

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

24th September 2021

REPORT OF THE HEAD OF FINANCE

Matter for Decision

Wards Affected – All wards

Insurance Arrangements from 1 October 2021

Purpose of the Report

The purpose of this report is to seek Members confirmation of insurance cover arrangements from 1 October 2021.

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.

During 2020 members approved a report to suspend Contract Procedure Rules and negotiate ongoing insurance cover with existing providers due to the volatility in the market. The current providers were able to provide an extension for a period of 24 months and a 36 month policy in respect of Motor Insurance. The Council's insurance tender will be due for renewal in October 2022.

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 2021 is £1.315m (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 £205k or 18.5%. This increase is primarily due to increases in the Material Damage (Buildings) policy, and the Combined Liabilities policy. The main reason for the increases are in relation to the market conditions within the UK and Global Insurance Market.

Included in the total cost of insurance premiums and fees is a claims handling deposit premium of £51,200 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. The Aggregate Stop loss is £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 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 2021.

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 2021.

Reason for Urgency:

To ensure Insurance cover is in place by 1st October 2021.

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 2021

Officer Contact

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Appendix 1 – Insurance Renewal Details

Table 1

Class of Business	Current Provider	Oct 20	Oct 21
		£	£
Material Damage (Buildings)	AIG via RMP	337,955	425,420
Fidelity Guarantee	QBE via RMP	16,605	17,829
Combined Liabilities	QBE via RMP	240,225	287,497
Combined Liabilities-SWTRA	QBE via RMP	161,310	185,227
Professional Indemnity	QBE via RMP	9,000	9,315
Motor Fleet-Minimum Deposit Policy	Edison/Volante	82,500	91,225
Contractors All Risk / Hired in Plant	QBE via RMP	3,821	1,862
Computer	HSB via RMP	6,154	11,344
Issue specific policies *	Various	61,207	72,761
Insurance Premium Tax		110,253	132,298
Total Premium (including Tax)		1,029,030	1,234,778
Claims Handling	Gallagher Bassett	58,925	58,700
Insurance Consultants Fees	Marsh	21,621	21,621
TOTAL		1,109,576	1,315,099
* Includes an estimate in relation to Engineering Policy as actual figure not yet received			

Impact Assessment – First Stage

1. Details of the initiative

Initiative description and summary: Insurance Arrangements from 1 October 2021
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	Diane Mulligan	Chief Accountant – Technical	21/09/21