transferring, including the contaminated land maps for all the transferring property;
- the Transfer Agreement (including property transferred, warranties schedule, development agreement etc.),
- list environmental site investigation reports provided in 2007.

In addition, the Council has compiled a list of the limited development carried out by VHT. For the purposes of this tender the Council has identified which of these developments were on transferred land (the subject of the insurance) and those that had contaminated land conditions attached to the planning permission, whether those conditions have been discharged and if so whether any relevant contamination has been identified and any consequent remediation. The Council requests you to note:



*“Those sites where there is no known association with contaminated land (on the basis there is no evidence to suggest otherwise) should not be interpreted as being contamination free. Identification of contaminated land is an on-going process and may result in future registrations of contaminated land if and when new information presents itself.”*

The Council’s current Contaminated Land Strategy is included, and there will be the opportunity to submit questions from qualifying tenderers to the Contaminated Land Officer.

**Selection Criteria:**

The Council will be making the selection of the preferred insurer and insurance offered and any subsequent decision to purchase in line with the principles of the “Most Economically Advantageous Terms”. The evaluation criteria and weightings, as in the Contract Notice, are in the following table:

<b>Evaluation Criteria</b>	<b>Weighting</b>
Extent of cover	33
Extent of site-specific exclusions/restrictions to cover	33
Price/Premium	34
Total	100

**Other Points:**

Under the “Open Procedure” the Council, or IMA on behalf of the Council, may seek clarification of details of the individual tenders. Please note that under this procedure there is no facility for the Council or IMA to enter into negotiation on the tenders submitted.

The Council will not be committed to purchasing insurance unless and until it formally issues an instruction to purchase. If insurance is purchased, the placement will be via our associate company, Building and Land Guarantees Ltd.

The information in these papers is confidential between the Council and your company and is not to be used or communicated for any other purpose other than the preparation and submission of the Tender Response and only to those people within your company directly involved in the preparation and submission of the Tender Response. The information has been compiled and the supporting papers are provided in good faith. Neither the Council nor IMA accepts any liability for the information provided: nor any errors, omissions, inaccuracies or otherwise arising from this ITT, or other papers provided.

We thank you for your interest in this contract and look forward to receiving your confirmation that you meet the criteria of a “qualifying prospective tenderer”. On receipt we will provide access to the Confidential Information.

Yours sincerely,

**Ian Martin,  
Director**

**Encl.**



**Attachment 1 The Tender Response Process & Requirements****a) Submission of Tender Response**

Send to [ian@i-martin.com](mailto:ian@i-martin.com)

Copy to [paul.rose@buildingandland.co.uk](mailto:paul.rose@buildingandland.co.uk)  
[susan@i-martin.com](mailto:susan@i-martin.com)

To be received by 12 noon on 9<sup>th</sup> January 2017

**b) Tender & Contract Timetable**

Timetable of Events	Date
Deadline for requests for Confidential Information or other questions related to the tender	12 noon 4 <sup>th</sup> January 2017
Deadline for electronic receipt of tenders	12 noon 9 <sup>th</sup> January 2017
Selection of the preferred insurer	By 27 <sup>th</sup> January 2017
Policy inception (Subject to decision to purchase)	31 <sup>st</sup> January 2017

NB Dates and times may be varied as required.

**c) The form of the Tender, including other documentation required:**

1. The Tender based on the Specification, including the draft policy and endorsements.
2. The price/premium schedule. Pricing to be net of IPT and to include commission at the rate of 15% where 100% equals the gross price net of IPT.
3. Capability Statement to include, *inter alia*:
  - a. References of similar work done for other councils and other public sector or “third-sector” organisations;
  - b. CV’s of the staff to design the risk transfer solution and examples of like work that they have undertaken previously.
4. Confirmation of :
  - a. the financial institution to provide the Risk Transfer Agreement
  - b. the latest credit/financial risk-rating for that institution, including the date related to the credit/financial-strength rating. Such rating to be at least Standard & Poor’s “A” or equivalent.
  - c. the authorisation and regulation of that institution by the Financial Conduct Authority or similar institution within the member countries of the European Union.
  - d. The ability and capacity of that institution to write the type of insurance which is the subject of this tender.



## Attachment 2 The Specification for the Insurance Risk Transfer Solution

Environmental Insurance proposals and associated costs to address the contaminated land risks and liabilities highlighted in the Environmental Consultant's report.

The Housing Transfer took place on 13<sup>th</sup> February 2006. Inception of this new insurance policy is planned to be on the 31<sup>st</sup> January 2017, subject to a decision to purchase by the Council.

Please note that the purchase of an insurance policy will be published on Contracts Finders in the form of a Contract Award Notice and may be formally shown in the Council's public record of decision-making and/or subject to disclosure under the Freedom of Information Act. However, the detail of any such policy is intended to remain commercially confidential to the Council and therefore it is not intended to be revealed to the owner of the properties or other third parties (unless required by law).

The "Property" that the Council transferred as defined in First Schedule to the Transfer Agreement, including:

- some 4,650 and gardens
- 45 freehold reversionary interests of long leaseholds
- Lock-up garages and communal parking areas, garden and amenity areas
- 2 shops and 5 electricity sub-stations

Your proposal shall include:

- a. Continuity/Reverse Retrospective date: 13<sup>th</sup> February, 2006
- b. Inception date: 31<sup>st</sup> January 2017
- c. Insurance policy period: seven years and 13 days, ending in line with the warranties to VTH on 12<sup>th</sup> February 2024.
- d. Sum-insured/limit of indemnity, each and every claim and in the aggregate, of £10million;
- e. Deductible to be £10,000, for each and every incident.
- f. Covers provided; how these address the warranty and residual risks, including discovery as well as release, emission, escape etc.
- g. Draft policy wording, highlighting any limitations and exclusions and the number and location of properties subject to each exclusion or restriction;
- h. The extent to which redevelopment/groundworks is covered/excluded;
- i. Any voluntary site investigation or ground-working exclusion;
- j. The treatment of "off-site" contamination sources if on Council retained land;
- k. All property transferred, even if not formally in the environmental surveys;
- l. That elected members to be included as insureds;
- m. Additional data requirements in order to complete the underwriting.

*Please note that prices/premiums for all options offered are required to be in sterling (GBP) and included for the tender to be compliant.*

