



Date: 8th February 2023
Property Reference: <Property Ref>
Contract Reference: 22/011

Leaseholder services
Camden Town Hall
Judd Street
London
WC1H 9JE

capitalservices@camden.gov.uk

<Correspond Name>
<Corr Add Line 1>
<Corr Add Line 2>
<Corr Add Line 3>
<Corr Add Line 4>
<Corr Add Line 5>
<Corr PostCode>

Dear Leaseholder(s),

Lease Address: <Lease Address>

Qualifying long-term agreement for the provision of leasehold building insurance

I am writing further to Camden's Notice of Intention dated **5th August 2022** for the provision of buildings insurance. The London Borough of Camden ('the Council'), as your Landlord, proposes to enter into a long-term agreement, details of which are given in the proposal. We ask that you take some time to read this letter and the enclosed documents as they contain important information for you.

How will this Proposal Affect Me?

The Council is planning to enter into what the Act and the Regulations call "qualifying long term agreements" ("QLTAs"). These are agreements, which last for more than 12 months and concern services to be carried out in relation to the building, or estate in which you are a leaseholder. The new buildings Insurance contract will start on 1 April 2023.

Please find enclosed the Council's second stage notice, Notice of Proposal, to enter into a qualifying long-term agreement for a borough wide contract of building insurance for leasehold properties. The Council is responsible for arranging buildings insurance for most leasehold properties under the lease terms.

The Council is a member of the London Insurance Consortium. This is a consortium of five London boroughs set up with the joint aim of obtaining better value for insurance and has undertaken a tendering exercise for all member Councils in accordance with the Public Procurement Regulations.

Bidders have been evaluated on a combination of price, policy coverage and quality of service. The winning bids for this tender have been assessed on an individual borough basis.

We now invite you to make any written observations on the proposal.

Yours sincerely



Mike Edmunds
Head of Leaseholder Services

Enclosed:

- Statutory notice of proposal for Insurance
- Observation form for Insurance
- Summary of observation to the first stage Notice of Intention

Frequently asked questions

Who are the consortium members?

- London Borough of Camden
- London Borough of Croydon
- London Borough of Islington
- London Borough of Lambeth
- London Borough of Tower Hamlets

What are the benefits of a joint tender?

We see the potential benefits of the joint tender as follows:

- a) greater buying power leading to better rates
- b) improved insurance cover
- c) improved service levels particularly for claims

The total premium spend for the five boroughs means there will be greater interest in the tender because of five boroughs participating together, but equally the price will be evaluated separately for each borough.

**INSURANCE AGREEMENT:
NOTICE OF PROPOSAL TO ENTER INTO A LONG TERM AGREEMENT FOR
WHICH A PUBLIC NOTICE IS REQUIRED
Section 151 Commonhold and Leasehold Reform Act 2002 - Schedule 2**

Lease Address: <Lease Address>

Details of the Landlord's Proposals:

To all leaseholders of the London Borough of Camden and all recognised tenants' associations. It is the intention of the London Borough of Camden to enter into a long-term agreement for the provision of buildings insurance, with respect of which we are required to consult leaseholders.

1. Proposed contractor:

The proposed insurer (parties to the agreement):

The party to the Proposed Agreement is:
(There is no connection between the landlord and any parties)

Arthur J Gallagher.
27-30 Railway St.
Chelmsford
Essex
CM1 1QS

U K Insurance Limited trading as NIG FCA
Firm Reference Number - 202810 Company
Registration Number - 1179980 Registered
Office Address - The Wharf, Neville Street,
Leeds, LS1 4A

The total contract cost will
therefore be £2,866,669.12 in
year one

There were two tenders received and their tender costs are:

Tender	£
Arthur J Gallagher (underwritten by NIG)	£2,866,669.12
Tenderer B	£4,273,769.47

Your Individual building insurance premium for year one is £< Premium>

The premium is based on a sum insured basis. This means insurers price the insurance policy based on the stated value of our buildings. Each year their premia are increased with reference to the Royal Institute of Chartered Surveyors BCIS House rebuilding cost index. To illustrate how prices are currently moving as at December 2022 the increase is 19.4%. Therefore, during the future life of this policy premia recharged to you, as leaseholders, will be increased in-line with this index. A recent report by the FCA for the Government found that premium rates for multi-occupancy buildings have doubled between 2016 and 2021.

Policy Excesses

Subsidence - £1,000
Accidental Damage - £500
Other Losses - £500

2. Length of Agreement

The new contract starts on 1 April 2023 and will run for 5 years.

3. Summary of Stage 1 Observations:

Observations received from leaseholders and Recognised Tenants Associations in relation to Camden's Notice of Intention, dated 5th August 2022 and Camden's responses to these, are summarised in the enclosed document, Appendix 1: Summary of Stage 1 Observations (Contract 22/011).

4. Right to Inspect Landlord's Proposals:

You are invited to inspect relevant documents online by request, you can do this by emailing capitalservices@camden.gov.uk. Any questions you have can be emailed to the same address. Or you can view this information in person by emailing capitalservices@camden.gov.uk to make an appointment during the following times:

Date: 13 February – 10 March 2023
Days: Monday to Friday
Time: Between the hours of 10:00am and 4.00pm
Venue: Camden Council Offices, 5 Pancras Square, London N1C 4AG

5. Observations

You are invited to make any written observations regarding the insurance proposal contained in this notice. If you wish to do this, you must send them to this office in writing to be received within 30 days from the date of this notice. All observations must be received by 13 March 2023. Observations should be sent to the following addresses (PREFERABLY BY EMAIL):

Email: capitalservices@camden.gov.uk and include the contract reference: 22/011 and your property address and **<Property Ref>** in the email subject field.

Leaseholder Services
London Borough of Camden
Camden Town Hall
Judd Street
London
WC1H 9JE

Signed on behalf of London Borough of Camden:

Yours sincerely



Mike Edmunds
Head of Leaseholders Services

Appendix 1 - Summary of Stage 1 Observations

Observation	Response
Why is Camden entering into a new agreement?	The current agreement is due to expire on 31 March 2023. Because the terms of your lease require Camden to ensure the building is adequately insured, a new agreement must be secured so that buildings insurance is in place in time for 1 April 2023
I have a query about an active insurance claim	We are unable to comment on specific claims as this is outside the scope of the consultation, which is regarding a new agreement. Enquiries can be made with our insurance department or the insurance provider
Will the policy cover change?	There is no intention to change the cover. Items currently insured will remain the same in the new agreement
Will the cover regarding “escape of water from any tank” also include mains supply?	Yes, escape from mains supply pipework, etc. will also be covered
I am a tenant but have an application to purchase the property. How does this notice affect me?	The agreement will only apply to you if you complete your purchase. One of the terms within in the lease states that Camden must arrange buildings insurance on your behalf. Your insurance premium will be included in your annual service charge
Is this a contents insurance policy?	No, this is a buildings insurance policy, covering the structure of your property and communal areas, and includes accidental damage such as fire, storm damage, flooding and subsidence You will need to arrange your own contents insurance if you have not already done so
The policy should include cover for war	War is a standard exclusion in all insurance policies. In the event of damage as a result of war, a government scheme provides for this
Are other Camden-owned buildings included in this policy?	No, this policy is only for residential leasehold properties
The excess is too high	An excess generally results in lower premiums. Inclusion of an excess eliminates small claims. However, a

	supplier offering a lower excess would score higher in terms of quality, and this would be factored into the tender analysis
How will tenders be assessed?	Suppliers submitting a tender will be assessed based on 60% price: 40% quality
What alternatives to the consortium were considered	Membership of the consortium is reviewed periodically. Although procuring an agreement outside of the consortium is an alternative, and has been done previously, there are advantages of membership
Will the benefits of the consortium be monitored throughout the agreement?	Yes. Each member is entitled to leave the consortium if procurement of cover outside of the consortium is preferable
Will all members of the consortium pay the same premiums?	No. Although Camden is part of the consortium, each borough will tender separately.
I would like to know how much I will have to pay	We are unable to give you an estimate of your premium at this time. An estimate will be provided in the next stage of consultation
Is storm damage to garden fences and walls covered?	Yes, garden fences are currently covered and will be covered in the new agreement. There is no intention to change the insurable perils, so any perils currently insured will continue to be covered in the new agreement.
Accidental damage should also include properties which are sublet	This is a standard exclusion of most policies. However, if a provider submits a tender which includes this, this would be reflected in their quality score
Will further information be available?	Yes. Once tenders have been received and evaluated, we will consult you again with details of the outcome, including the name of the provider we propose to award the contract to
Could Camden leaseholders pay more because the condition of another member's properties are in a worse condition?	No. Although we are in a consortium with other boroughs, all tenders are separate and so this will not be the case.

Appendix 2

Insurance for Leasehold Properties

Evaluation Process

Ratio of Price to Quality

Camden is committed to attracting and selecting the best insurer for your property. As mentioned in our previous consultation letter whilst recognising that price was very important to you, we understand that comprehensive cover and service levels are also of concern. For this reason the Council decided to use a weighting of 60:40 price to quality.

Table 1 below provides a summary of the quality and price scores achieved by each tenderer.

Evaluation

Evaluation was points based with bidders able to win a maximum of 1000 points – 600 for price and 400 for quality.

Total premiums offered by individual bidders were rated with the lowest premium scoring 600 points. The score for the other bid was calculated in a direct relationship to the lowest bid, with the higher (more expensive) bid scoring the lower number of points.

Bidders had to meet specified minimum standards with regards to service levels and cover in order to tender, however they could then score quality points by offering enhanced cover and services. The number of points allowed for each ‘offer’ was specified in the tender. These were then evaluated by Camden and added to the score for price to give a total score.

As a result of this exercise, the most competitive bid in terms of both price and quality was established, as follows:

Table 1

Evaluation of Tenders

Table 1

Score Summary		
Score	Bidder A	Bidder B
Score for Price	600	402.5
Score for Quality	240	260
Total Score	840	662.5

