

**TAVISTOCK TOWN COUNCIL
BUDGET & POLICY COMMITTEE
15th FEBRUARY, 2022
COUNCIL INSURANCE**

1. PURPOSE OF REPORT

To provide an update in relation to arrangements in respect of the Council's insurance and to agree future arrangements.

2. CORPORATE POLICY CONSIDERATIONS

The Tavistock Town Council's Strategic Plan 2017-2023 includes specific reference to a commitment to Best Value (Ec 4) and Prudent Financial Management (Ec 6). The effective operation of the Council is underpinned by the principles of prudent financial management and the effective management of risk.

3. LEGAL & RISK MANAGEMENT ISSUES

The Council is under statutory and other duties to maintain appropriate levels of insurance cover, which also assist in the mitigation and management of risk.

4. RESOURCE ISSUES

The resource issues are as set out in this report and the accompanying confidential appendix. The current cost of Council insurance is listed in the phased budget monitoring report routinely submitted to Council.

5. ENVIRONMENTAL ISSUES

There are no environmental issues directly arising in connection with this report.

6. COMMUNICATIONS ISSUES

There are no significant communications issues associated with this report.

7. RECOMMENDATIONS

That the Committee

- a) Review, receive and endorse as appropriate the schedule outlining existing levels of cover (confidential document enclosed (Appendix

- 1 refers)) to form the basis (subject to availability and professional advice from insurers) for future arrangements;
- b) nominate a Councillor to attend the opening of Tenders for the provision of Insurance Services to the Council (Note – a copy of the tender documents will be available for inspection by Members, by appointment, at the Council Offices);
 - c) endorse that, in view of the circumstances and the specialist nature of the services being sought, the procurement of insurance services be from a select list of specialist insurers/brokers (Financial Regulation 11.1(a)(ii) refers) without public advertisement;
 - d) in view of the Schedule of Meetings, authority be granted to the Town Clerk, in consultation with the Mayor, Deputy Mayor and immediate past Mayor to put in place all necessary arrangements to secure the provision of insurance cover with effect from 1st April, 2022 including to accept the tender representing best value.

1. BACKGROUND

1.1 There are various areas which a Council should keep under review in the way in which it manages its insurance needs, including, in particular: -

- Liability – such as Public/Employer's/Product Liability;
- Property (material damage) – all risks/fire & perils/theft/impact damage;
- Business Interruption;
- Fidelity Guarantee;
- Money;
- Officials' Indemnity;
- Libel & Slander;
- Personal Accident;
- Commercial Legal Expenses;
- Engineering Inspection;
- Contract works;
- Motor vehicles.

1.2 A summary of the main heads of current cover (not including fleet or engineering inspections) is appended and listed in the confidential section of the Agenda. Please note the Council has been advised general pandemic cover is not presently offered by sector insurers.

1.3 Typically, the Council itself reviews cover on a three yearly basis whilst during the contract term officers meet with the insurer/broker annually to review all cover alongside such in term adjustments as are necessary.

2. CURRENT SITUATION

2.1 The Council currently is (principally) insured by Military Mutual through a sector specific broker under an agreement which was scheduled to conclude on 31st March 2024. However, as previously reported, the insurer has served notice of withdrawal from the local government sector. This means the Council is unexpectedly obliged to re-tender for services to commence on 1st April, 2022. Given the shortness of time the process is necessarily already in hand with your officers. This report therefore seeks to outline and provide opportunity for review of that approach and secure authority for the letting of the contract.

2.2 More generally the insurance market is advised to be 'tight' at the moment with limited interest from insurers in the sector specifically, and a lower appetite for risk generally (i.e. higher premiums and/or reluctance to provide cover). Realistically, subject to cover being available, a minimum increase in premium of 25% (potentially appreciably more) is a realistic possibility.

2.3 The cost of insurance, alongside other expenditure, is reported each cycle to Council and previously reflected additions regarding extended cover for THI and Guildhall projects. It is also helpful to recognise that, albeit perhaps with some limited endorsements (such as increased no claim threshold), flood cover is an important element of cover for the Council as most of its estate sits in the Town Centre which some insurers classify as a flood plain. This may affect the availability and/or cost of cover.

2.4 Within the sector there are broadly one insurer(Zurich) and 3 brokers, James Hallam Ltd (was WPS), Gallagher and BHIB. The latter three are to a greater or lesser extent 'tied' to a preferred provider, with James Hallam Ltd being closest to a 'whole of market' broker. The intention is to seek quotes for cover from all of these (i.e. whole of market within the sector).

2.5 These options thereby cover off the main providers in the sector which represents a specialist service for the purposes of Council financial guidelines. This is why the approach set out in the recommendations above is proposed. When an award has been made by Council it will be published on the government contract portal.

2.6 A summary copy of current levels of cover is available for inspection by Councillors at the Council offices together with the documentation to be/issued to prospective providers. Providers have also been requested to indicate any areas where they might recommend revised/different levels of cover and why.

2.7 It is understood that existing valuations (buildings, regalia, monuments etc) are likely to be sufficiently up to date but there remains the possibility additional work may need to be commissioned (for example most insurers appear to be applying a post pandemic/inflationary uplift to property rebuild costs of 9.8-10% this year so the position is fluid).

3. COMMENTARY

3.1 The approach outlined above gives coverage of the main and proven specialist sector providers and affords the opportunity to test the market for insurance services.

3.2 The policy term being sought is 3 years with a facility to extend by up to another two and the instructions of the Committee are sought.

**CARL HEARN
TOWN CLERK
FEBRUARY 2022
TAVISTOCK TOWN COUNCIL**