

EAST HERTS COUNCIL

EXECUTIVE – 11 SEPTEMBER 2018

REPORT BY EXECUTIVE MEMBER FOR FINANCE AND SUPPORT
SERVICES

INSURANCE CONTRACTS OPTIONS

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- A decision needs to be made regarding future insurance arrangements as the council's Long Term Agreement ends in 2019.

RECOMMENDATIONS FOR THE EXECUTIVE: That:

(A)	the Council's insurance contracts should be extended for up to two years; and
(B)	ongoing participation as a Founding Member of the Local Government Association Mutual is maintained as recommended by Performance, Audit and Governance Scrutiny Committee.

1.0 Background

1.1 Insurance contracts across all classes of business, with the exception of staff life insurance, were subject to competitive tender in 2016 with a three year long term agreement expiring on 30 May 2019. (The staff life insurance scheme will cease on 30 November 2018).

1.2 The council must select one of the following options:

- Exercise options to extend contracts for a further year and then make a decision next year.
- Undertake a procurement exercise commencing September 2018.
- Join the discretionary mutual offering from the Local Government Association. The company was incorporated in May 2018 and is known as LGAM Ltd. (Hereafter referred to as LGAM).

1.3 The Committee is therefore asked to consider the various options available to the council and make a recommendation for the Executive to consider.

2.0 Report

2.1 Insurance contracts were subject of an OJEU tender exercise in 2016. Long term agreements expire on 20th May 2019 so the council must decide imminently which of the various options potentially available it wishes to pursue.

2.2 Business has been placed with conventional insurance markets since the demise of Municipal Mutual in 1992. The council's policies are underwritten by 8 different insurers with premium spend, excluding life insurance, likely to total £206,470 in 2018/19.

2.3 **Essential Reference Paper 'B'** details the options available to the council, as summarised in 1.2, and benefits and risks for each. Based on these, officers recommend extension of the existing contract for a maximum of 24 months, potentially mirroring the timetables of developments of Old River lane, Hertford Theatre and the leisure centres. *(Note – Essential Reference Paper 'B' is enclosed for Members only as it contains commercially sensitive information – paragraph 3 of Part I of Schedule 12A to the LGA 1972)*

2.4 At Performance, Audit and Governance Scrutiny Committee on 24 July 2018 Members recommended that the council extend existing contracts for up to two years with a report submitted in 2019 providing updates on the options available. Members also recommended that the Council remain a Founding Member of the LGA Mutual and requested that next year's report includes an update on that offering.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Papers 'A' and 'B'**.

Background Papers

None

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