

RECORD OF EXECUTIVE DECISION TAKEN BY AN EXECUTIVE MEMBER

This form **MUST** be used to record any decision taken by the Elected Mayor or an individual Executive Member (Portfolio Holder).

The form must be completed and passed to the Chief Officer Democratic and Registration Services no later than NOON on the second working day after the day on which the decision is taken. No action may be taken to implement the decision(s) recorded on this form until 7 days have passed and the Chief Officer Democratic and Registration Services has confirmed the decision has not been called in.

1. Description of decision

To note the arrangements in place for the Council's external insurance cover for 2023/2024.

2. Date of decision

31 May 2023

3. Reasons for decision

To approve the Council's annual insurance cover for 2023/2024

4. Alternatives considered and rejected

The Council is required to have appropriate insurance policies in place for the services it provides. The Council has consulted with an insurance broker to put in place the most cost effective policies, the full renewal is due in 2024. The Local Government Mutual is not operating and therefore there is no option but to look to the external market for insurance cover.

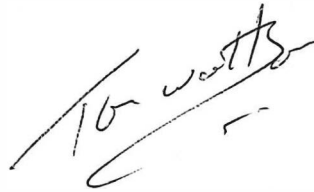
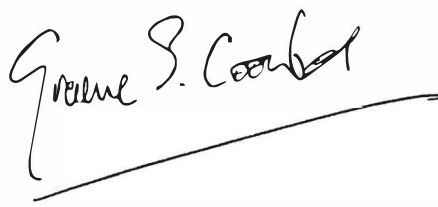
5. How decision is to be funded

Budget provision is included within the 2023/2024 Revenue Budget

6. Conflicts of interest

Name of all Executive members who were consulted AND declared a conflict of interest.	Nature of interest	Did Standards Committee give a dispensation for that conflict of interest? (If yes, give details and date of dispensation)	Did the Chief Executive give a dispensation for that conflict of interest? (If yes, give details and the date of the dispensation).

The Mayor has been consulted on this decision on 31/5/ 2023

Signed .. Date 31/5/2023..... Name of Decision Taker Councillor Graeme Coombes.

This is a public document. A copy of it must be given to the Chief Officer Democratic and Registration Services as soon as it is completed.

Date decision published:6 June 2023.....

Date decision can be implemented if not called in: ..14 June 2023.....

(Decision to be made exempt from call in.....NO.....)

Bedford Borough Council – Finance Portfolio Holder

31/05/2023

Report by the Assistant Chief Executive (Finance) and Chief Finance Officer

Subject: RENEWAL OF EXTERNAL INSURANCES: 2023/2024

1. Executive Summary

This report sets out the Council's external insurance arrangements for 2023/2024.

2. Recommendations

To note the arrangements in place for the Council's external insurance cover for 2023/2024.

3. Reasons for Recommendations

To ensure that the Council has adequate external insurance to effectively mitigate against the financial risk that may arise from claims against the Council or damage to or loss of Council assets including insurance for: Public Liability, Employer's Liability, Property, Motor vehicles and Terrorism.

Key Implications

(a) Legal Issues

In order to protect public funds there is a legal requirement for the Council to hold Fidelity Guarantee insurance (i.e. cover for financial loss caused by a deliberate misappropriation of funds by an employee). Local authorities and other public bodies are exempted from the compulsory insurance legislation relating to Employers' Liability and Motor Insurance, therefore, the Council is able to determine its own arrangements for such classes of insurance.

The Council's practice is to insure against a range of risks where the insurance market provides cover and it is considered cost effective to have such insurance in place.

The Council entered into a 3-year insurance contract commencing on 1 April 2021 with an option for the Council to extend the contract by a further one year + one year (i.e. five years in total), if required. However, all insurers have broken this Long Term Agreement raising their premiums citing:

- the Council's worsening claims experience notably on Motor, Public Liability and Property policies
- claims inflation
- property indexation
- market pressures

(b) Policy Issues

There are no policy issues arising from this report.

(c) Resource Implications

The Council's insurance costs are included in the approved 2023/2024 Revenue Budget. The cost for 2023/2024 is £1.384 million compared to £1.092 million for 2022/23.

(d) Risk Implications

External insurance is an essential part of the Council's Risk Management process since it transfers some of the financial risks that may be faced by the Council, to the external insurance provider. The insurance arrangements for 2023/2024 are based on the same range of covers as in previous years as these are considered to be adequate to protect the Council from significant financial losses that may arise as a result of insured perils.

The Council's insurance cover is kept under review to take account of new or revised Council activities and to this regard the Council is exploring the options available to add a Cyber Security Insurance Policy.

(e) **Environmental Implications and contribution to achieving a net zero carbon Council by 2030**

No environmental implications arising from this report. The service, including claims handling, is managed online and as such the Council has already reduced its carbon emissions through reducing the use of paper.

(f) **Equality Impact**

In preparing this report, due consideration has been given to the Borough Council's statutory equality duty, as set out in Section 149(1) of the Equality Act 2010. A relevance test for equality has been completed. The equality test determined that the proposal has no relevance to Bedford Borough Council's statutory equality duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations. An equality analysis is, therefore, not needed.

4. Details

- 4.1 The Council has finalised the insurance arrangements for 2023/2024 and confirmed changes to the Council's asset base (acquisitions, disposals and anticipated rebuild inflation) and services that require insurance cover in the coming financial year.
- 4.2 All schools insurance has now transferred to the Department for Education's Risk Protection Arrangement scheme. This arrangement offers better insurance coverage and value for money than the traditional insurance platform to schools. This approach has also removed school liabilities under the excess from the Council.
- 4.3 The Council's Insurers are set out as below with the Terrorism policy being under the Lloyds of London Syndicates as it sits outside the structure above since it is an add-on and therefore this policy can be legitimately reviewed separately from the main contract.

4.4 The detailed Premiums are set out in the table below:

Policy	2021 Renewal Premium (£)	2022 Renewal Premium (£)	2023 Renewal Premium (£)	General Comments	Premium change 2022 to 2023
Industrial & Commercial Property	£60,208	£68,397	£108,974	Travelers have applied a 45% rating increase due to worsening claims experience. Building sums insured have also increased.	59.3%
Terrorism	£58,114	£26,942	£29,325		8.8%
Fine Art	£2,700	£2,700	£2,700		0.0%
Combined Liability	£327,750	£334,137	£381,675	Worsening claims experience and inflation.	14.2%
Professional Indemnity	£6,623	£6,623	£6,623		0.0%
Officials Indemnity	£27,630	£30,427	£30,834		1.3%
Fidelity Guarantee	£14,205	£14,923	£14,923		0.0%
Motor Fleet	£227,900	£220,160	£330,240	Worsening claims experience and inflation.	50.0%
SUB-TOTAL	£725,130	£704,309	£905,294		
Gallagher Fee	£4,000	£4,000	£4,000		
Taxes	£87,016	£84,517	£108,635		
TOTAL	£816,146	£792,826	£1,017,929		
Claims Handling		£30,000	£30,000		
ZM General Property & Engineering		£268,957	£336,435		
GRAND TOTAL		£1,091,782	£1,384,364		26.80%

5. **Summary of Consultations and Outcome**

Officers have been consulted during the preparation of this report:

- Risk and Insurance Team Leader
- Procurement Officer

No adverse comments have been received.

Advice has also been received from the following organisations:

Arthur J Gallagher – Insurance Broker

Ward Councillor Views

Not applicable for this report.

Report Contact Officer: Julie McCabe, Interim Assistant Chief Executive (Finance) & Chief Finance Officer

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File Reference: 1.1(a)

Previous Relevant Minutes: None

Background Papers: None

Appendices: None