



ADUR & WORTHING
COUNCILS

Joint Strategic Committee

11 July 2023

Key Decision [Yes/No]

Ward(s) Affected:

Renewal of insurances contract - Use of urgency powers

Director for Sustainability and Resources

Executive Summary

1. Purpose

1.1 The purpose of this report is to notify members that the Chief Executive used her urgency powers to award the insurance contract for the period 1st June 2023 to 31st May 2026 with the option to extend for a further 2 years.

2. Recommendations

2.1 The Joint Strategic Committee notes that the Chief Executive used her urgency power to approve the renewal of the contracts as follows:

- i) Lot 1 - Zurich Municipal
- ii) Lot 2 - RMP (Risk Management Partners)
- iii) Lot 3 - Zurich Municipal
- iv) Lot 4 - RMP

2.2 The Joint Strategic Committee is asked to approve the use of the Capacity Issues Reserve to fund the additional costs as set out in section 6.0 of the report.

3. **Background**

- 3.1 The current long term insurance agreement was due to expire on the 31st May 2023 and we have therefore carried out a tender exercise for a new contract.
- 3.2 The Council needs to have insurance cover in place to protect it from financial losses as a result of, for example; property damage, injury to employees, third party injury or property damage.
- 3.3 Due to the current 'hard' insurance market, a decision was made to tender for a 3 year contract, with the option of 2 additional years, rather than the normal 5 +2 contract, in the hope that the market improves and we're not tied into the current more expensive contract for too long.
- 3.4 Following the appointment of an insurance broker in December, the insurance tender commenced. Since carrying our previous tenders a number of years back, the amount of information required by insurers has increased dramatically. Questionnaires had to be completed for both Adur and Worthing, running to over 100 pages, which meant liaising with dozens of Council officers in many different departments, which took a long time and was extremely time consuming. The tender was finally published on the 2nd March.
- 3.5 Subsequently, over 180 clarification questions were received, which again had to be investigated with officers across the Council, which again took a long time to obtain answers to and respond on. The insurance company tender responses came through in Mid April, following which the evaluation and moderation of the 11 responses across the 4 Lots was carried out alongside the broker, in the first week of May. The broker subsequently submitted their recommendation report.
- 3.6 Due to the extended nature of the procurement process, it was not possible to seek member approval and let the contract by the 31st May 2023 which was critical if the Council was to secure continuity of cover. Therefore the Chief Executive was asked to exercise her emergency powers and approve the new insurance contract.
- 3.6 An insurance broker was instructed to assist with the tender program, thereby opening up the 'broker only' insurance market to us, otherwise we would be limited to direct insurers, of which there is currently only one, Zurich Municipal.
- 3.7 Adur & Worthing's insurance portfolios were split into 4 Lots for the purpose of the tender;
 1. Property Cover
 2. Liability Cover
 3. Motor Fleet Cover

4. Personal Accident cover

3.8 All of the responses were evaluated on a 50% Price, 50% Quality basis, with the Quality element split down as; Assessment of Policy Cover – 25%, Claims Service – 10%, Added Value & Innovation – 5% and Social Value – 10%.

4.0 **Tender responses**

4.1 Having reviewed and evaluated all responses, the final outcome was as follows:

Adur:

Lot 1, Property – Zurich Municipal were the only respondents and therefore retained the Council's property insurance.

Lot 2, Liability – 3 insurers responded in relation to liability and following the evaluation process, RMP (Risk Management Partners) were the successful bidder. Whilst the 'quality' results were fairly similar, the differentiating factor was the price.

Lot 3. Motor – we had responses from 4 insurers to provide motor fleet cover. Following review, the successful bidder for this lot was Zurich Municipal. 2 of the bidders came in with very similar prices, but Zurich won the lot with a slightly better Quality score.

Lot 4. Personal Accident – There were 3 responses to the personal accident lot. This was won by RMP, the main factor again being price.

Worthing;

Lot 1, Property – Zurich Municipal were the only respondents and therefore retained the Council's property insurance.

Lot 2, Liability – 3 insurers responded in relation to liability and following the evaluation process, RMP (Risk Management Partners) were the successful bidder. Whilst the 'quality' results were fairly similar, the differentiating factor was the price.

Lot 3. Motor – we had responses from 4 insurers to provide motor fleet cover. Following review, the successful bidder for this lot was Zurich Municipal. 2 of the bidders came in with very similar prices, but Zurich won the lot with a slightly better Quality score.

Lot 4. Personal Accident – There were 3 responses to the personal accident lot. This was won by RMP, the main factor again being price.

The overall annual cost of the insurance program for each authority is;

Adur - £533,132.18

Worthing - £598,909.12

5.0 Engagement and Communication

5.1 Officers of the Council were consulted with to ensure compliance with the Council's contract Standing Orders

6.0 Financial Implications

6.1 The budget for insurances is as follows:

	Adur Actual £	Budget £	Difference £
Property	203,070	83,420	119,650
Motor	87,240	59,740	27,500
Employee	159,880	172,350	-12,470
Total			134,680

	Worthing Actual £	Budget £	Difference £
Property	462,230	275,590	186640
Motor	30,770	71,760	-40990
Employee	105,910	90,470	15440
Total			161090

	HRA Actual £	Budget £	Difference £
Property	82,940	73,960	8,980
Total			8,980

6.2 The outcome of the tender exercise will result in an additional cost of £304,750 which is expected in the current market and will need to be accommodated within the budget for next year. For 2023/24 any surplus costs will be funded from the capacity issues reserves as follows:

- Adur District Council £134,680
- Worthing Borough Council £161,090

Finance Officer: Sarah Gobey

Date: 12th June 2023

7.0 Legal Implications

7.1 Section 1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation.

7.2 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

7.3 Section 1 Local Government (Contracts) Act 1997 confers power on the local authority to enter into a contract for the provision of making available of assets or services for the purposes of, or in connection with, the discharge of the function by the local authority.

7.4 In awarding the Contract the Council is obliged to follow the urgency procedures set out in each Council's Constitution.

Legal Officer: Erutoma Sakpere

Date: 23 May 2023

Background Papers

- Invitation to tender

Officer Contact Details:- Name: Chris Mann

Role: Insurance Manager

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Email: chris.mann@adur-worthing.gov.uk

Sustainability & Risk Assessment

1. Economic

The proposal wouldn't have an effect on the economic development of our places or economic participation of our communities, apart from the fact that it will protect the Council in the event of large losses.

2. Social

2.1 Social Value

No major impact on our communities, apart from the fact that if someone were unfortunate enough to have suffer a loss / injury due to Council negligence, there would be insurance cover in place to deal with their claim, thus compensating them for their loss / injury

2.2 Equality Issues

There are no equality issues

2.3 Community Safety Issues (Section 17)

This proposal is not relevant to the reduction of crime and disorder

2.4 Human Rights Issues

This proposal does not impinge on anyone's human rights.

3. Environmental

There are no implications for the management, custodianship & protection of our natural resources.

4. Governance

There are no implications as far a the Council's priorities, action plans etc are concerned

There are no implications to the Council's reputation or relationship with partners, apart from possible positive ones.

The only implications from a risk management / health & safety perspective is positive, from the point of view that the Council will have insurance cover to

protect its position in the event of a claim. The insurers can also provide the Council with positive risk management guidance.