

**WEST DUNBARTONSHIRE COUNCIL****Report by the Chief Officer - Resources****Corporate Services Committee: 24 November 2021**

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**Subject: Block Buildings Insurance****1. Purpose**

- 1.1** The purpose of this report is to seek Committee approval to tender the Block Building Insurance Policy which is administered by West Dunbartonshire Council.

**2. Recommendations**

- 2.1** It is recommended that the Committee:
- I. approves the tendering of the Block Building Insurance Policy with a new contract to come into effect from 1 April 2022 for an initial contract period of 3 years with an option to extend by up to a further two 12 month periods;
  - II. agrees that as part of the tender process the Chief Officer - Resources has the authority to vary the scheme's terms as may be required in terms of excess levels and/or insurance coverage, as noted in the report;
  - III. notes that a report will be brought to a future Tendering Committee seeking approval for the Chief Officer - Regulatory and Regeneration to conclude the award of a new contract, if the value is £50,000 or more, following evaluation of tender submissions received; and
  - IV. notes that scheme members will be provided with details on the outcome of the tender exercise on completion of this process.

**3. Background**

- 3.1** Historically the Council has arranged and administered the procurement of a block buildings insurance policy for privately owned ex-Council properties purchased in terms of former 'Right to Buy' legislation. The main purpose of this is to ensure that appropriate insurance cover is in place for privately owned ex-Council properties in blocks where the Council retains ownership of one or more properties. In addition to providing competitively priced insurance for homeowners, this approach minimises the risk of uninsured losses to the Council or other owners in the event of loss or damage to premises.
- 3.2** If the Council retain an interest within the block it will require to be insured under the block policy. If the Council no longer has such an interest, then either individual owners or all owners within the block can choose to insure separately

**3.3** The block building insurance policy currently in place has an excess provision of £0 for standard cover and £50 for accidental cover.

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

**4.1** This policy is normally tendered on the basis of an initial 3 year contract period with the option to extend for up to a further two 12 month periods. The policy was last tendered in 2016/17 with a new contract commencing on 1 April 2017.

**4.2** The response from the market during the 2016/17 procurement exercise was limited. The current Insurer has also advised that they will not be renewing any of their UK held policies for 2022. This is following a review of the current Insurer's business model in the UK which they had to make given additional regulatory requirements which applied to their business in the UK as a third country branch following Brexit. This therefore means that the Block Building Insurance Policy will not be renewed with the current Insurer at the expiry of the current period of insurance i.e. 31 March 2022.

**4.3** Whilst there appears to be a limited number of Insurers interested in underwriting this type of business, Officers are taking advice from our Insurance Broker to help improve the tender response and influence and assist the market in terms of being more commercially attractive.

**4.4** The low interest from the market previously may be influenced by our current excess levels and claims experience. As such, potential variables to the scheme in terms of excess levels and possibly insurance coverage i.e. the range of insurable risks and the extent to which they are covered will be looked at as part of this tender process.

**4.5** Details of any potential variables to the scheme considered as part of this process together with the outcome of the tender exercise will be advised to scheme members on completion of the tender process.

#### **5. People Implications**

**5.1** There are no people implications.

#### **6. Financial and Procurement Implications**

**6.1** The cost of the insurance is passed to the property owners on an annual basis. As the Council is responsible for the management and administration of the scheme, the Council receives a proportion of the policy premium from the Insurer to cover this cost.

**6.2** No financial implications for the Council are expected given the recommended approach although this will be dependent on the terms received following the tendering process.

**6.3** All procurement activity carried out by the Council in excess of £50,000 is subject to a contract strategy. The contract strategy for the provision of the Block Building Insurance Scheme will be produced by the Corporate Procurement Unit in close consultation with officers from the Resources Insurance Team. The contract strategy shall include but may not be limited to; contract scope, service forward plan, the market, procurement model and routes – including existing delivery vehicles, roles and responsibilities, risks, issues and opportunities and ongoing contract management.

## **7. Risk Analysis**

**7.1** The properties covered by the current policy were required to accept such a condition as part of the sale of Council houses in terms of former 'Right to Buy' legislation in order to minimise the risk to remaining Council housing. The recommended approach maintains this risk mitigation.

**7.2** In the event that there is a limited response from the market with no suppliers willing to bid for 100% of the risk, the Contract Strategy will allow the lead Insurer to be identified and provide a solution for scheme members and also the Council.

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

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

## **9. Consultation**

**9.1** The report has been subject to consultation with appropriate Chief Officer, Procurement and the Council's Insurance Broker.

## **10. Strategic Assessment**

**10.1** Having considered all the Council's strategic priorities, this report and the provision of the Block Building Insurance Policy will ensure successful delivery of the strategic priorities of the Council.

**Stephen West**  
**Chief Officer - Resources**  
**Date: 19 October 2021**

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**Appendices:** None

**Background Papers:** Corporate Services Committee, 10 August 2016: Block Buildings Insurance for Privately Owned Ex-Council Properties; and Equalities Impact Assessment - Screening

**Wards Affected:** All