

RECORD OF DECISION MADE UNDER DELEGATED AUTHORITY

*PART 1 – PUBLIC DOCUMENT

Any interest to declare/ or conflict and any dispensation granted : None

SERVICE DIRECTORATE: *Resources*

1. DECISION TAKEN

To extend the contract for the Council's Liability insurance with Zurich Municipal for 3 years from 1 April 2023, in line with the extension clause in the original contract.

2. DECISION TAKER

*Cllr Ian Albert, Executive Member for Finance and IT
Ian Couper, Service Director: Resources*

3. DATE DECISION TAKEN:

21 September 2022

4. REASON FOR DECISION

4.1 Zurich Municipal provided the Council with the most economically advantageous contract when the original contract was awarded. The Council has now reviewed the options available for the period from April 2023. Zurich Municipal have advised that they will apply modest increases in their prices, especially when compared with prevailing inflation rates. It is therefore considered that this will provide better value for money than undertaking a new procurement exercise.

4.2 The Council's insurance broker (Marsh) has advised this is the best option.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Including liability insurance as part of a procurement exercise to be undertaken over Autumn/ Winter 2022, to award contracts for the period from April 2023. This has been discounted as it is considered likely that the extension will provide better value for money and will provide greater cost certainty.

6. CONSULTATION (INCLUDING THE EFFECT ON STAKEHOLDERS, PARTNERS AND THE PUBLIC)

6.1 The Executive Member for Finance and IT has been consulted on this decision. The Council's insurance broker has provided their view on the extension.

7. FORWARD PLAN

7.1 This decision is a key Executive decision, which has not been notified to the public in the Forward Plan. It was not possible to defer consideration of this decision because if the current contract is not extended then the procurement needs to be commenced now to ensure that there is new cover in place by 1st April 2023. It was not considered likely that the current insurance provider would provide competitive renewal terms, so it was not included on the Forward Plan. The Chair of the Overview and Scrutiny Committee has been informed.

8. BACKGROUND/ RELEVANT CONSIDERATIONS

- 8.1 The YPO Framework was used to obtain quotations for the Council's Liability insurance arrangements for the period from 1 April 2021. The tenders received were evaluated on a 60% cost 40% quality basis.
- 8.2 The most economically advantageous bid was received from Zurich Municipal. The premium for 2021/22 was in the region of £98k (including Insurance Premium Tax). The contract was let for 2 years, with the option of a 3 year extension.
- 8.3 In each year the cost of liability insurance is affected by contractual inflation, reasonable allowances for changes in risk (e.g. claims history), changes in salary estimates and changes in estimated land charges income. On a like-for-like basis (i.e., excluding any changes in salary estimates which can't be confirmed at this stage), Zurich are proposing increases of between 3.5% and 5% across the various components. The current estimate is that would see the insurance cost increase to £103k. The final cost will be higher as salary estimates will increase (e.g. pay based on inflationary pay award).

9. LEGAL IMPLICATIONS

- 9.1 Under the Council's procurement rules, "the appropriate Executive Member may authorise an extension of more than twenty-four months OR in excess of £200,000 with the approval of the Service Director: Resources following consultation with the Finance & IT Executive Member". For insurance the appropriate Executive Member is the Finance & IT Executive Member.
- 9.2 The Contract Procurement Rules require the publication of a Decision Notice for any procurement with a value of above £50,000.
- 9.3 This contract was let in accordance with the Contract Procurement Rules, and therefore its extension must be obtained in accordance with the rules for use thereof.
- 9.4 The Council must be satisfied that best value is obtained, and that the grounds for an extension to the existing contract outlined under rule 29 of the Contract Procurement Rules have been met.

10. FINANCIAL IMPLICATIONS

- 10.1 The annual value for this liability insurance is expected to be around £103k per annum (for 2023/24). This is expected to be managed within existing budgets, with an allowance for reasonable inflation. Although the Council will need to retender for other elements of its insurance, and it is possible that the overall cost will be greater than the budget. This decision is part of managing that risk.

11. RISK IMPLICATIONS

- 11.1 Insurance is a financial risk transfer. The Council has transferred these insurable risks for a known premium spend.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.2 There are no equalities implications in relation to this decision.

13. SOCIAL VALUE IMPLICATIONS

13.1 *The Social Value Act and "go local" policy do not apply to this decision.*

14. ENVIRONMENTAL IMPLICATIONS

14.1. There are no known Environmental impacts or requirements that apply to this decision.

15. HUMAN RESOURCE IMPLICATIONS

15.1 By continuing with the current insurer, it does reduce some of the work involved in retendering the contract.

16. BACKGROUND PAPERS

16.1 None

17. APPENDICES

17.1 None

NOTIFICATION DATE

23 September 2022

Signature of Executive Member Consulted 

Date21/9/2022.....

Signature of Decision Taker 

Please Note: that *unless urgency provisions apply* EXECUTIVE decisions cannot be implemented until 5 clear working days have elapsed after the decision has been taken to allow for scrutiny call-in.

Call-in does not apply to NON-EXECUTIVE DECISIONS