

**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 2024/2025.

**2. Date of decision**

25 March 2024

**3. Reasons for decision**

To note that arrangements have been put in place for the Council’s annual insurance cover for 2024/2025

**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 2024/2025 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

25 March 2024  
*for Wootton*

Signed: *Graeme S Coombes*

Date: 25 March 2024

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: .....26March2024.....**

**Date decision can be implemented if not called in: .....8April2024.....**

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

**Bedford Borough Council – Report to the Mayor/Finance Portfolio Holder**

**Date of Decision: 25 March 2024**

**Report by: Assistant Chief Executive (Finance) and Chief Finance Officer**

**Subject: TENDER OF EXTERNAL INSURANCES 2024/2025**

**1. EXECUTIVE SUMMARY**

1.1 This report sets out the proposed external insurance arrangements for 2024/2025 following a full OJEU retendering exercise of the Insurance Portfolio.

**2. RECOMMENDATION**

**The Portfolio Holder is requested to consider and, if satisfied, to acknowledge the arrangements in place for the Council's external insurance cover from 1 April 2024.**

**3. REASON FOR RECOMMENDATION**

3.1 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.

#### **4. THE CURRENT POSITION**

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 Insurance market has matured over a number of years, enabling the Council to move from one core insurer to a range of insurers providing improved cover at a reduced or similar cost. 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 the 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.

As a result, the Council opted to re-tender after the three years, i.e. with new contracts starting from 1 April 2024.

#### **5. DETAILS**

- 5.1 The Council has finalised the insurance arrangements for 2024/2025 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 years.
- 5.2 The Council has appointed Marsh to act as the Council's insurance broker to provide support through the full retendering process.
- 5.3 The tendering of insurance policies falls under the requirements of the Public Contracts Regulations 2015 (the Regulations) and, as such, a compliant procurement route is required to ensure the Council complies with duties imposed by the Regulations. It should be noted that a procurement exercise compliant with the Regulations also meets the requirements of the Councils' own Contract Procedure Rules (CPR's).

5.4 The chosen procurement route was utilisation of the YPO Insurance Placement Dynamic Purchasing System 978. The Dynamic Purchasing System used offers compliancy with the Regulations whilst providing a select list of pre-qualified providers capable of meeting the Councils' tender requirements.

<b>Insurance Cover</b>	<b>2024/2025 Cost £000</b>	<b>2023/2024 Cost £000</b>	<b>Variance £000</b>	<b>Variance</b>
Property	867	240	627	261%
Commercial Property	98	109	-11	-10%
Terrorism	30	29	1	1%
Fine Art	3	3	0	11%
Combined Liability*	347	434	-87	-20%
Motor Fleet	375	330	45	14%
Group personal accident	3	4	-1	-27%
<b>Subtotal</b>	<b>1,723</b>	<b>1,149</b>	<b>574</b>	<b>50%</b>
Broker fees	4	4	0	0%
Taxes	208	139	69	50%
<b>Total</b>	<b>1,934</b>	<b>1,292</b>	<b>642</b>	<b>50%</b>
Claims Handling	40	30	10	33%
Engineering	56	52	4	7%
<b>Grand Total</b>	<b>2,030</b>	<b>1,374</b>	<b>656</b>	<b>48%</b>

\*Includes professional and officials indemnity and fidelity guarantee

5.5 The tender has seen some decrease in premiums, however, this has been offset by a significant increase in the cost of property insurance of approximately £0.7 million. This is as a result of an increase in the number of claims in the last year across council buildings such as The Higgins and the Corn Exchange as a result of storms and flooding. This has been further increased by the results of the Council's flood mapping risk results which indicate that there is likely to be further weather events across the borough.

**6. ALTERNATIVES CONSIDERED AND REJECTED**

6.1 The Council is required to put in place effective insurance arrangements. Officers have considered the options for packaging the Council's insurance arrangements to deliver the most cost-effective proposal.

**7. KEY IMPLICATIONS**

<b>7.1 Legal Issues</b>	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). However, 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 all 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.
<b>7.2 Policy Issue</b>	There are no issues arising from this report.
<b>7.3 Resource Issues</b>	The forecast for 2024/2025 external insurance premiums inclusive of insurance premium tax, claims handling fees and engineering inspection fees is £2.0 million (see Section 5). The Council's budget for 2024/2025 allowed for a cost of £1.9 million for these insurances; the difference will be managed from the insurance reserve.
<b>7.4 Risks</b>	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 insurance company. The insurance arrangements for 2024/2025 are based on the same range of covers as in previous years and these are considered to be adequate to protect the Council from significant financial losses that may arise as a result of insured perils.
<b>7.5 Environmental Implications</b>	There are no environmental implications arising from this report; however, the cost of insurance premiums have been affected by severe weather conditions.

<b>7.6 Equalities Impact</b>	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.
<b>7.7 Impact on Families</b>	There are no specific impacts for families arising from this report; each insurance claim is assessed on the basis of legal liability.
<b>7.8 Community Safety and Resilience</b>	There is no impact on community safety and resilience
<b>7.9 Impact on Health and Wellbeing</b>	There is no impact on health and wellbeing

## 8. **SUMMARY OF CONSULTATIONS AND OUTCOME**

8.1 The following Council units or Officers and/or other organisations have been consulted in preparing this report:

Corporate Leadership Team  
Insurance & Risk Manager

Marsh - External Broker

8.2 No adverse comments have been received.

## 9. **WARD COUNCILLOR VIEWS**

Not applicable for this report.

**10. CONTACTS AND REFERENCES**

Report Contact Officer	<i>Julie McCabe Assistant Chief Executive (Finance) &amp; Chief Finance Officer Email: <a href="mailto:julie.mccabe@bedford.gov.uk">julie.mccabe@bedford.gov.uk</a>  Shane Phiri, Insurance and Risk Manager Email: <a href="mailto:Shane.Phiri@bedford.gov.uk">Shane.Phiri@bedford.gov.uk</a></i>
File Reference	<i>None</i>
Previous Relevant Minutes	<i>None</i>
Background Papers	<i>None</i>
Appendices	<i>None</i>