

DECISION-MAKER:	Council		
SUBJECT:	Corporate Insurance Tender		
DATE OF DECISION:	26th February 2020		
REPORT OF:	Cabinet Member for Resources		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY	
The Confidential Appendix contains information deemed to be exempt from general publication based on Category 3 of paragraph 10.4 of the Council's Access to Information Procedure Rules, as it relates to the financial or business affairs of the Authority.	
BRIEF SUMMARY	
The council's current corporate insurance programme, which is provided under a three plus two year agreement, expires on the 31 March 2020. A compliant tender exercise has therefore been undertaken to ensure that a new insurance programme is in place from 1st April 2020. Appendix 1. summarises the outcome of the tender exercise	
RECOMMENDATIONS:	
(i)	Council approves the proposed new corporate insurance programme from 1 st April 2020 as set out in Appendix 1.
REASONS FOR REPORT RECOMMENDATIONS	
1.	The proposed insurance programme is considered to provide an appropriate balance between self-insurance and external insurance cover and provides a suitable level of financial protection for the authority.
2.	It is not appropriate for the council to operate without having insurance cover in place. The insurance programme needs to be in place from 1st April 2020 in order to ensure continuity of cover.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
3.	There are currently no other viable alternative 'risk financing' options available to local authorities noting that it considered both prudent and appropriate for the council to selectively purchase external insurance cover in order to protect the human, physical and reputational assets of the council.
4.	The opportunity to reduce the external premium spend, by increasing policy excesses, was given careful consideration however as per Appendix 1, the potential premium savings were not sufficiently attractive compared with the increased potential financial exposure for the council.
DETAIL (Including consultation carried out)	
5.	The tender exercise has been carried out in consultation with the council's Procurement Services Team and the council's appointed insurance brokers

	(‘Marsh’) via the YPO Insurance Placement Dynamic Purchasing System. This national Framework Agreement provides access to pre-qualified insurance providers offering all relevant classes of insurance and is fully compliant with EU procurement legislation.
6.	In advance of the tender a comprehensive review of the council’s insurance programme was undertaken by the council’s appointed insurance broker. This exercise included consideration of the scope and composition of the programme and was used to inform the council’s insurance requirements going forward.
7.	This review also considered and commented on the current policy deductibles (excesses) noting that losses within the deductible are met by the council via the self-insurance arrangements in place.
8.	As per Appendix 1, for the purposes of the tender, the insurance programme was split into five individual Lots to reflect the type and range of cover required. Each Lot was then evaluated on the basis of the ‘Most Economically Advantageous Tender’ in terms of price and quality (with the weighting varied according to the relevant importance associated with each individual class of business
9.	The council sought quotations based on maintaining current deductibles (excesses) and also including alternative options in respect of higher deductibles (i.e. increased levels of self-insurance). The aim being to achieve the optimum balance between self-insurance and external insurance whilst seeking to smooth the cost of risk and minimise year on year fluctuations.
10.	Responses were received from those insurers who were expected to respond to the ‘Invitation to Tender’ noting that the number of insurers operating in the local authority insurance market remains limited. Not all of those insurers who responded to the tender were prepared, or able, to quote for all Lots.
11.	The new insurance contract(s) are to be three year long term agreements (‘LTAs’) with the option to extend for a further two years. LTAs are intended to provide stability in terms of both insurance provider and premium rates over the period of the agreement however if insurers consider that the risk is deteriorating and/or there is a general market adjustment of rates then they will seek to increase premiums.
12.	Meetings will be held with the appointed insurers in advance of 1 st April in order to agree the administrative arrangements going forward.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
13.	The anticipated total insurance premium spend for 2020-21 is as per Appendix 1 which represents a saving of £0.1m against the allocated budget figure.
14.	It should be noted that the insurance budget does not include any allowance in respect of significant changes to the council’s risk exposure that may occur during the year e.g. the acquisition or disposal of assets on the basis that any associated insurance costs are allowed for within the project costs.
<u>Property/Other</u>	
15.	None

LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
16.	Section 101 Local Government Act 1972 and Localism Act 2011.
17.	Accounts and Audit (England) Regulations 2015 Part 3(c) require a relevant authority to have a system of internal control which includes effective arrangements for the management of risk. The corporate insurance programme is a key element of council's 'risk financing' policy.
<u>Other Legal Implications:</u>	
18.	None
RISK MANAGEMENT IMPLICATIONS	
19.	The insurance programme needs to be in place for 1st April 2020 to ensure continuity of cover.
POLICY FRAMEWORK IMPLICATIONS	
20.	None

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Corporate Insurance Tender - Summary

Documents In Members' Rooms

1.	N/A
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Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
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Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	N/A