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Report of Deputy Insurance Manager, Finance - Technical, Resources & Housing

Report to Chief Officer Financial Services

Date: 23 August 2018

Subject: Leeds City Council Insurance Policies 2019-2024

Are specific electoral wards affected?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If yes, name(s) of ward(s):	
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number:	
Appendix number:	

Summary of main issues

1. In 2014 the Council let the contract for the provision of its main insurance programme subject to 5 year long term agreements.
2. This contract is due to expire on 31 March 2019 and therefore a new contract is required.

Recommendations

1. That the Chief Officer Financial Services approves the procurement of a contract for council's main insurance programme. The contract is to commence on 1st April 2019 for a period of five years.

1. Purpose of this report

- 1.1 The purpose of this report is to approve the authority to procure a contract for the council's main insurance programme. The contract is to commence on 1st April 2019 for a period of 5 years.

2. Background information

- 2.1 The council's insurance strategy reflects the council's balanced approach to insurance. External insurance is purchased to provide cover against catastrophic losses and more frequent and low value claims are paid from the insurance provision which is funded from the council's own revenue budgets.
- 2.2 The Council undertook a tender exercise for its main insurance programme in 2013/14 following which the contract was awarded to Zurich Insurance Company (four lots) and Thistle London Market Risks (one lot) subject to five year long term agreement.
- 2.3 A new contract is required for the period of insurance commencing 1st April 2019.
- 2.4 The Council's Insurance Section will undertake the tender exercise in accordance with EU procurement rules, with assistance and/or consultation where required with its Insurance Brokers, Marsh Ltd, and in discussions with officers from the Procurement and Commercial Services Section.

3. Main issues

- 3.1 The contract for the council's main insurance programme will expire on 31st March 2019. A procurement process will be carried out by officers in Finance – Technical, in accordance with the Contract Procedure Rules and with guidance from officers from the council's Procurement and Commercial Services Section.
- 3.2 The various insurance policies covered by the contract will be divided into five lots
1. Property – Fire and other risks on council buildings and contents
 2. Casualty – Liability Insurance covers
 3. Motor Fleet – Third Party Liability cover for vehicle use
 4. Engineering Inspection Services – Statutory inspection of boilers, lifting and pressure plant, and local exhaust ventilation systems
 5. Terrorism – Damage or destruction of council buildings and contents
- 3.3 Liability Claims Handling, which was brought in house in April 2014 thus achieving a saving of £1.3m over the five year term, will continue to be an in house function to realise similar savings over the period of the new contract.
- 3.4 If the contract is not awarded, the council will be left with no insurance cover and would have to fund all losses from its own funds.
- 3.5 There is no alternative 'in house' provider of insurance, nor is this a risk that the Council would wish to assume for itself.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Consultation with officers in the Procurement and Commercial Services Section has been ongoing since May 2018 to ensure that requirements for the procurement of the contract will be fully met.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 The proposed action has no implications for equality and diversity, cohesion and integration.

4.3 Council policies and best council plan

- 4.3.1 The procurement of the contract will meet the Council's policy to spend money wisely.

4.4 Resources and value for money

- 4.4.1 The insurance is not available from any in-house provider or through any other existing contract.
- 4.4.2 Payment of the insurance premium is made annually by the Council's Insurance Section. The premium cost is then recovered as part of the annual recharges to Council Directorates.
- 4.4.3 Completing the tender exercise and obtaining the cover via the Most Economically Advantageous Tender will ensure the best value for money is obtained for the council.

4.5 Legal implications, access to information, and call-in

- 4.5.1 The value of the contract is expected to be approximately £3,250,000 per annum.
- 4.5.2 The decision is classed as a Key Decision and is eligible for call-in.

4.6 Risk management

- 4.6.1 Procuring the insurance will ensure that the follows its own insurance strategy to insure against catastrophic losses.
- 4.6.2 Having the insurance in place will negate the possibility of the Council being called upon to meet any losses sustained, which could be substantial, as a result of any of the perils insured under the various policies.

5. Conclusions

- 5.1 Procuring a contract on the basis of a five year long term agreement represents the best option for the continued provision of insurance for the council's main insurance programme.

6. Recommendations

- 6.1 It is recommended that the Chief Officer Financial Services gives the authority to procure a contract for the council's main insurance programme. The contract is to commence on 1st April 2019 for a period of 5 years

7. Background documents¹

7.1 There are no background documents

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.