

**Neath Port Talbot County Borough Council**  
**Cyngor Bwrdeistref Sirol Castell-nedd**

**Democratic Services**  
**Gwasanaethau Democrataidd**

## **Decision Notice**

**CABINET - URGENCY ACTION , WEDNESDAY, 22ND JULY, 2020**

Please see below approval of decision as follows:

### **Extension Of Contracts For Insurance Cover - (23AM) (Pages 3 - 6)**

To seek approval to make an extension to existing contracts for Insurance cover for a period of 12 months from 1 October 2020.

That the Authority approve to seek an extension to our current Insurance contracts for a period of 12 months from 1 October 2020.

**For Immediate Implementation**

Yours sincerely

p.p Chief Executive

This page is intentionally left blank

## NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

### CABINET

20<sup>TH</sup> JULY 2020

### REPORT OF THE HEAD OF FINANCE – HUW JONES

#### Matter for Decision

**WARD(S) AFFECTED: All**

#### **EXTENSION OF CONTRACTS FOR INSURANCE COVER**

#### **PURPOSE OF REPORT**

- 1 To seek approval to make an extension to existing contracts for Insurance cover for a period of 12 months from 1<sup>st</sup> October 2020.

#### **EXECUTIVE SUMMARY**

- 2 Our current long term contract for Insurance cover expires on 30<sup>th</sup> September 2020. Contract Procedure Rules would ordinarily require us to undertake a complete re-tendering exercise over a number of months prior to this expiry date to ensure the Council is adequately insured.
- 3 Given the current situation regarding the Coronavirus Pandemic advice from our Insurance brokers is that entering into new long term contracts now would be difficult and may not represent good value for money. Given the uncertainty regarding the pandemic it is almost certain that Insurers would price an element of risk into their tenders which the Council would then be required to pay for the five year duration of the contract.
- 4 It is proposed, subject to Member approval, to extend our current insurance contracts for a period of 12 months in order that a long term re-tendering exercise can be undertaken during 2021.

#### **BACKGROUND**

- 5 The Council currently has contracts in place with a number of insurance companies to provide cover for the following:

- Material Damage (Buildings)
  - Fidelity Guarantee
  - Combined Liabilities
  - Professional Indemnity
  - Motor Fleet
  - Contractors All Risk / Hired in Plant
  - Computer
- 6 These contracts were entered into on 1st October 2015 and were for a fixed period of 5 years.
- 7 In order to comply with the Council's Contract Procedure rules a full re-tendering exercise should be undertaken during the summer of 2020 in order that new arrangements could be in place with effect from 1<sup>st</sup> October 2020.
- 8 Due to the current Coronavirus Pandemic advice from the Council's Insurance Brokers is that entering into new long term contracts may not represent good value for money. Given the uncertainty regarding how the pandemic will evolve it is inevitable that Insurance companies will price an element of risk into tender submissions which the Council will end up paying for the duration of the new contract.
- 9 Subject to Member approval it is proposed to suspend the Council's Contract Procedure rules and agree terms with our current insurers for a 12 month contract extension. This will allow for a full re-tendering exercise to be undertaken in 2021 when hopefully the Coronavirus pandemic will have passed and the market stabilised. Officers will report back to members the outcome of approaching current insurers for an extension to existing policies prior to the renewal date of 1<sup>st</sup> October 2020.

### **FINANCIAL IMPACT**

- 10 The cost of the 12 month contract extension will be funded from existing budget provision / Insurance Fund.

### **INTEGRATED IMPACT ASSESSMENT**

- 11 A first stage impact assessment has been undertaken to assist the Council in discharging its legislative duties (under

the Equality Act 2010, the Welsh Language Standards (No.1) Regulations 2015, the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016. The first stage assessment has indicated that a more in-depth assessment is not required as the proposal is seeking authorisation to extend an existing arrangement. It will only affect back office systems.

## **WORKFORCE IMPACTS**

12 There are no Workforce impacts arising from this report.

## **LEGAL IMPACTS**

13 The Council will be utilising an EU/UK compliant framework undertaken by the NPS for the purposes of extending the current Insurance Contracts that will be compliant with the Public Contract Regulations 2015. In respect of the extension however, Rule 3.1(x) of the Council's Contract Procedure Rules permits awards of arrangements such as this where the services to be supplied constitute a variation to an existing contract. The value of this proposed extension could be in excess of the appropriate threshold but would be caught under the extension arrangements that are open to the Council under the Public Contract Regulations 2015.

## **RISK MANAGEMENT**

11 The Council requires to have insurance cover in place from 1<sup>st</sup> October 2020. This report proposes an extension to existing contracts with insurers prior to going out to the Market in 2021.

## **CONSULTATION**

12 There is no requirement under the Constitution for external consultation on this item.

## **RECOMMENDATION**

13 It is recommended that the Authority approve to seek an extension to our current Insurance contracts for a period of 12 months from 1 October 2020.

## **REASONS FOR PROPOSED DECISION**

14 To ensure continuity of Insurance Cover.

## **IMPLEMENTATION OF DECISION**

15 The decision is proposed for immediate implementation.

## **APPENDICES**

16 None

## **LIST OF BACKGROUND PAPERS**

17 First Stage Integrated Impact Assessment.

## **OFFICER CONTACT**

18 Huw Jones, Head of Finance  
[h.jones@npt.gov.uk](mailto:h.jones@npt.gov.uk)