

CABINET

DATE	16/02/2022
REPORT OF	Councillor Stan Shreeve Deputy Leader and Portfolio Holder for Finance, Resources and Assets
RESPONSIBLE OFFICER	Sharon Wroot Executive Director Environment, Economy and Resources
SUBJECT	Procurement of Insurance Services
STATUS	OPEN
FORWARD PLAN REF NO.	CB 02/22/13

CONTRIBUTION TO OUR AIMS

Effective insurance arrangements are necessary to support the delivery of the Council's strategic objectives by providing sufficient financial cover in relation to insurable risks that may occur in the delivery of its services.

EXECUTIVE SUMMARY

In October 2017 the Council awarded the Insurance Services contracts to Zurich Municipal and Risk Management Partners. These contracts expire on the 30th September 2022, and there are no available extensions. To maintain the Council's Insurance, the new contract(s) needs to be in place for the 1st October 2022.

The planned duration of the replacement contract is a maximum of 5 years, subject to satisfactory performance. The indicative whole life budget for the new contract(s) is anticipated to be in region of £3,000,000.

RECOMMENDATIONS

It is recommended that the Cabinet:

1. Approves the commencement of a procurement exercise for the Insurance Services.
2. Delegates responsibility to the Executive Director of Environment, Economy and Resources in consultation with the Deputy Leader and Portfolio Holder for Finance, Resources and Assets to deal with all matters leading to and including the award of the contract(s) for the Insurance Services.
3. Authorises the Assistant Director Law, Governance and Assets (Monitoring Officer) to complete and execute all legal documentation in connection with the award.

REASONS FOR DECISION

The recommendations of this report will allow the procurement process to commence and for an award decision to be made. This will allow time to complete the procurement and implement the replacement contract(s) for the 1st October 2022.

1. BACKGROUND AND ISSUES

- 1.1 The Council's insurance programme aims to provide protection to the Council in respect of the main risks as follows:

Liability: This indemnifies the Council in respect of claims from the public or employees for injury or other loss. Where appropriate this includes professional indemnity cover in relation to works providing advice carried out other than in relation to our statutory requirements.

Property: This covers damage to buildings and contents and extends to cover All Risks insurance for items such as I.T. servers and art collections. The cover does not operate in respect of all perils but does cover fire, explosion, lightning, damage by aircraft and storm/flood.

Motor: This operates in relation to own and hired in vehicles to operate in respect of the statutory road traffic risks and accidental damage to our own/hired in fleet.

Crime: This is in place to cover fraud by employees and third parties. The Council has a statutory requirement to maintain cover in relation to fraud by employees.

Personal Accident Cover: This operates to provide a payment for employees, members, volunteers and school pupils if they suffer permanent disability while engaged on their activities.

Engineering Inspection Contract: This provides for the independent statutory inspection of lifting equipment and pressure systems. Traditionally this has been provided by way of the insurance programme. There is some limited cover in relation to damage to property caused by the fragmentation of lifting plant or explosion of pressure vessels.

In order to maintain cover in the most cost effective manner the Council elects to take excesses mainly in respect of the main corporate policies of liability and property. This is determined by historic claims and seeks to deal with the value of claims which are more commonly received. The current excesses in relation to the liability risk are circa £100,000 per claim and in relation to property range from £25,000 to £1M depending on the specific peril. These excesses may be subject to amendment dependent on the outcome of the development of the market presentation.

- 1.2 The Council's current Insurance service contract is provided by Zurich Municipal (liability motor, crime and engineering), and Risk Management Partners Property). However, these are due to end on the 30th September 2022, and there are no extensions available.
- 1.3 In order to maintain the provision, the replacement contract(s) needs to commence on the 1st October 2022.
- 1.4 To achieve the procurement deadline, a project team has been formed which includes colleagues from Audit and Assurance, Procurement Team, and the Council's broker, Arthur J Gallagher, and a project plan has been developed.
- 1.5 The role of the broker on the project team is to ensure the Council provides all the information required under the Insurance Act 2015, review the Council's risk profile and claims history, develop the market presentation, support the evaluation of the tender submissions and submit the submission of an award

recommendation report to the Council for approval.

- 1.6 During the review of the Council's risk profile and claims history, and to help inform development of the market presentation and risk analysis, consultation will be undertaken with the Council's current partners and service managers
- 1.7 The procurement process will be compliant with the Council's Contract Procedure Rules and Public Contracts Regulations 2015.
- 1.8 The indicative whole life budget for the new contract is in the region of £3,000,000.

2. RISKS AND OPPORTUNITIES

- 2.1 The risk of the Council having inappropriate, or no insurance is a significant financial, reputational and service risk and may result in some services not being able to be delivered effectively. It should be noted that the indicative value of the contract(s) may increase due to the current insurance market.
- 2.2 A successful outcome would lead to an economically advantageous premium and ensure the Council's risks are protected in the most cost-efficient manner.

3. OTHER OPTIONS CONSIDERED

- 3.1 None at this stage as any decision not to commence a procurement and ultimately make an award would be adverse and not in the interests of the Council.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1 There are no direct reputational implications for the Council resulting from the decision. However, the Council needs insurances in place to deal with claims made by stakeholders. Not having appropriate insurance in place could result in significant reputational harm and adverse media coverage.

5. FINANCIAL CONSIDERATIONS

- 5.1 The proposal outlined within the report supports the Council's key financial objective to manage risk and resource in an effective and efficient manner. The proposal will be financed through the Council's revenue budget.

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

- 6.1 There are Children and Young People implications in relation to this report as when determining premium levels, insurers consider the potential of risk of liability claims relating to the Council's responsibilities for them.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 7.1 There are no specific climate change and environmental implications associated with this report.

8. CONSULTATION WITH SCRUTINY

- 8.1 A verbal update on the procurement process and related timetable was provided to the Audit and Governance Committee on 20 January 2021.

9. FINANCIAL IMPLICATIONS

- 9.1 The procurement exercise will help ensure that the Council achieves value for money in its insurance arrangements. The future cost of insurance will be factored into the Council's revenue budget and included within the Council's Medium Term Financial Plan.

10. LEGAL IMPLICATIONS

- 10.1 The procurement of Insurance Services is consistent with the stated aims and objectives of the Council underpinning its strategic objectives of Stronger Economy, Stronger Communities and is a requisite so far as the conduct of Council business and operations are concerned.
- 10.2 The procurement exercise will be conducted so as to comply with the Council's policy and legal obligations, specifically in compliance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015 and supported by relevant officers.
- 10.3 The delegations sought are consistent with an exercise of this nature.
- 10.4 Officers should note that an award constitutes a further decision and will be subject to completion of an Officer Decision Record. Where key decision criteria are met such Officer Decision Record will be subject to call in. Award and implementation timelines should accommodate this

11. HUMAN RESOURCES IMPLICATIONS

- 11.1 There are no direct HR implications

12. WARD IMPLICATIONS

- 12.1 Affects all Wards.

13. BACKGROUND PAPERS

- 13.1 None

14. CONTACT OFFICER(S)

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COUNCILLOR STAN SHREEVE

**DEPUTY LEADER AND PORTFOLIO HOLDER FOR FINANCE,
RESOURCES AND ASSETS**