

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. To self-insure all losses (i.e. discontinue all external insurance covers). External premium spend would be reduced to zero however all future claims, including any catastrophic losses, would be required to be met from internal funds. It would not be prudent for the Council to operate on this basis as it would create an unquantifiable future financial risk.
4. The Council is seeking a 3 year 'long term agreement ("LTA")', with the option to extend for up to a further 2 years, as opposed to a straight 5 year deal. This is intended to provide the Council with flexibility noting that the LTA does not 'hold' insurers in terms of premium rates and if they consider that the risk is deteriorating and/or there is a general market adjustment of rates then they will seek to increase premiums accordingly.

DETAIL (Including consultation carried out)

5. The current corporate insurance programme is provided by various insurers under a 5 year long term agreement ("LTA"), with the exception being the 'casualty' class of business (public and employers liability insurance) whereby a 12 month contract was entered into on 1st April 2014. This was in response to the insurer proposing an unacceptable premium at renewal and a tender exercise subsequently being undertaken. The duration of this contract reflected the desire to ensure that the overall corporate insurance portfolio was able to be included in the 2015 tender. All insurances are due to expire on 31st March 2015.
6. The tender exercise has been conducted via the Crown Commercial Services ("CCS") Insurance Services Framework Agreement. This national framework agreement, which has been in place since February 2013, is intended to provide an efficient and cost effective means of accessing the insurance market which is fully compliant with EU procurement legislation.
7. The exercise has been undertaken in consultation with the Council's appointed insurance broker, JLT and colleagues in Capita Procurement. The former has provided specialist technical information, advice and support whilst the latter has provided support mainly on the administrative aspects of the tender.
8. Following advice, the tender itself was split into individual lots:
 1. Property
 2. Combined Liability
 3. Crime
 4. Motor
 5. Engineering Inspection and Insurance
 6. Business Travel and School Journeys
 7. Commercial Properties
 8. Fine Art
 9. Terrorism

Each Lot was then evaluated on the basis of the 'Most Economically Advantageous Tender' in terms of price and quality with the weighting reflecting the relevant importance associated with each individual class of business.

9. In addition to the insurance tender, a separate exercise was undertaken by our brokers to review both the adequacy of the Council's self-insurance provision and to look at the potential impact of increased levels of deductibles. This exercise, in the form of an actuarial type review, was undertaken with a view to enabling an informed decision to be taken in respect of deductible options.

RESOURCE IMPLICATIONS

Capital/Revenue

10. The potential impact against the 2015-16 agreed budget is set out in Appendix 3.

Property/Other

11. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

12. Under the Accounts and Audit Regulations 2011 - Responsibility for financial management the Council is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.

Other Legal Implications:

13. The tender exercise is being conducted via the Crown Commercial services ("CCS") Insurance Services Framework Agreement RM958 which is fully compliant with EU procurement legislation.

POLICY FRAMEWORK IMPLICATIONS

14. None

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED: Not applicable

SUPPORTING DOCUMENTATION

Confidential Appendices

1. Insurance Premium - Summary
2. Evaluation - Summary
3. Insurance Tender – Funding Review and Options

Documents In Members' Rooms

1. n/a

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out. No

Other Background Documents

Equality Impact Assessment and 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	