

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

25th September 2020

REPORT OF THE HEAD OF FINANCE

Matter for Decision

Wards Affected – All wards

Insurance Arrangements from 1 October 2020

Purpose of the Report

The purpose of this report is to seek Members confirmation of insurance cover arrangements from 1 October 2020.

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.

Members approved a report on 20th July 2020 to suspend Contract Procedure Rules and negotiate ongoing insurance cover with existing providers due to the volatility in the current market. Current providers have not been able to provide cover for 12 months therefore Members are requested to approve an extension for a period of 24 months and a 36 month policy in respect of Motor Insurance.

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

Insurance Premiums

The total cost for our tendered Insurance premiums, fees, etc. for renewal from 1st October 2020 is £1.107m (inclusive of 12% insurance

premium tax). Details of individual policies are included at Appendix 1 of this report.

The total cost of insurance has increased by £18k or 1.6%. This increase is primarily due to an increase in the Material Damage (Buildings) policy. The main reason for the increases is the volatility and uncertainty caused by the current Coronavirus Pandemic and flooding earlier in 2020, this provides further justification for the previous decision not to enter into new long term arrangements at this time.

Included in the total cost of insurance premiums and fees is a claims handling deposit premium of £51,425 payable to Gallagher Bassett International and £7,500 to Davies (for motor vehicle claims only) for handling liability claims on behalf of the Authority and our insurers. The actual claim handling costs are 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 and includes Officers Indemnity, has an excess for each and every claim of £200,000. This is an increase from the previous excess of £100,000, this increased excess has resulted in a premium saving of c£78,000 per annum. The Aggregate Stop loss has also increased from £3.4m to £3.8m
- 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 been retendered and is awarded to Edison. It has an excess for each and every claim of £135k (no change), with the Aggregate Stop at £380k (a reduction from £400k).

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 2, 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 Insurance renewal terms detailed in Appendix 1 of this report effective from 1st October 2020.

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 2020.

Implementation of Decision

The decision is an urgent one for immediate implementation, subject to the consent of the relevant Scrutiny Chair.

Appendix

1. Insurance Renewal Details
2. Impact Assessment – First Stage

Background Papers

Insurance Renewal Report 2020

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Appendix 1 – Insurance Renewal Details

Table 1			
Class of Business	Current Provider	Oct-19	Oct 20
		£	£
Material Damage (Buildings)	AIG via RMP	324,915	337,956
Fidelity Guarantee	QBE via RMP	15,665	16,605
Combined Liabilities including Officials	QBE via RMP	403,495	401,535
Professional Indemnity	QBE via RMP	6,700	9,000
Motor Fleet-Minimum Deposit Policy	Edison	77,700	82,500
Contractors All Risk / Hired in Plant	QBE via RMP	2,372	3,821
Computer	HSB via RMP	4,843	6,153
Issue specific policies	Various	67,089	61,207
Insurance Premium Tax		108,334	107,691
Total Premium (including Tax)		1,011,113	1,026,468
Claims Handling	Gallagher Bassett / Davies (Motor)	56,742	58,925
Insurance Consultants Fees	Marsh	21,621	21,621
TOTAL		1,089,476	1,107,014

Impact Assessment – First Stage

1. Details of the initiative

Initiative description and summary: Insurance Arrangements from 1 October 2020
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						
Sex						
Sexual orientation						

Impact Assessment – First Stage

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	Date
Completed by	Huw Jones	Head of Finance	25/9/2020