



Meeting	Cabinet Member for Finance & Value Decision Day
Date and Time	Monday, 5th December, 2022 at 12 noon.
Venue	Walton Suite, Guildhall, Winchester

Note: *This decision day is being held in person at the location specified above. Members of the public should note that a live audio feed of the decision day will be available from the councils website (www.winchester.gov.uk) and the video recording will be publicly available on the council's YouTube channel shortly after the meeting.*

A limited number of seats will be made available at the above named location however attendance must be notified to the council at least 3 working days before the decision day. Please note that priority will be given to those wishing to attend and address the decision day over those wishing to attend and observe.

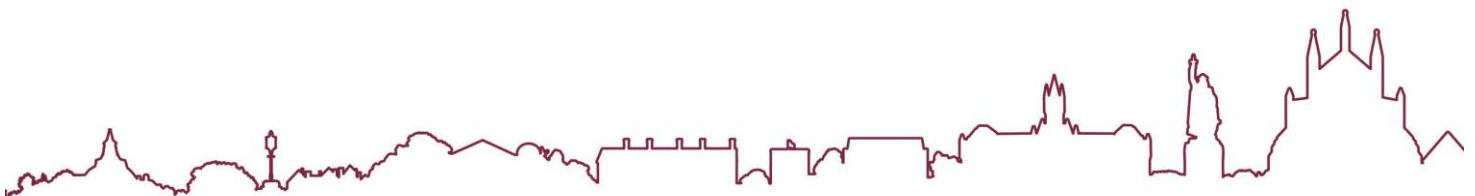
AGENDA

PROCEDURAL ITEMS

- 1. Disclosure of Interests**
To receive any disclosure of interests from Members and Officers in matters to be discussed.
Note: Councillors are reminded of their obligations to declare disclosable pecuniary interests, personal and/or prejudicial interests in accordance with legislation and the Council's Code of Conduct.

BUSINESS ITEMS

- 2. Public Participation**
– to note the names of members of the public wishing to speak on items for decision
Note: members of the public wishing to speak about a particular agenda item are required to register three working days in advance if they wish to speak at a Cabinet Member Decision Day.



Members of the public and visiting councillors may speak at decision days on a specific item due for decision, provided they have registered to speak three clear working days in advance. Please contact Democratic Services by **5pm on Tuesday, 29 November 2022** via democracy@winchester.gov.uk or (01962) 848 264 to register to speak and for further details.

3. Visiting Councillors Representation

To note any request from visiting councillors to make representations on an item for decision.

Note: Councillors wishing to speak about a particular agenda item are required to register three working days in advance if they wish to speak at a Cabinet Member Decision Day. Councillors will normally be invited by the Chairman to speak during the appropriate item (after the Cabinet Member's introduction (and any comments from the leading officer) and any public participation).

4. Extension of Insurance Contract (DD58) (Pages 5 - 10)

**Laura Taylor
Chief Executive**

All of the Council's publicly available agendas, reports and minutes are available to view and download from the Council's [Website](#) and are also open to inspection at the offices of the council. As part of our drive to minimise our use of paper we do not provide paper copies of the full agenda pack at meetings. We do however, provide a number of copies of the agenda front sheet at the meeting which contains the QR Code opposite. Scanning this code enables members of the public to easily access all of the meeting papers on their own electronic device. Please hold your device's camera or QR code App over the QR Code so that it's clearly visible within your screen and you will be redirected to the agenda pack.



24 November 2022

Agenda Contact: Claire Buchanan, Senior Democratic Services Officer Email: cbuchanan@winchester.gov.uk 01962 848 438

TERMS OF REFERENCE

Cabinet Member for Finance & Value Decision Day – Included within the Council's Constitution (Part 3, Section 2)

Public Participation

Representations will be limited to a maximum of 3 minutes, subject to a maximum 15 minutes set aside for all questions and answers.~

To reserve your place to speak, you are asked to **register with Democratic Services three clear working days prior to the decision day** – please see public participation agenda item above for further details. People will be invited to speak in the order that they have registered, subject to the maximum time period allowed for speaking not being exceeded. Public Participation is at the Chairperson's discretion.

Filming and Broadcast Notification

This decision day will be recorded and broadcast live on the Council's website. The decision day may also be recorded and broadcast by the press and members of the public – please see the Access to Information Procedure Rules within the Council's Constitution for further information, which is available to view on the [Council's website](#). Please note that the video recording is subtitled, but you may have to enable your device to see them (advice on how to do this is on the meeting page).

Disabled Access

Disabled access is normally available, but please phone Democratic Services on 01962 848 264 or email democracy@winchester.gov.uk to ensure that the necessary arrangements are in place.

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DD58

DECISION TAKER: Councillor Margot Power, Cabinet Member for Finance and Value

REPORT TITLE: EXTENSION OF INSURANCE CONTRACTS

5 DECEMBER 2022

Contact Officer: Liz Keys Tel No: 01962 848226 Email lkeys@winchester.gov.uk

WARD(S): ALL

PURPOSE

The purpose of this report is to seek approval from the Cabinet Member for Finance and Value for an extension to the council's current insurance policies (contracts) for a period of 12 months from 1 April 2023. By extending the term it is in the best interests of the council as detailed within this report.

RECOMMENDATIONS:

1. That the Cabinet Member for Finance and Value approves an Exception to Contract Procedure Rules to enter into a 12-month extension of the Long-Term Agreement (LTA) for Insurance Services and associated policies (contracts) from 1 April 2023.
2. That Authority is delegated to the Corporate Head of Finance (s151 Officer) in consultation with the Service Lead – Legal Services (Interim) to seek insurance premiums for the period 1 April 2023 – 31 March 2024 and enter into the policies (contracts).
3. That Authority is delegated to the Corporate Head of Finance to review and progress options recommended by the Hampshire Insurance Forum (HIF) for insurance policies from April 2024 onwards.

IMPLICATIONS:**1 COUNCIL PLAN OUTCOME**

- 1.1 Effective use of insurance as part of the council's risk management approach supports the management of threats and opportunities to achieve the priorities included in the Council Plan 2020-25.

2 FINANCIAL IMPLICATIONS

- 2.1 The 2022/23 premiums are set out in the table below:

Policy (contract)	Insurer	2022/23
		Renewal premium (£) ex IPT
Property damage & business interruption	Protector via AJG	233,790
Property Owners (commercial tenants)	Protector via AJG	23,213
RTB Leaseholders	Protector via AJG	27,059
Terrorism	RMP via AJG	13,025
Liability - EL, PL, OI, PN	Protector via AJG	128,677
Motor fleet	Protector via AJG	12,986
Engineering insurance	Zurich Municipal	3,029
Personal accident	Zurich Municipal	1,269
Crime	Zurich Municipal	5,108
Engineering inspection	Zurich Municipal	21,309
Total cost of premia		448,156
IPT @ 12% not reclaimable		53,779
Total cost of services		21,309
Total cost of insurance		523,243

- 2.2 The cost of the council's 2023/24 insurance premiums and renewal terms will not be known until closer to 1 April 2023 but increases are expected to be within budget. Officers are currently working with the council's insurance broker AJG on preparation for the annual renewal.

3 LEGAL AND PROCUREMENT

- 3.1 The Long-Term Agreement (LTA) for insurance services was procured collaboratively as a single group made up of ten Hampshire borough and district councils via a public procurement process compliant with the Public Contracts Regulations 2015 (PCR2015). Each borough and district subsequently has its own policies (contracts) under the LTA.

- 3.2 The council's Contract Procedure Rules (CPRs) allow for contract extensions where they are put in place before the contract expiry date and where the proposed extension is in accordance with the contract terms.
- 3.3 The Exceptions to CPR's 41.1 process sets out circumstances in which an Exception can be used. The relevant Exception for this extension of the insurance services policies (contracts) is:
- f) By extending the term (either by exercising an option within the contract or otherwise), or varying and/or extending the scope an existing contract, it is in the best interests of the Council

4 CONSULTATION AND COMMUNICATION

- 4.1 Consultation on the content of the report has been undertaken with the Cabinet Member for Finance and Value and Executive Leadership Board (ELB).

5 ENVIRONMENTAL CONSIDERATIONS

- 5.1 None directly as a result of this report.

6 PUBLIC SECTOR EQUALITY DUTY

- 6.1 There are no direct PSED issues arising from the content of this report.

7 RISK MANAGEMENT

- 7.1 The council's overall risk appetite is defined as 'moderate', tending always towards exposure to only modest levels of risk in order to achieve acceptable outcomes.
- 7.2 The council's Risk Management Policy 2022-23 sets out an approach to controlling risks which is described as the five key elements or '5 T's':
- Tolerate
 - Treat
 - Transfer
 - Terminate and
 - Take the opportunity

- 7.3 Insurance is one way that the council transfers financial risk and it is an integral part of our risk management strategy.

8 OTHER KEY ISSUES

- 8.1 None.

9 SUPPORTING INFORMATION:

- 9.1 Ten borough and district councils from the Hampshire Insurance Forum (HIF) worked collaboratively to procure a Long-Term Agreement (LTA) for insurance services from 1 April 2020 for an initial 36-month period with the potential to extend up to 24 months. Fareham Borough Council led the procurement on behalf of HIF via an OJEU Open Procedure in accordance with the Public Contracts Regulations 2015.
- 9.2 A collaborative tender was agreed by the members of HIF (with the exception of one Authority), to maximise economies of scale and buying power. Across the ten Authorities, approx. £2.67m savings have been calculated to have been achieved across the initial 36 months of the LTA.
- 9.3 As a collaborative the HIF authorities committed to spend via the LTA approximately £4 million a year on insurance premiums covering a number of risk areas including employers and public liability, property material damage, motor, professional negligence, personal accident, terrorism and engineering.
- 9.4 Each of the ten Authorities have entered into their own policies (contracts) under the LTA. WCC's current policies are detailed above in 2.1. Please note that the LTA does not cover cyber insurance. The decision to procure cyber insurance was made after the aforementioned tender process was completed, hence the cyber policy is a standalone contract. It is not subject to an LTA agreement and is renewed each year in accordance with CPR's.
- 9.5 Individual policies are tailored to each Authority which means that each authority's claims history and risk management influences their premium rather than the group's premiums and vice versa.
- 9.6 The current LTA is due to end on 31 March 2023 and all HIF members have been asked for their agreement to extend this by 12 months.
- 9.7 HIF is supported by the professional service of insurance broker AJG whose role is to act as an insurance intermediary. The council is the client and AJG offer access to insurance products and services which would otherwise not be directly available to the council. As an insurance broker, AJG are permitted to provide advice on insurance matters and are regulated by the Financial Conduct Authority (FCA).
- 9.8 When the HIF collaboration went out to tender in 2020 the insurance market was becoming much more challenging after an unprecedented period of soft (low) rates. The subsequent Covid pandemic and other more recent developments and geopolitical events have also added uncertainty. The market has hardened and this combined with inflationary factors within the current economic environment has meant that premiums are generally increasing across the board. The increases indicated by the current provider for a one year extension are generally in line with what can be seen from other insurers; this is also borne out from the council's insurance broker AJG's experience of recent tender results.

9.9 Due to the above, AJG is suggesting to HIF that that the one-year extension is exercised at this juncture with incumbent insurers. As soon as this process is finalised, AJG will complete a soft market testing exercise in order to establish, at an early stage whether consideration should be given to tender in advance of the renewal 2024 or whether a further one year extension would most likely achieve best value.

10 OTHER OPTIONS CONSIDERED AND REJECTED

10.1 The council could choose not to agree to an extension of the LTA and conduct a tender process in isolation. This would not secure the council best value as we would not benefit from the economies of scale released through the collaborative arrangement. The state of the market is anticipated to soften in the next few months which will potentially result in better premiums and renewal terms if an approach to the market is made next year rather than now.

10.2 In addition, AJG have advised that there is currently a large increase in the number of public insurance tenders due to Covid delays and the market is flooded. Demand is expected to fall over the next few months and an extension and later tender to the market from HIF could attract better terms and/or a higher number of tenders returned.

BACKGROUND DOCUMENTS:-

Previous Cabinet/Committee Reports or Cabinet Member Decisions:-

None.

Other Background Documents:-

Winchester City Council Risk Management Policy 2022/23

APPENDICES:

None.

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