

DECISION TAKER: Deputy Leader and Cabinet Member for Finance and Performance, Councillor Neil Cutler

REPORT TITLE: PROCUREMENT OF INSURANCE AND RISK SERVICES 2025-2030

3 FEBRUARY 2025

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WARD(S): ALL

PURPOSE

The purpose of this report is to seek approval from the Cabinet Member for Finance and Performance for the award of the insurance contracts following the conclusion of the tender process. Ten borough and district councils in Hampshire have worked collaboratively through the Hampshire Insurance Forum (HIF) to procure insurance and risk services from 1 April 2025 using an Open Procedure in accordance with the Public Contracts Regulations 2015. Approval is required from all ten authorities before the award of insurance contracts can be made.

RECOMMENDATIONS:

1. That the Cabinet Member for Finance and Performance approves the award of the 2025-2030 insurance contracts to the successful lots from the tender process run by Fareham Borough Council on behalf of the Hampshire Insurance Forum (HIF).

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 2025-30

2 FINANCIAL IMPLICATIONS

- 2.1 The 2025-2030 premia are set out in the table below:

Lot	2024-25 Premium £	Future Premium £
Main Property	296,623	351,199
Industrial & Commercial Property	29,252	68,156
Casualty	159,291	181,674
Motor Fleet	17,945	17,235
Personal Accident	1,809	926
Engineering Insurance & Inspection	38,315	45,100
Leasehold Right to Buy ¹	46,680	116,579
Crime	6,699	5,000
Terrorism	18,848	13,490
Total cost of premia	615,062	799,359

¹ The Premium for Leasehold Right to Buy is subject to a section 20 Notice and the consultation procedure has not yet been concluded, so it is included above for information only at this stage, subject to cost finalisation.

- 2.2 Insurance Premium Tax (IPT) will be applied at the current rate of 12% to the annual premia list above, noting that Value Added Tax rather than IPT is applied to Engineering Inspection Fees.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 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 A Section 20 notice is a consultation notice that we must serve on leaseholders for work to be undertaken where we will charge more than £250. They are also served for long-term agreements where we may charge you

more than £100 per year. Notices are served under Section 20 of the Landlord and Tenant Act 1985.

4 CONSULTATION AND COMMUNICATION

4.1 Consultation on the content of the report has been undertaken with the Cabinet Member for Finance and Performance and Executive Leadership Board.

5 ENVIRONMENTAL CONSIDERATIONS

5.1 None directly as a result of this report.

6 PUBLIC SECTOR EQUALITY DUTY

6.1 None

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
- Treatment
- 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 2025 for an initial 3-year period with the potential to extend up to 24 months.

9.2 A collaborative tender was agreed by the members of HIF, to maximise economies of scale and buying power, to procure services covering a number of risk areas including property, employers and public liability, motor, group personal accident, engineering, leasehold properties (right to buy), crime and

terrorism. Fareham Borough Council has led the procurement on behalf of HIF via an Open Procedure in accordance with the Public Contracts Regulations 2015.

- 9.3 Each of the ten Authorities have entered into their own policies (contracts) under the LTA. 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 premia and vice versa. WCC's current policies are detailed above in 2.1. It should be noted that the LTA does not cover cyber insurance, which is a standalone, annual contract and not subject to an LTA agreement.
- 9.4 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).

Overall increase in premia

- 9.5 The increase is most marked in the property lots and in the Leasehold Right to Buy lot. Overall property premia have increased, primarily due to a rise in property values, so the premium increase was anticipated because of the increase in exposure.
- 9.6 Leasehold is an area where increased cost was anticipated by the broker. The market for insuring these risks has contracted considerably and the overall claims experience trends in the market have increased rates dramatically in the last 3 years. This may cause some feedback from Leaseholders. We have sent a Section 20 Consultation notice, and the engagement period has not yet concluded.

10 OTHER OPTIONS CONSIDERED AND REJECTED

- 10.1 None

BACKGROUND DOCUMENTS:-

Previous Cabinet/Committee Reports or Cabinet Member Decisions:-

None.

Other Background Documents:-

APPENDICES:

None