



Report of:	Meeting	Date
Councillor David Henderson, Resources Portfolio Holder and Clare James, Corporate Director Resources	Cabinet	22 March 2023

Insurance Contract Renewal

1. Purpose of report

- 1.1** To inform Cabinet of the need to conduct a tender exercise and renew the insurance cover required by the council.

2. Outcomes

- 2.1** To undertake the procurement of insurance cover by the recommended route to the insurance market.

3. Recommendations

- 3.1** To re-tender the council's insurance arrangements with support from the council's insurance brokers, AJ Gallagher, in order to have the new insurance policies in place from 30 June 2023, be approved
- 3.2** That approval is given to use YPO under their Dynamic Purchasing System framework number 978 (Insurance Placement) to run a competition to market our risk to the insurance market.
- 3.3** That approval is given to authorise the Corporate Director Resources to select the most appropriate insurance provider(s) on the basis of the most economically advantageous tender bid(s).

4. Background

- 4.1** Wyre Council has a long standing, direct relationship with insurer Zurich Municipal (ZM). The current contract with ZM is due to expire on the 29 June 2023.

- 4.2** The existing contract with ZM is a five year extension of an initial five year contract and the contract covers all risk elements in a “package” arrangement. Wyre Council has not tendered its insurance requirements to the insurance market since 2013. A benchmarking exercise was undertaken prior to the current extension in 2018 which established that the council had obtained very competitive rates and an extension represented best value for money.
- 4.3** The insurance market has moved on considerably since the last tender exercise was undertaken and “package” insurance cover is now offered by very few companies. The largest company to offer this type of cover are ZM.
- 4.4** Compliance with the Council's Contract Procedures and the Public Contracts Regulations 2015 (PCR) and obtaining value for money for the council are the key requirements considered when undertaking any procurement. ZM, the council's existing insurer has advised Wyre Council to expect an increase in the current premium of at least 20% across all risks if we renew with them in June 2023. To ensure value for money this needs to be challenged by way of open competition within the insurance market and this “whole of market” approach can only be completed with the appointment and support of an insurance broker.
- 4.5** The writing of a tender for this procurement is a complex, technical and very time consuming exercise and currently there is no one with experience of devising a tender of this complexity within Wyre Council.
- 4.6** Following a market engagement exercise with specialist public sector brokers who are listed on YPO framework number 964 (insurance brokerage), AJ Gallagher (AJG) insurance brokers have been appointed at a cost of £4,000. AJG will work with the Insurance Officer to create a tender document that will split the council's insurance risk into separate lots that can be bid on via a further competition exercise by insurers. It is expected that this approach will stimulate competitive pricing for the council.

5. Key issues and proposals

- 5.1** The current annual premium for the council's insurance cover is £235,330 (£282,380 estimated in 2023/24) and this includes cover for buildings, vehicles and employees. All cover is expected to increase in cost, hence the higher estimate in 2023/24. This figure may rise further following the revaluation of our assets in 2022/23 to ensure adequate demolition and rebuild costs have been included given recent extraordinary rises in construction costs owing to high inflation.
- 5.2** It is proposed that a tender with an initial contract length of three years be offered to insurance markets who are on the YPO framework 978 Dynamic Purchasing System, with a two year extension included in the agreement. This length of contract would be classed as a Long Term

Agreement (LTA) by the insurance market. The arrangements would run from 30 June 2023 when the current cover with ZM ends until 29 June 2026 at the earliest.

- 5.3** Utilisation of the broker support and the YPO framework will allow for a thorough tender exercise to be carried out and a consistent evaluation of bids received. This will allow the Corporate Director Resources to appoint insurers that represent the best value for money for the council and delegated authority is sought to allow this decision to be made by them.

Financial and legal implications	
Finance	£282,380 has been provided for in the 2023/24 estimates. Any increase on this amount will be met from general balances. The Insurance Reserve will remain in order to provide an element of self-insurance for the council to cover excess payments and any unforeseen elements not covered by insurance.
Legal	Terms of business will be based on YPO frameworks 964 call off terms and 978 terms and conditions.

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

risks/implications	✓ / x
asset management	✓
climate change	x
ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

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List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

None.