

Cabinet Report



Report subject	Risk & Insurance - Annual Review Contract Update Renewals
Meeting date	4 September 2024
Status	Report Public Appendices 1-4 Exempt (c) Information relating to the financial or business affairs of any person (including the authority holding that information)
Executive summary	This report updates councillors on the position of the council's annual insurance contract review and the material changes and implications to the council.
Recommendations	It is RECOMMENDED that: Members agree to recommendations a) to g) as set out in the Confidential Appendix 2 of this report.
Reason for recommendations	To maintain and continue to develop the long-term insurance strategy of the council. The objective of the procurement is to balance the risk versus the cost of the insurance cover taking into consideration the risk appetite of the council and the funds available to support self-insurance.

Portfolio Holder(s):	Councillor Mike Cox, Portfolio Holder for Finance
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Fiona Manton Risk & Insurance Manager ☎01202 127055 fiona.manton@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Update and Decision

Background

1. Prior to April 2019 the legacy councils of Bournemouth, Christchurch Dorset and Poole all had independent insurance programmes and contracts in place. These arrangements continued until 31 March 2019.
2. A conscious decision was made to continue these contracts until 31 March 2023 to allow a clearer indication of what the new council looked like and to allow the claims data to develop for at least three years. This enabled the identity of BCP Council to be presented to the market in a more mature form.
3. During this time of transition from April 2019 to March 2023, whilst many of the policies were combined, the main exception was that of the Property policy where three separate arrangements remained in place split geographically.
4. For April 2023 the council procured new insurance contracts to replace the mixture of bespoke and legacy contracts previously in place. The objective of the procurement was to balance the risk versus the cost of the insurance cover taking into consideration the risk appetite of the council and the funds available to support self-insurance.
5. It is not economical to insure all insurable risks and the insurance market would not expect local authorities to purchase ground up cover (cover without significant excesses). As a minimum, the adoption of a level of self-insurance reduces pound swapping with an insurer, limits the exposure to the volatility of the market and reduces the amount of Insurance Premium Tax payable which currently is at a rate of 12%.
6. Contracts were procured on a 3 plus 1 plus 1 basis subject to a Long-Term Agreement. This is a special arrangement particular to the insurance sector. For the benefit of a discount, the council offers to renew its policies for a period of time. The insurer is under no obligation to accept the business and may vary the terms at each annual review point.
7. The council uses a commercial broker to support the procurement of contracts and the on-going management of the contract arrangements. This is necessary for two reasons. Firstly, some insurers will only transact business via a broker, and secondly, some specialist markets can only be accessed via a broker. The

council has Marsh as its appointed broker for this purpose. (via a price quality procurement process).

8. The outcome of the 2023 procurement in terms of the appointed insurers is shown in Confidential Appendix 1.

2024 Insurance Contract Review

9. The outcome of the 2024 contract review is detailed in the Confidential Appendix 2, 3 and 4 of this report.

Summary of Recommendations

10. Agree the recommendations as set out in the Confidential Appendix 2 of this report.

Summary of financial implications

11. Financial implications are included within the Appendices of this report.

Summary of legal implications

12. There are no direct legal implications from this report.

Summary of human resources implications

13. There are no direct human resources implications from this report.

Summary of sustainability impact

14. There are no direct sustainability implications from this report.

Summary of public health implications

15. There are no direct Public Health implications from this report.

Summary of equality implications

16. There are no direct equality implications from this report.

Summary of risk assessment

17. The risk management implications are set out within the content of this report and the Confidential Appendices.

Background papers

None

Appendices

Appendix 1 - 2024 Insurance Contracts Review

Appendix 2 - Summary of Covers and Insurers

Appendix 3 - BCP Council – Annual Insurance Review 01 April 2024

Appendix 4 - Risk Information for Noting