

**WEST DUNBARTONSHIRE COUNCIL****Report by Chief Officer - Resources****Corporate Services Committee: 24<sup>th</sup> November 2021**

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**Subject: Home Content Insurance for Council Tenants and Private Owned Ex-Council Properties****1. Purpose**

**1.1** This report is to provide Committee with an update on the Home Contents Insurance scheme available to council tenants and owners of former council houses and provides options for the future of the scheme.

**2. Recommendations**

**2.1** It is recommended that Committee notes the content of the report and agrees to end the service provision as detailed at section 4.6 of the report

**3. Background**

**3.1** West Dunbartonshire Council provides a Home Contents Insurance scheme, currently provided by Thistle Insurance Services Ltd, for council tenants and privately owned ex-Council house properties. To join this scheme, one must be either be a West Dunbartonshire Council tenant or have purchased their current ex-council house property from West Dunbartonshire Council. The Council receives a small management fee for administering the scheme on behalf of the insurers.

**3.2** The scheme is promoted to new tenants during the sign up of their tenancy and online application with detailed information is available on the Council's website.

**3.2** The policy is currently used by 412 residents however, there has been a gradual decline in residents using the scheme with anecdotal information suggesting the incentives offered by price-comparison websites and insurance companies are being preferred by new tenants. The figures for the last 4 years are as follows:

- 2017 613 policy holders
- 2018 560 policy holders
- 2019 522 policy holders
- 2020 470 policy holders

**3.3** A tender exercise was completed for the current contract which expires on 22<sup>nd</sup> February 2022. However clarification has been sought from the Procurement team and it has been clarified that the Council is effectively

tendering for the value of management fee received for administering the scheme, rather than the value of premium arising from the provision of the insurance. As a result of this the contract value is below £50,000 and therefore any future awards can be made via the Council's quick quote tendering processes.

#### **4. Main Issues**

**4.1** This policy was last procured in 2017 on the basis that the Council would administer and receive commission as noted above. However, given the small numbers of tenants and home owners that use the scheme, the commission received does not merit continuing with this approach as the cost of administering now outweighs the income received. The average commission received annually is approximately £4,400 and the costs of administering the scheme is approximately £4,800.

**4.2** Officers within the Resources service currently administer the policy and in the process undertake some of the following tasks:

- Deal with queries from potential applicants;
- Issue application forms which are generally posted and in few cases emailed;
- Input details of completed forms into our Integrated Housing Management System, create a new account and issue a swipe card (if that is the option the customer choose for payment);
- Send customer the policy document, schedule and booklet;
- Pursue any arrears follow-up to customers who have not paid their premium;
- Respond to enquiries from scheme members;
- Administer and account closures;
- Make any changes to cover requested by scheme members; and
- Deal with issues following claims if customer is not happy with the outcome.

**4.3** An options appraisal has been completed which identified the following 3 options for Members to consider:

- Option 1 - tender policy on current terms i.e. officers continue to administer the scheme;
- Option 2 - tender the policy with new terms by which the insurer administers the scheme; or
- Option 3 - don't retender and advise scheme members that they should arrange for their own cover directly with insurers of their own choice.

**4.4** In terms of the options noted above there are a few issues to consider:

- The current arrangement no longer provides the Council with a net income for administering the scheme;

- The internal administration costs for any new tender is likely to outweigh the income received by the insurer based on market research undertaken by the service; and
- There is no guarantee, due to the small scale of the scheme that a tender exercise will be successful in attracting bids.

**4.5** In January 2021, a market research questionnaire was issued to by the Council's Procurement service to insurance providers and received responses from three potential suppliers. The responses suggested the commission terms for continuing scheme as is, would remain the same as at present. Clearly a fully managed service would generate no commission. The only costs to the Council for a fully managed service would be incurred with the requirement to complete a quick quote to renew the contract, so very low level.

**4.6** Given the above, officers would recommend option 3 as the preferred option as it would be the most cost effective for the Council. Officers would advise current scheme members that the provision is ending, provide support and assistance to those that require this, in terms of sign posting to other insurance options. Also, the current provider may choose to contact the current members and offer insurance direct and this would be discussed with the provider, should option 3 be approved.

## **5. People Implications**

**5.1** As advised, currently the scheme is administered by Council officers, two of the options (options 2 and 3) would reduce the demand for administrative services within the Council and may have an impact on staffing. In such a circumstance it is anticipated that such a reduction, albeit small, can be accommodated through future natural staff turnover.

## **6. Financial & Procurement Implications**

**6.1** The cost of the insurance is passed to the scheme member. As noted above, at present, the Council is responsible for the administration of the scheme.

**6.2** Options 2 and 3 remove the income stream from the Council, and as noted at 5.1 above this would result in a reduction in administrative hours required by the Council, offsetting the lost income – and would result in a very small net saving.

## **7. Risk Analysis**

**7.1** In the event that Members prefer option 1 there is a risk that there is no market interest. If this was the case then the service provision would need to be discontinued. This would pass on the responsibility for arranging content insurance to the tenants and home owners.

## **8. Equalities Impact Assessment (EIA)**

8.1 No issues were identified in a screening for potential equality impacts.

## 9. Consultation

9.1 Finance and Legal services have been consulted regarding the contents of this report.

## 10. Strategic Assessment

10.1 Having considered all the Council's strategic priorities, this report contributes to improving local housing and environmentally sustainable infrastructure.

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**Stephen West**  
**Chief Officer - Resources**  
**Date: 2 November 2021**

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**Appendices:** None

**Background Papers:** Home Content Insurance for Council Tenants and Private  
Owned Ex-Council Properties Paper – Corporate  
Services Committee, 10 August 2016

Equalities Impact Assessment

**Wards Affected:** All Council wards.