

EAST HERTS COUNCIL

PERFORMANCE AUDIT AND GOVERNANCE SCRUTINY COMMITTEE –  
24 JULY 2018

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REPORT BY EXECUTIVE MEMBER FOR FINANCE AND SUPPORT  
SERVICES

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INSURANCE CONTRACTS OPTIONS

WARD(S) AFFECTED: ALL

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**Purpose/Summary of Report**

- Members' views are sought regarding future insurance arrangements as the Council's Long Term Agreement ends in 2019.

**RECOMMENDATIONS FOR PERFORMANCE, AUDIT AND GOVERNANCE SCRUTINY COMMITTEE:**

**That the Executive be advised that :**

<b>(A)</b>	<b>The Council's insurance contracts be extended for up to two years be supported.</b>
<b>(B)</b>	<b>Members' views on the ongoing participation as a Founding Member of the Local Government Association Mutual be considered and the Executive be advised.</b>

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 20<sup>th</sup> 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.

### 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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