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| Meeting:             | Cabinet  |
| Date:                | 26 <sup>th</sup> March 2009  |
| Subject:             | Council Insurance Renewal 1st April 2009   |
| Key Decision:        | Yes  |
| Responsible Officer: | Myfanwy Barrett, Corporate Director of Finance                                       |
| Portfolio Holder:    | David Ashton, Council Leader, Portfolio Holder for Strategy, Partnership and Finance |
| Exempt:              | No – Part II report to be tabled   |
| Enclosures:          | None   |

## **Section 1 – Summary and Recommendations**

This report sets out progress with the procurement of the Council's insurance requirements from 1<sup>st</sup> April 2009.

### **Recommendations:**

That Cabinet: notes the action taken to date to renew the Council's insurance cover for 2009/10 and authorises officers to enter into the recommended insurance contracts.

### **Reason: (For recommendation)**

To obtain authority for officers to finalise the Council's insurance arrangements for 2009/10.

## **Section 2 – Report**

2.1 The majority of the Council's insurance arrangements are placed with the London Authorities Mutual Limited (LAML) on a long-term agreement that expires on 31<sup>st</sup> March 2010.

2.2 There are some insurance covers that fall outside of these arrangements because:

(a) the LAML does not underwrite some of the risks;

(b) the current arrangements were subject to a long term agreement with other insurers when the LAML was established or

(c) In respect of motor insurance, this was purchased through the LAML for 2008/09 but was only available on a 1-year term at that time.

2.3 Accordingly, the covers that are currently subject to a procurement exercise are as follows:

- Buildings cover for commercial properties
- Buildings cover for Right to Buy properties
- Personal accident/ travel Insurance
- Schools staff absence scheme insurance
- Schools offsite activities insurance
- Legal expenses
- Motor fleet insurance

Insurers have been asked to provide quotations for 1, 3 and 5 year agreements.

### **Options considered**

2.4 The procurement has been conducted in accordance within the EU Directive on the Public Procurement of Services 92/50/EEC and has been managed by the council's insurance brokers with support from the council's insurance and corporate procurement teams.

### **Current situation**

2.5 It is traditional for commercial insurers to wait as long as possible to provide terms (to minimise the risk of the claims history deteriorating) and in any case their proposals are usually only valid for 1 month.

2.6 At the time of writing this report, final terms are not available. The deadline for receipt of tenders by our broker is 27<sup>th</sup> February 2009. Following any clarifications, final recommendations are due to be received by the council on 17<sup>th</sup> March and therefore it is proposed that the recommended programme is circulated to Cabinet Members as soon as available and tabled at the Cabinet meeting.

- 2.7 The tabled paper will contain commercially sensitive information in relation to insurance premium figures and will therefore be a part II item.

### **Why a change is needed**

- 2.8 The council's insurance arrangements are reviewed on an annual basis and any changes are considered in response to existing and emerging risks facing the council, any new opportunities in the insurance market and local authority insurance best practice.

### **Implications of the Recommendation**

- 2.9 Without insurance the council would be exposed to the financial consequences of an uninsured event and the arrangements in place are considered a prudent balance between external risk transfer and retained (self-insured) risks.
- 2.10 Most of the insurance covers subject to tender are either statutory requirements or cover commitments through contracts or service level agreements.
- 2.11 There are no implications on equalities, staffing or community safety. Corporate insurance arrangements protect the council's finances and therefore contribute towards providing value for money services.

### **Financial Implications**

- 2.12 The recommended insurance programme will be evaluated against the existing budget once proposals are received. Intelligence of the current insurance market suggests that proposals will be contained within the existing budget.

### **Performance Issues**

- 2.13 Risk management through insurance is an element of risk considered as part of the annual Use of Resources judgement by the Audit Commission.

### **Environmental Impact**

- 2.14 None

### **Risk Management Implications**

- 2.15 Insurable risk transfer is an integral part of the council's risk management arrangements

### **Section 3 - Statutory Officer Clearance**

Name: Myfanwy Barrett



on behalf of the  
Chief Financial Officer

Date: 19<sup>th</sup> February 2009

Name: Helen White



on behalf of the  
Monitoring Officer

Date: 17 March 2009.

### **Section 4 – Performance Officer Clearance**

Name: Liz Defries



on behalf of the\*  
Divisional Director  
(Strategy and  
Improvement)

Date: 11<sup>th</sup> March 2009

### **Section 5 – Environmental Impact Officer Clearance**

Name: John Edwards



Divisional Director  
(Environmental  
Services)

Date: 24<sup>th</sup> February 2009

### **Section 6 - Contact Details and Background Papers**

Contact: David Ward, Divisional Director - Audit & Risk  
Tel: 020 8424 1781

Background Papers: None