

<b>Subject:</b>	Insurance Contract	<b>Status:</b>	For Publication		
<b>Report to:</b>	Council	<b>Date:</b>	13 <sup>th</sup> September 2023		
<b>Report of:</b>	Chief Finance Officer	<b>Lead Member:</b>	Resources		
<b>Key Decision:</b>	<input type="checkbox"/> Forward Plan <input type="checkbox"/>	<b>General Exception</b>	<input type="checkbox"/>	<b>Special Urgency</b>	<input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required:	Yes/No	Attached:	Yes/No	
<b>Biodiversity Impact Assessment:</b>	Required:	Yes/No	Attached:	Yes/No	
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**1. RECOMMENDATION(S)**

- 1.1 The tender of the Council’s insurance arrangements with support from the Council’s insurance brokers, Aon PLC, in order to have the new insurance policies in place from 1st April 2024.
- 1.2 Full Council delegates the appointment of the insurance provider(s) to the Chief Finance Officer in consultation with the Lead Member for Resources.

**2. EXECUTIVE SUMMARY**

- The Council’s current insurance contracts expire 31<sup>st</sup> March 2024.
- The Council must now tender for new insurance contracts commencing 1<sup>st</sup> April 2024.

**3. BACKGROUND**

- 3.1 The Council’s insurance policies were extended for a final two years in April 2022, under the Governments Covid procurement policy note. That was the final extension permitted and a full re-tender process must now take place to ensure the Council has insurance provision in place from April 2024.
- 3.2 The public sector insurance market is limited and a highly specialist area. The majority of insurers will only deal with local authorities via an insurance broker intermediary. As such, the Council’s insurance broker, Aon, will manage the tender process with support from the Chief Finance Officer. The tender exercise will be carried out in accordance with the Council’s Contract Procedure Rules.
- 3.3 As part of the exercise a review of the Council’s insurance programme will be undertaken and relevant alternatives considered to establish the most appropriate programme for the Council. This will include reviewing components such as the extent of cover, level of deductibles (policy excess), indemnity limits and length of contract.
- 3.4 The contracts will be divided into individual lots. This approach is intended to encourage greater competition and allow specialist insurers to submit bids for specific lots.
- 3.5 Currently Zurich Municipal provide the majority of the Councils insurance cover, with AXA providing Fine Art cover, Chubb providing Personal Accident cover and AON Underwriting Managers providing Terrorism cover underwritten by Lloyds Syndicate. All will be eligible to submit a tender for the new policies.

#### 4. DETAILS

- 4.1 With the support of AON the Council will use the YPO Framework - Insurance Placement Dynamic Purchasing System (DPS). This is a compliant framework, as exposed in the Official Journal of the European Union (OJEU 2019/S 106-259145).
- 4.2 The insurance tender will be tendered in the following lots in order to seek best value for money:-

Lot Number	Lot Title	Description
1	Property Services	Material Damage Contract Works Business Interruption Money "All Risks" Theft
2	Casualty Insurance Services	Employer's Liability Public / Products Liability Officials Indemnity Land Charges Libel and Slander Professional Negligence Public Health Act
3	Pecuniary Insurance Services	Fidelity Guarantee
4	Computer Insurance Services	Computers
5	Engineering Services	Engineering Inspection and Insurance
6	Motor Insurance Services	Vehicle Fleet
7	Personal Accident	Personal Accident
8	Terrorism	Terrorism
9	Fine Art*	Fine Art and Civic Regalia

\*The Fine Art Policy will be tendered separately not through the framework.

- 4.3 Aon will undertake a comprehensive evaluation of tender submissions on behalf of the Council and make recommendations. Tender submissions will be assessed on both quality and price.
- 4.4 The policy renewals for 2023/24 amounted to £434k, using this figure as a guide, for a five plus two-year agreement it is estimated the insurance contract will have a total cost of c£3m.
- 4.5 The tender process will begin September 2023 with key milestones being:-

Tender Pack completed and issued/uploaded onto portal	6 <sup>th</sup> November 2023
Closing date for questions from tenderers	28 <sup>th</sup> November 2023
Closing date for return of tender submissions	18 <sup>th</sup> December 2023
Insurance cover to be placed by	1 <sup>st</sup> April 2024

#### 5. RISK

All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:

- The Council must ensure that, having made an appropriate assessment of risk, adequate provision is in place for identifiable and insurable risks.

## **6. FINANCE**

- 6.1 There are a range of factors that will influence the financial outcome of this tender exercise. These include the Council's claims experience, the current market conditions and any changes to the structure of the Council's insurance programme.
- 6.2 Competition in the public sector insurance market is restricted to a small number of insurers and the Council's insurance broker has advised that the insurance market is presently challenging with some areas of risk seeing significant rate increases.
- 6.3 It should be noted that the standard rate of Insurance Premium Tax (IPT) is presently 12%. IPT will apply to the insurance policies purchased as part of this tender process. Unlike VAT, the Council is unable to recover any IPT paid.
- 6.4 The Council's MTFS includes sufficient budget to cover the current cost of insurances, any increased cost arising from the tender process will need to be factored into February 2024 MTFS.

## **7. LEGAL**

The tender procedure and process has been identified within the body of the report. There are no further legal implications arising from this report.

## **8. POLICY AND EQUALITIES IMPLICATIONS**

No policy or equality implications.

## **9. REASON FOR DECISION**

The Council's existing insurance contract ends in March 2024. The Council must ensure it has an insurance provider in place from April 2024.

No background papers