

EAST HERTS COUNCIL

PERFORMANCE, AUDIT AND GOVERNANCE OVERSIGHT COMMITTEE
24 SEPTEMBER 2019

REPORT BY EXECUTIVE MEMBER FOR CORPORATE SERVICES

INSURANCE CONTRACTS OPTIONS

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- In July 2018 this committee recommended to the Executive that insurance contracts were extended for 12 months following expiry of the long term agreement on 30th May 2019. (The Executive agreed). This report provides an update as requested by Members in 2018.

<u>RECOMMENDATIONS FOR PERFORMANCE, AUDIT AND GOVERNANCE OVERSIGHT COMMITTEE: That:</u>	
(A)	The Committee recommend to the Executive that insurance contracts are extended for a further and final year.
(B)	An updated report is presented at the meeting in March 2020 with options for 2021.

1.0 Background

- 1.1 Insurance contracts across all classes of business were subject to competitive tender in 2016 with a three year long term agreement expiring on 30 May 2019.

1.2 Ahead of expiry of contracts the council had to select one of the following options (for 2019/20) and a recommendation was sought from the committee in July 2018:

- Exercise an option to extend contracts for a year and review options this year.
- Undertake a procurement exercise.
- Join the new discretionary mutual offering from the Local Government Association. The company was incorporated in May 2018 and is known as LGM Ltd. (Local Government Mutual. Hereafter referred to as LGM).

1.3 The Committee recommended to the Executive that insurance contracts were extended for up to two years with the position reviewed in 2019, hence this report. The Executive agreed. It was also agreed that the council would remain a Founding Member of LGM.

1.4 The committee is therefore asked to consider the current options available to the council and make a recommendation to the Executive.

2.0 Report

2.1 Business has been placed with conventional insurance markets since the demise of Municipal Mutual in 1992 however a new Mutual offering is available.

2.2 Insurance contracts were subject of an OJEU tender exercise in 2016. Long term agreements expired on 30th May 2019 and the council exercised its right to extend the contract by one year (of a maximum two years) as directed by this committee and The Executive. Rates and premium spend in 2019/20 remain consistent with 2018/19.

2.3 **Essential Reference Paper 'B'** details the options available to the council, which are not dissimilar to last year's options summarised in 1.2, and lists benefits and risks for each.

2.4 If recommendation A is agreed, an updated report should be presented in spring 2020 with options for 2021. An early decision will be necessary due to the prolonged timetable required for the options that will remain.

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

Performance, Audit and Governance Scrutiny Committee 24 July 2018

Contact Member: Councillor George Cutting – Executive Member for Corporate Services
george.cutting@eastherts.gov.uk

Contact Officer: Isabel Brittain – Head of Strategic Finance and Property
Extension 2050
isabel.brittain@eastherts.gov.uk

Report Author: Graham Mully – Insurance and Risk Business Advisor
Extension 2166
graham.mully@eastherts.gov.uk