

**TAVISTOCK TOWN COUNCIL
7th MARCH, 2023
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. However, the 'spike' in insurance costs for the Council in 2022, if it persists, represents an appreciable financial risk.

4. RESOURCE ISSUES

The resource issues are largely as set out in this report and the Budget. 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 Council:

- a) 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 is available for inspection by Members, by appointment, at the Council Offices);
- b) in view of the Schedule of Meetings, authority be granted to the Town Clerk, in consultation with the Mayor, Deputy Mayor and Chairman of the Budget and Policy Committee, to put in place all necessary arrangements to secure the provision of insurance cover with effect from 1st April, 2023, including to accept the

tender representing best value with report back to Council in due course.

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 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. However, as Council will recall, at the start of 2022 its insurer (Military Mutual) withdrew from the market leaving one year into a three year agreement. The re-tender exercise saw cover cost increase by approximately 3x, despite a good claims history.

1.3 In view of the substantial increase in cost the Council agreed to re-tender insurance services, which is being done with tender returns due on 13th March.

2. CURRENT SITUATION

2.1 Tenders have been sought on a sector specific basis in accordance with the previous practice of the Council for this specialist service. The Council currently is (principally) insured by Aviva and Ecclesiastical via James Hallam insurance Brokers.

- 2.2 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 alongside the extensive nature of its historic (listed/scheduled monuments) asset base.
- 2.3 More generally within the sector there are broadly one insurer (Zurich) and 3 brokers, James Hallam Ltd (was WPS), Gallagher (was Came an Co) and BHIB (tied). The latter three are to a greater or lesser extent 'tied' to a preferred provider(s), with James Hallam Ltd being closest to a 'whole of market' broker. Quotes for cover from all of these (ie whole of market within the sector) have been sought (note it is not possible to seek quotes from both BHIB and James Hallam as they use a common underlying insurer).
- 2.4 When an award has been made by Council it will be published on the government contract portal.
- 2.5 A summary copy of current levels of cover is available for inspection by Councillors at the Council offices together with the documentation issued to prospective providers. Providers have also been requested to indicate any areas where they might recommend revised/different levels of cover and why.
- 2.6 Some rebuild valuations have been undertaken (for those premises insured by Ecclesiastical). However, for premises it is recognised that building cost pressures are pushing rebuild prices ahead of general inflation.

3. COMMENTARY

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

3.2 Feedback from providers suggests the insurance market is less 'tight' than it was a year ago, but remains expensive by the standards of the previous 10+ years.

**CARL HEARN
TOWN CLERK
MARCH 2023
TAVISTOCK TOWN COUNCIL**