



Ryedale District Council

REPORT TO: POLICY & RESOURCES COMMITTEE
DATE: 31 July 2008
REPORTING OFFICER: CORPORATE DIRECTOR (s151)
SUBJECT: INSURANCE RENEWALS
WARDS AFFECTED: ALL

1.0 PURPOSE OF REPORT

1.1 To ensure that the Council can ensure that continuous insurance cover is in place.

2.0 RECOMMENDATIONS

It is recommended that:

- a. Members note the position in relation to the tendering of the Council's insurance portfolio; and
- b. Delegate Authority to enter into Insurance contracts to the Chairman of the Policy and Resources Committee in consultation with the Corporate Director (s151).

3.0 REASONS SUPPORTING DECISION

3.1 To safeguard the Council's assets and reduce potential liabilities arising from its activities.

4.0 BACKGROUND

4.1 The Council's existing insurance arrangements with Zurich Municipal expire on the 8 October 2008, following a five-year long-term agreement.

5.0 POLICY CONTEXT

5.1 Asset Management strategy and Risk Management Strategy.

6.0 REPORT

6.1 The Council has insured with Zurich Municipal (ZM) and its predecessor since inception in 1974 apart from one year when Municipal Mutual ran into financial problems. ZM is one of only a few companies in the Local Authority insurance sector, especially for providing all policy coverage. The present agreement with ZM expires on the 8 October 2008.

6.2 The Council currently has over 20 different insurance policies. These include the standard public and employers liability insurances, motor, property and other smaller policies for cash, travel, engineering etc.

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- 6.3 Procurement of insurance for local authorities tends to take the form of long-term agreements, usually up to 5 years which enable Insurers to offer discounts for the length of contract. With the values involved such procurement exercises are covered by the European procurement rules and require advertisement in the European Journal, plus various other administrative issues. An important part of the process is the Council's Insurance Tender Proposal setting out information about the Authority and specifying the cover levels it requires. It is this document that the insurers use to price the cover.
- 6.4 In anticipation of the renewal and recognising officer capacity and knowledge in this area Marsh Ltd have been appointed for the duration of the tender to assist in the process. This will ensure the Council complies with proper procurement practice and also that the tender document ensures, as far as is possible, that the Council gets the best value for money in terms of cover and price. The appointment of Marsh Ltd was undertaken under officer delegated powers, with a contract value not exceeding £5,000.
- 6.5 A detailed timetable for the process has been produced and is attached at Appendix A. As members will see the Council will need to decide after the 31 August 2008 which insurer(s) to appoint. Taking into account this date and the scheduling of the Committee cycle it is not possible to wait until the 2 October meeting of this Committee to approve the appointment of insurers and therefore delegated Authority for the Chairman is requested.
- 6.6 It should be noted that should best value be achieved through a combination of different insurers then this option will be used taking into account any additional administration issues which arise. Likewise should the Council require the ongoing services of an insurance broker, as all insurers except ZM deal through brokers, this cost will also be built into the evaluation. Detailed tender evaluation criteria have been specified as part of the tender process.
- 6.7 Ryedale has had a good claims record over recent years and in general the nature of activities and risks are smaller than other local authorities. Marsh Ltd have indicated that there is potential for the Council to make a cashable saving in premium spend out of this exercise. This saving if achieved will contribute to the Council's efficiency savings target.

8.0 OPTIONS

- 8.1 The Council has little option but to follow the European Procurement rules for the renewal of its cover. Within the policy tender documents various excess levels and cover levels have been specified which may enable the Authority to consider alternative cover. With the timetable set delegated Authority will be required to ensure that cover is continuous and any new insurers are able to take on cover from the 8 October.

9.0 FINANCIAL IMPLICATIONS

- 9.1 It is expected that there will be no additional cost in the provision of insurance cover for the Council and that there is potential for cashable savings.

10.0 SUSTAINABILITY ASSESSMENT

10.1 There are not thought to be any significant sustainability issues arising from this process.

11.0 RISK ASSESSMENT

11.1 There are risks around this process such as the appointment of insurers without sufficient financial standing and appointing insurers with insufficient understanding or experience of local authority workings. These risks are minimised through the use of an experienced Local Authority broker who will advise on such issues.

11.2 There is risk that the Authority fails to properly procure the insurance coverage and risks adverse external inspection and potential legal action as a result; Marsh Ltd has been appointed to minimise this risk.

12.0 CONCLUSION

12.1 Given the Council's need to retender its portfolio and the timescales involved members should note the work already undertaken in this respect and take into account the timetable for the process in considering the need for delegated authority.

Background Papers:

OFFICER CONTACT:

Please contact Paul Cresswell, Corporate Director (s151) if you require any further information on the contents of this report. The officer can be contacted on 01653 600666 extension 214 or Paul.Cresswell@ryedale.gov.uk.

**RYEDALE DISTRICT COUNCIL
RENEWAL 8 OCTOBER 2008**

Item	RESPONSIBILITY	TARGET DATE
Draft OJEU Prior Indicative Notice (PIN)	Marsh	30 April
Issue OJEU PIN	Marsh	1 May
Draft OJEU Notice (Negotiated Procedure)	Marsh	1 May
Issue OJEU Notice	Marsh	14 May
OJEU Notice published. Pre – selected insurers identified	Marsh	20 May
Request claims experience from insurers	Ryedale/Marsh	15 May
Claims information per category 5 year where available cut off 1 June	Ryedale/Marsh	1 June
Issue Financial Data Questionnaire	Marsh	1 June
Financial and other budgetary information received	Ryedale	15 June
Claims experience to be received from insurers. Analysis of claims	Ryedale/Marsh	15 June
Deadline for response to OJEU Notice	Insurers/Marsh	20 June
Authority Profile, Risk Management Initiatives & Background Literature	Authority	20 June
Tenders issued	Marsh	1 July
Insurer meetings with Authority	Marsh/Authority	23 July
Closing date for insurer response to Authority Tender	Insurers	1 August
Tenders to be considered /renewal report to be produced	Marsh	18 August
Presentation of renewal report to Authority	Marsh	31 August
10 day cooling off period expires	Authority/Marsh	10 September
Cover finalisation discussions	Marsh/Insurers	September
Cover placed prior to 8 October 2008	Marsh	24 – 30 Sept