

## WEST DUNBARTONSHIRE COUNCIL

### Report by the Interim Executive Director of Corporate Services

#### Corporate and Efficient Governance Committee – 18 January 2012

---

#### **Subject: Renewal/Re-Tendering of the Council's Insurance Contracts**

#### **1. Purpose**

- 1.1** To seek authority to renew and, where appropriate, re-tender the Council's Insurance Contracts.

#### **2. Background**

- 2.1** The Council currently places a number of insurance policies covering matters such as its Motor Fleet, Property, Combined Liability, Officials' Indemnity, Miscellaneous Risks and Group Personal Accident/Travel (including Educational Excursions). These policies are the subject of Long Term Agreements which were entered into on 1 August 2007. The policies are written on a year to year basis and the Council is bound to agree to renew the policies for up to an aggregate period of three years provided that the Insurance Companies offer renewal on broadly similar terms. The Long Term Agreements allow for a two year negotiated extension.
- 2.2** In August 2009, the Council agreed to a further two year extension to the existing Long Term Agreement in respect of the policies detailed in 2.1 above. These insurance policies are now in the final year of the Long Term Agreement and will be re-tendered with effect from 1 August 2012.
- 2.3.1** The Engineering Insurance/Inspection and Hired-in Plant Contracts were re-tendered with effect from 1 August 2009. The Council entered into a three year Long Term Agreement at that time and although the policies are written on a year to year basis, the Authority is bound to agree to renew the policies for up to the aggregate three years provided the Insurer offers renewal on broadly similar terms.
- 2.3.2** There is an option to request a further two year extension (the Long Term Agreement also allows for a two year negotiated extension). Alternatively, the Contracts can be re-tendered with effect from 1 August 2012.
- 2.4.1** The Mortgage Property 'Right to Buy' Block Buildings Insurance Policy was re-tendered last year. On 1 September 2011, the Council entered into a Long Term Agreement for an initial term of two years and seven months.

**2.4.2** The policy is written on a year to year basis and the Authority is bound to agree to renew the policy for up to the aggregate two years and seven months provided the Insurer offers renewal on broadly similar terms. There is also an option to extend for a further two years.

### **3. Main Issues**

**3.1** The Long Term Agreements in relation to the Council's main Insurance Contracts as detailed in 2.1 will expire on 31 July 2012. Arrangements are presently being made to re-tender these particular Contracts with effect from 1 August 2012.

**3.2** In order to conform with contractual requirements, the Council will submit the appropriate documentation to the existing Insurer Provider of the Engineering Insurance/Inspection and Hired-in Plant Contracts in order that renewal terms can be issued.

**3.3** Again, in order to conform with contractual requirements, renewal of the Mortgage Property 'Right to Buy' Block Buildings Insurance Policy will be offered to the current Insurer.

### **4. People Implications**

**4.1** There are no people implications.

### **5. Financial Implications**

**5.1** The financial implications for the Council will depend on the terms received following the renewal/re-tendering of the Council's Insurance Contracts. A premium summary for the current insurance year i.e. 2011/12 is provided in Appendix 1.

### **6. Risk Analysis**

**6.1** Failure to demonstrate commitment to effective risk management, including proactive claims management, loss mitigation etc., may result in higher insurance premiums or lack of interest in tendering for the Council's business.

**6.2** To control this risk, successful presentation on risk management may secure competitive terms with reduced insurance premiums which are acceptable to the Council in terms of best value.

### **7. Equalities Impact Assessment**

**7.1** No significant issues were identified in a screening for potential equality impact of this service

## **8. Strategic Assessment**

- 8.1** The Council has identified four main strategic priorities for 2011/12, namely Social & Economic Regeneration, Financial Strategy, Asset Management Strategy; and Fit for Purpose Services.
- 8.2** The proposals will complement the Council's strategic priorities by ensuring the provision of adequate insurance cover on a best value basis, providing fit for purpose services.

## **9. Conclusions and Recommendations**

- 9.1** The Council's main Insurance Contracts as detailed in 2.1 which are subject to Long Term Agreements will expire on 31 July 2012. Arrangements are presently being made to re-tender these particular Contracts with effect from 1 August 2012.
- 9.2** The Council will offer its insurance business to the Insurer who is presently underwriting the Engineering Insurance/Inspection and Hired-in Plant Contracts in early April 2012 in order that renewal terms can be issued.
- 9.3** Similarly, the Council is in the process of offering its insurance business to the Insurer presently underwriting the Mortgage Property 'Right to Buy' Block Buildings Insurance Policy. Renewal terms will be received in due course.
- 9.4** It is anticipated that the existing Insurers who are presently underwriting the insurance policies referred to in 8.2 and 8.3 above may well offer renewal terms which are acceptable under the terms of the Long Term Agreements. However, should it be the case that the terms offered are such that the Council's best interests are serviced by a re-tendering exercise then the Committee is asked to agree that the relevant Insurance Contract or Contracts can be re-tendered.
- 9.5** The Committee is asked to:-
- (1)** delegate authority to the Executive Director of Corporate Services, in consultation with the Chair of the Corporate and Efficient Governance Committee, to re-tender the Council's main Insurance Contracts as detailed in 2.1 above.
  - (2)** delegate authority to the Executive Director of Corporate Services, in consultation with the Chair of the Corporate and Efficient Governance Committee, to renew the Insurance Contracts which are subject to Long Term Agreements and, if appropriate, agree an extension;
  - (3)** delegate authority to the Executive Director of Corporate Services, in consultation with the Chair of the Corporate and

Efficient Governance Committee, to re-tender particular Insurance Contracts where this is considered to be in the best interests of the Council;

- (4) note that a Report on the outcome of the re-tendering exercise will be submitted to a meeting of the Tendering Committee for approval in due course.

---

David Amos  
Interim Executive Director of Corporate Services  
Date: 22 December 2011

---

**Person to Contact:** Stephen West, Head of Finance & Resources,  
Council Offices, Garshake Road, Dumbarton.  
Tel 01389 737191

**Appendices:** Appendix 1 – Premium Summary for the Insurance  
Year 2011/12

**Background Papers:** None

**Wards Affected:** All Wards

## APPENDIX 1

<b>RISK CATEGORY</b>	<b>RISK</b>	<b>PREMIUM 2011/12 (£)</b>
Combined Property	Material Damage - Property, Business Interruption – Additional Expenditure, Removal of Debris, Professional Fees, Money, Theft, 'All Risks', Computer	£478,080.36*
	Contractors 'All Risks' - Works in Progress	£15,163.20*
Casualty	Public Liability Employer's Liability Official's Indemnity Libel & Slander Public Health Act	£550,000.00*
Motor	Motor Vehicles	£130,470.00*
Miscellaneous	Fidelity Guarantee	£11,000.00*
	Personal Accident/Travel(Educational Excursions inc)	£19,607.74*
Claims Handling	Claims Handling Fee	£43,500.00*

<b>RISK CATEGORY</b>	<b>RISK</b>	<b>PREMIUM 2011/12 (£)</b>
Mortgage Property	'Right to Buy' Block Buildings Insurance	£593,507.28* *
Engineering	Engineering Insurance/ Inspection & Hired in Plant	£37,871.84*

\*Above figures exclude Insurance Premium Tax (presently rated at 6%) and VAT, where applicable.

\*\* This figure is the annual net premium for 2011/12 including Insurance Premium Tax.