

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

**Report of the Assistant Chief Executive and Chief Digital Officer -
K.Jones**

25 September 2019

Section B: Matter for Information

Ward Affected: All

**Officer Urgency Action 0376 re:
Insurance Arrangements 2019/20.**

Details of the above Urgency Action taken by the Head of Finance in consultation with the requisite Members, was for immediate implementation.

There is no call-in of this matter.

The Urgency Action was authorised 4 September, 2019 and for Members' Information a copy of the detailed report is attached.

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

URGENCY ACTION REPORT OF THE HEAD OF FINANCE

Matter for Decision

Wards Affected – All wards

Insurance Arrangements 2019/20

Purpose of the Report

The purpose of this report is to seek Members confirmation of the insurance arrangements for 2019.

The report outlines the cost of providing the insurance cover for the Council's main policies and provides a comparison with the previous financial year.

Background

The Council's Long Term Agreements for the insurance cover of property, fidelity guarantee, combined liability, professional indemnity, motor fleet, contractors all risks, hired in plant and computer were put in place from 1st October 2015.

Approval of the insurance renewals is required in advance of the 1st October each year to ensure that the Council continues to have adequate insurance cover in place.

Insurance Premiums 2019/20 and Financial Impact

The total cost for our tendered Insurance premiums, fees, etc. for renewal from 1st October 2019 is £1.089m (inclusive of 12% insurance premium tax). Table 1 below summarises the total renewal cost by class of business and includes the 2018/19 figures for comparison purposes.

Table 1

Class of Business	Current Provider	2018/19	2019/20
		£	£
Material Damage (Buildings)	AIG via RMP	323,139	324,915
Fidelity Guarantee	QBE via RMP	15,570	15,665
Combined Liabilities	QBE via RMP	241,507	244,353
Combined Liabilities-SWTRA	QBE via RMP	157,567	159,142
Professional Indemnity	QBE via RMP	6,700	6,700
Motor Fleet-Minimum Deposit Policy	QBE via RMP	77,000	77,700
Contractors All Risk / Hired in Plant	QBE via RMP	2,122	2,372
Computer	HSB via RMP	4,549	4,843
Issue specific policies	Various	62,712	67,089
Insurance Premium Tax		106,904	108,334
Total Premium (including Tax)		997,770	1,011,113
Claims Handling	Gallagher Bassett	49,957	56,742
Insurance Consultants Fees	Marsh	21,621	21,621
TOTAL		1,069,348	1,089,476

The total cost of insurance shows a small increase of 1.9%, which reflects an increased value for the sum insured, based on payroll costs.

Included in the total cost of insurance premiums and fees is a claims handling deposit premium of £56,742 payable to Gallagher Bassett International for handling liability claims on behalf of the Authority and our liability insurers. The actual claim handling cost is subject to variation based on the actual number of claims received per policy area.

The main policy renewal excesses are as follows:

- The Combined Liability policy, which covers Employers and Public Liability insurance has an excess for each and every claim of £100,000, with the Aggregate Stop at £3.1m.
- The Material Damage policy, which covers building insurance has a self-insurance element amounting to £100,000. This increases to £250,000 for schools and to £450,000 in case of storm or flood. The Aggregate Stop is £1m.
- The Motor Fleet insurance policy has an excess for each and every claim of £135,000, with the Aggregate Stop at £413,475.

The Authority will aim to maintain reasonable internal budgets to fund the self-insured excesses.

Integrated Impact Assessment

The first stage assessment, attached at Appendix 1, has indicated that a more in-depth assessment is not required, as this report is prepared as part of an internal approval process only.

Valleys Communities Impacts

There are no impacts in respect of this item.

Workforce impacts

There are no workforce impacts in respect of this item.

Legal Impacts

There are no legal impacts in respect of this item.

Risk Management

Ensuring that there are appropriate insurance policies in place mitigates the Council's costs in the case of legitimate insurance claims.

Consultation

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

Recommendation

It is recommended that Members approve the Council's Insurance Renewal Arrangements effective from 1st October 2019.

Reasons for Proposed Decision

To provide a decision in relation to the Council's Insurance arrangements, which need to be in place before the 1st October 2019.

Implementation of Decision

(Urgency Action)

Appendix

1. Impact Assessment – First Stage

Background Papers

Insurance Renewal Report 2019

Officer Contact

Mrs Janet North, Chief Accountant-Technical and Exchequer

 01639 763635

E-mail: j.north@npt.gov.uk

Mrs Jayne Howells, Insurance Manager

 01639 763710

E-mail: j.howells@npt.gov.uk

Impact Assessment – First Stage

1. Details of the initiative

Initiative description and summary: Renewal of Insurance Arrangements 2019/20 with effect from 1 October 2019. A long term insurance agreement was established in 2015. This report sets out the details of the annual impact of the costs of insurance in line with that long term agreement.

Service Area: Finance - Technical and Exchequer

Directorate: Finance and Corporate Services

2. Does the initiative affect:

	Yes	No
Service users		✓
Staff		✓
Wider community		✓
Internal administrative process only	✓	

3. Does the initiative impact on people because of their:

	Yes	No	None/ Negligible	Don't Know	Impact H/M/L	Reasons for your decision (including evidence)/How might it impact?
Age						
Disability						
Gender Reassignment						
Marriage/Civil Partnership						
Pregnancy/Maternity						
Race						
Religion/Belief						

Impact Assessment – First Stage

Sex						
Sexual orientation						

4. Does the initiative impact on:

	Yes	No	None/ Negligible	Don't know	Impact H/M/L	Reasons for your decision (including evidence used) / How might it impact?
People's opportunities to use the Welsh language						
Treating the Welsh language no less favourably than English						

5. Does the initiative impact on biodiversity:

	Yes	No	None/ Negligible	Don't know	Impact H/M/L	Reasons for your decision (including evidence) / How might it impact?
To maintain and enhance biodiversity						
To promote the resilience of ecosystems, i.e. supporting protection of the wider environment, such as air quality, flood alleviation, etc.						

Impact Assessment – First Stage

6. Does the initiative embrace the sustainable development principle (5 ways of working):

	Yes	No	Details
Long term - how the initiative supports the long term well-being of people		✓	
Integration - how the initiative impacts upon our wellbeing objectives		✓	
Involvement - how people have been involved in developing the initiative		✓	
Collaboration - how we have worked with other services/organisations to find shared sustainable solutions		✓	
Prevention - how the initiative will prevent problems occurring or getting worse	✓		The Insurance Arrangements will ensure that the Council has appropriate insurance cover in place.

Impact Assessment – First Stage

7. Declaration - based on above assessment (tick as appropriate):

A full impact assessment (second stage) is not required	✓
Reasons for this conclusion	
This report is prepared as part of an internal approval process only.	

A full impact assessment (second stage) is required	x
Reasons for this conclusion	

	Name	Position	Signature	Date
Completed by	Janet North	Chief Accountant - Technical and Exchequer		03/09/2019
Signed off by	Hywel Jenkins	Director of Finance & Corporate Services		03/09/2019