

Notice of:	EXECUTIVE
Decision Number:	EX4/2024
Relevant Officer:	Steve Thompson, Director of Resources
Relevant Cabinet Member:	Councillor Lynn Williams, Leader of the Council
Date of Meeting:	22 January 2024

INSURANCE PROCUREMENT EXERCISE

1.0 Purpose of the report:

1.1 To consider the outcome of the recent procurement exercise for the Council's insurance provision from 1 April 2024 for a three year period.

2.0 Recommendations:

2.1 To approve the outcome of the Council's procurement exercise for the provision of insurance cover for Lot 1: Property Liability (including money, contract works, computer), Lot 2: Liability (employer liability, public liability, crime, officials indemnity, professional indemnity), Lot 3: Motor and Lot4: Engineering outlined in paragraphs 6.2 and 6.3 from 1 April 2024 for a three year period, with the option to extend for + 2 years + 2 years.

3.0 Reasons for recommendation(s):

3.1 To ensure that the Council has robust insurance arrangements in place which offer value for money.

3.2 Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.3 Is the recommendation in accordance with the Council's approved budget? Yes

4.0 Other alternative options to be considered:

4.1 The option for the Council to self-insure key risks has been considered and adopted where appropriate to do so.

5.0 Council priority:

5.1 The relevant Council priority is organisational resilience.

6.0 Background information

6.1 The Council's Risk and Resilience Team, in conjunction with the Corporate Procurement Team and Marsh Insurance Brokers, has tendered for the future provision of the Council's insurance in accordance with the Crown Commercial Services (CCS) Framework. All suppliers on the Framework are approved by the Financial Conduct Authority (FCA) and have been through a rigorous tender exercise. The framework agreement has been let in conjunction with the latest procurement regulations.

6.2 The four main areas of cover were included in the tender exercise including liability, motor, engineering and property. A summary of the outcome of the evaluation exercise is captured in the following table which shows the premium cost but excludes Insurance Premium Tax (12%) / VAT (20%).

Area	Estimate Current Cost	New Cost	Variance
Broker Costs	£12,500.00	£0.01	-£12,499.99
Property (including money, contract works, computer)	£428,463.66	£514,090.70	+£85,627.04
Motor	£418,700.00	£363,400.00	-£55,300.00
Engineering	£131,721.85	£135,060.65	+£3,338.80
Liability (employer liability, public liability, crime, officials indemnity, professional indemnity)	£615,984.11	£536,849.00	-£79,135.11

The figures above show that there is an overall estimated saving of £57,969.26 once the schools contribution is removed. All schools will be part of the government's Risk Protection Agreement programme from the 1 April 2024 which offers an improved price per pupil.

6.3 It should be noted that there have been significant changes to the insurance programme from April 2024 notably:

Lot / Policy	Changes
1 – Property	<ul style="list-style-type: none"> • Schools are no longer part of the programme. • Now includes an annual premium for Central Car Park. • The Multi-Ply building has transferred to the investment portfolio allowing for a lower excess. • Sandcastle has been added as a commercial property. • Hounds Hill is insured at full value, and includes phase two. • Additional demolition only properties have been added by Growth and Prosperity • £14.5m increase in value of housing properties.
2 – Liability	<ul style="list-style-type: none"> • Schools are no longer part of the programme. • Addition of Blackpool Operating Company Limited to the programme. • Increased Traded Services declaration. • Medical Malpractice now included in the costs rather than a separate premium.
3 – Motor	<ul style="list-style-type: none"> • Includes all Council and wholly-owned company fleet vehicles (exception of Blackpool Transport Services). • Some school minibuses remain part of the programme. • Excess remaining at £250 for all fleet vehicles (including refuse vehicles).
4 – Engineering	<ul style="list-style-type: none"> • Some schools remain on the inspection schedule. • Inclusion of all adaptation

	<p>equipment.</p> <ul style="list-style-type: none"> • Includes all wholly owned company equipment that requires inspections. • Includes all Hounds Hill equipment. • 6 monthly or 2 person inspections when required.
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6.4 Once Executive Approval is received, award letters will be issued to the successful bidders, and contract inception meetings arranged to ensure that insurance provision is in place from the 1 April 2024 to ensure continuity of cover.

6.5 There are a number of additional policies which are more specialist in nature and are therefore going through a quotation exercise at present. These include:

- Some property insurances (strategic leisure assets, hotel and airport).
- Fine Arts
- Personal Accident and Travel
- Cyber
- Aviation Liability
- Terrorism
- Marine Craft
- Directors and Officers

6.6 It is anticipated that the cost of these policies will fall below the requirement for Executive Approval. Therefore these will be authorised by the Director of Resources by means of published Officer Non-Key Decisions.

6.7 Does the information submitted include any exempt information? No

7.0 List of Appendices:

7.1 None.

8.0 Financial considerations:

8.1 Work is ongoing to determine how the insurance premiums and contributions to the self-insurance fund will be recouped across the Council and the wholly-owned companies.

9.0 Legal considerations:

9.1 Procurement legislation has been adhered to throughout the process through the use of a recognised framework. The insurance procured through the exercise will ensure that the Council meets its legal requirements for the provision of cover.

10.0 Risk management considerations:

10.1 As part of the project the Council's risk appetite has been reviewed and, where appropriate, provision for self-insurance has been made based on a risk assessed approach. This was determined via a detailed analysis of claims experience, and the level of self-insurance provision will be subject to annual review.

10.2 A Risk Management Framework is in place at the Council which includes a Corporate Risk Management Group, supported by Departmental and Thematic Risk Management Groups, the objective of which is to help the Council manage its risks and reduce the impact of insurance claims.

10.3 Appropriate due diligence has been undertaken to ensure that the successful bidders are reputable companies who are able to deliver what they have committed to as part of the tender process.

11.0 Equalities considerations and the impact of this decision for our children and young people:

11.1 Throughout the procurement and decision process the Council has reflected on key aspects of the exercise that could affect people differently because of shared protected characteristics as defined in the Equality Act.

11.2 Officers are confident that the insurance programme has been designed to help anyone who requires access to insurance provision and does not discriminate or adversely impact protected groups in any way.

12.0 Sustainability, climate change and environmental considerations

12.1 Dispensation was granted to only require 5% social value as part of this tender. All insurers will work with the Council as it implements changes to policies to better meet the climate change agenda and to reduce risk as far as possible.

13.0 Internal/external consultation undertaken:

13.1 Key Council services were engaged with as part of the preparing for tender process.

A core project group was established which held weekly project meetings, and key stakeholders who wanted to discuss issues in more detail were invited to attend as and when required.

14.0 Background papers:

14.1 None.

15.0 Key decision information:

15.1 Is this a key decision? Yes

15.2 If so, Forward Plan reference number: 20/2023

15.3 If a key decision, is the decision required in less than five days? No

15.4 If **yes**, please describe the reason for urgency:

16.0 Call-in information:

16.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

16.2 If **yes**, please give reason:

TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE

17.0 Scrutiny Committee Chairman (where appropriate):

Date informed: 12 January 2024 Date approved:

18.0 Declarations of interest (if applicable):

18.1 None.

19.0 Summary of Discussion:

19.1 Mr Steve Thompson, Director of Resources, presented the report to the Executive. Mr Thompson highlighted the four strands of insurance which had been subject to the recent procurement exercise, namely Property, Liability, Motor and Engineering and advised that the estimated savings following the exercise were substantial. The insurance would cover a three year period with the option to extend for +2 years and +2 years if the policies continued to offer good value.

Mr Thompson advised that some outstanding elements of insurance were still to be finalised, such as in relation to leisure asset properties, however the costs of those were anticipated to fall below the requirement for Executive approval.

20.0 Executive decision:

20.1 The Executive agreed the recommendation as outlined above, namely:

To approve the outcome of the Council's procurement exercise for the provision of insurance cover for Lot 1: Property Liability (including money, contract works, computer), Lot 2: Liability (employer liability, public liability, crime, officials indemnity, professional indemnity), Lot 3: Motor and Lot4: Engineering outlined in paragraphs 6.2 and 6.3 from 1 April 2024 for a three year period, with the option to extend for + 2 years + 2 years.

21.0 Date of Decision:

21.1 22 January 2024

22.0 Reason(s) for decision:

22.1 To ensure that the Council has robust insurance arrangements in place which offer value for money.

23.0 Date Decision published:

23.1 23 January 2024

24.0 Alternative Options Considered and Rejected:

24.1 The Executive noted that the option for the Council to self-insure key risks had been considered and adopted where appropriate to do so.

25.0 Executive Members in attendance:

25.1 Councillor Williams, in the Chair

Councillors Benson, N Brookes, Burdess, Farrell, Hugo, M Smith and Taylor

Apologies were received from Councillor Hobson, who was elsewhere on official Council business.

26.0 Call-in:

26.1

27.0 Notes:

27.1 The following Non-Executive Members were in attendance: Councillors Hunter, Marshall and M Scott.