

Report of	Assistant Director Corporate & Improvement Services	Author	Hayley McGrath
Title	Request for Delegated Authority to Agree New Insurance Contract		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 The Council operates a wide-ranging insurance portfolio, covering all of its operations and assets. It also procures and manages the insurance arrangements for Colchester Borough Homes, Colchester Commercial Holdings Ltd and Colchester Community Stadium Ltd. The majority of the policies are procured on a long-term contract basis (a minimum of three years with an option of a two-year extension) and the current arrangements, which have been extended by the further two years, are due to expire at the end of July.

2. Recommended Decision

- 2.1 To delegate the responsibility for agreeing the new-long term insurance contract(s) to the Portfolio Holder for Resources.

3. Reason for Recommended Decision

- 3.1 The current contracts for insurance expire on 31 July 2021. A tender exercise is therefore currently being carried out by the Council's insurance brokers to obtain quotes for a new package. The results of this exercise are not scheduled to be available from the brokers until late June 2021, which will not allow sufficient time to be able to seek Cabinet approval for the new arrangements, and allow for any potential handover to a new supplier, prior to the expiry of the current contract.

4. Alternative Options

- 4.1 The alternative is to request approval of the new contract at the Cabinet meeting on 07 July 2021. Whilst this would be before the expiry of the current contract it would not allow for any handover arrangements to be put in place, if the supplier changes. This could result in the need for the current suppliers to extend cover for a period of time whilst new working processes are implemented, which they are under no obligation to do.

5. Background Information

- 5.1 The current total annual insurance premium is in the region of £950,000.
- 5.2 The Council's insurances are presently split over a number of providers, with one insurer providing the majority of covers and then various other companies providing more specialist insurances. The tender has been split into separate 'lots' for each cover type, which will enable interested providers to quote for either individual policies or the whole contract, depending on the nature of their business. This allows the Council to mix and match policies to put together the most advantageous package in terms of premium and cover levels.
- 5.3 It is anticipated that the Council will enter into three-year contracts (with annual reviews), with the possible option to extend for a further two years.
- 5.4 Historically the only option to purchase insurance cover has been to use the tender process. However, in the last year there has been a suggestion of the creation of a local government insurance mutual, whereby a group of authorities come together and purchase cover collectively from the 'wholesale' insurance market. Effectively creating a new insurer that is owned and run by local authorities.
- 5.5 The Council has expressed an interest in the potential mutual, but it would not be operative in time for the expiry of the current arrangements. Therefore, it is proposed that the Council continues to monitor the development of a mutual, and review the viability of joining it before agreeing any optional extensions in the future.

6. Equality, Diversity and Human Rights implications

- 6.1 There are no equality, diversity and human rights implications. All insurers will be requested to submit details of their equality and diversity policies as part of the tender.

7. Financial implications

- 7.1 There are no financial implications from running the tender process however there may be increased costs for the new contracts, and any delay in agreeing new contracts may result in increased costs from the current insurer.

8. Risk Management Implications

- 8.1 If the request to delegate the authority to a Portfolio Holder is not agreed there is the possibility that the Council will subject to increased operating costs whilst new processes are implemented.

9. Health & Safety Implications

- 9.1 Whilst the recommended decision has no direct health and safety implications, there is a requirement for certain insurances to be in place under Health & Safety legislation. A failure to agree an appropriate insurance programme prior to the expiry of the existing contract may lead to a breach of that legislation.

10. Environmental and Sustainability Implications

- 10.1 There are no Environmental and Sustainability implications. All insurers will be requested to submit details of their Environmental and Sustainability policies and assessments as part of the tender.

11. Other Standard References

- 11.1 There are no particular references to the Strategic Plan; publicity or consultation considerations; or Health, Wellbeing and Community Safety implications, but the maintenance of adequate insurance cover is an important aspect of discharging council services.