

**Bolsover District Council**

**Executive**

**22<sup>nd</sup> May 2017**

<b>Acceptance of two year extension to Long Term Insurance Agreement</b>
--

**Report of the Leader of the Council**

**Purpose of the Report**

- The Authority's insurance policies are on the basis of a Long Term Agreement (LTA) which was entered into from October 2014. The LTA was for a period of three years with an option to extend for a further two. The initial three year period is now coming to an end and it is recommended that the Council take the option of extending for a period of a further two years.

**1 Report Details**

**Background**

- 1.1 While the current LTA does not end until 30<sup>th</sup> September 2017 if the Council decides to take the option of ending the current agreement and going out to tender this process will take some time to undertake. If the Council decided to go to tender rather than agreeing the recommended option of accepting the proposed extension then it needs to commence the tender process in the near future in order to comply with the required timescales.
- 1.2 Against this background Council Officers advised by our independent insurance advisors Aon are of the view that the most cost effective option is to extend the existing LTA for a period of a further two years. While it can never be certain as to what terms and prices a tender to the market would generate Aon our brokers represent a large number of local councils and have a significant level of knowledge concerning current market trends. On the basis of the current market they have concluded that if Bolsover went to tender at this stage then we would be looking at an increase approaching 10%.
- 1.3 On the basis that we continue with the current LTA for a further two years Zurich have confirmed that all rates will be maintained at current levels, with the exception of Public Liability (PL) which would be increased by an amount of 1.5%. While the majority of our policies are with Zurich the motor policy is with Protector which allows us to renew on existing terms provided that our loss ratio is maintained at a reasonable level. While we will not know the actual loss ratio until nearer renewal it is currently anticipated that renewal will be offered at current rates.
- 1.4. On the basis of the above it is recommended that we extend the LTA in respect of all our insurance policies with Zurich. It should be noted that Motor Vehicles

and Computer Equipment are with other insurers. With regard to Motor Insurance it is recommended that the preferred option is to renew with the current insurer Protector. Should the terms of renewal offered by Protector change significantly from those which currently apply, it is recommended that delegated powers be granted to the Executive Director – Operations in consultation with the appropriate Portfolio member to negotiate and agree appropriate alternative arrangements. Any decision would be taken in the light of advice from Aon our specialist insurance brokers.

## **2 Conclusions and Reasons for Recommendation**

- 2.1 It is recommended that Executive approve the option of exercising the two year extension to the current Long Term Insurance Agreement and renew with Protector the current insurer in respect of motor vehicles. These options are recommended on the basis that they offer best value to the Council.

## **3 Consultation and Equality Impact**

- 3.1 The issues considered within this report concern the Council's insurance arrangements and as such do not at this stage require any consultation. There are no Equality Impact issues arising directly from this report.

## **4 Alternative Options and Reasons for Rejection**

- 4.1 The only alternative option to that recommended is that the Council goes out to retender its insurance policies. That course of action is against the advice of the Council's insurance brokers who consider that going out to tender in the present market would result in an increase in costs approaching 10%.

## **5 Implications**

### **5.1 Finance and Risk Implications**

- The overall annual cost of the Council's insurance policies is currently just below £0.3m. On the basis that the recommendations within this report are accepted that will increase in respect of public liability by 1.5% (less than £1,000). In addition the charge will be adjusted to reflect changes in the volumes insured (eg changes in number of staff, vehicles and property). Finally, all insurance contracts will be affected by the increase in Insurance Premium Tax (IPT), which rises from 10% to 12% on the 1<sup>st</sup> June 2017.
- The costs as outlined above will be met from within existing approved budgets.

### **5.2 Legal Implications including Data Protection**

- There are no Legal or Data Protection issues arising directly from this report.

### **5.3 Human Resources Implications**

- There are no Human Resource arising directly from the report.

## 6 **Recommendations**

- 6.1 That Executive agree to extending the Council's Long Term Agreement in respect of Insurance for a further two years from October 2017.
- 6.2. That delegated powers be granted to the Executive Director – Operations in consultation with the relevant portfolio Member to renew the Council's motor insurance policies with the preferred option being an extension of the current arrangements with Protector insurance.

## 7 **Decision Information**

<b>Is the decision a Key Decision?</b> (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	Yes
<b>District Wards Affected</b>	N/A
<b>Links to Corporate Plan priorities or Policy Framework</b>	N/A

## 8 **Document Information**

Appendix No	Title
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	Contact Number
Tony Cheetham	01246 (242426)