

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Cabinet

**Date:** 12/02/2024

**Subject:** Insurance Tender 2024-2029

**Report of:** Councillor Rowan Ree, Cabinet Member for Finance and Reform

**Report author:** Beverly Mills, Assistant Head of Insurance

**Responsible Director:** David Hughes, Director of Audit, Fraud, Risk and Insurance

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## SUMMARY

This report sets out the proposed contract awards for sovereign insurance contracts for Combined Liability, Directors' & Officers' Liability, Terrorism, Motor, Crime, Personal Accident & Travel, School Journey and Engineering Inspection for contract commencement dates of 1<sup>st</sup> April 2024.

The tender strategy approved by Cabinet in July 2023 entailed a detailed joint procurement process of this Council with Westminster City Council and the Royal Borough of Kensington & Chelsea Council in conjunction with the Council's retained insurance advisors and with engagement with the procurement function. This ensured the Council's requirements were fully incorporated, ensuring that each of the three councils involved were priced according to their own risk profile but could benefit from bulk discounts sought from tenderers and efficiencies arising from sharing operational arrangements provided by the shared Insurance service.

The Council is committed to protecting the safety and wellbeing of its residents, in line with the Council's vision to ensure it obtains best value for residents by being ruthlessly financially efficient. The over-arching aim of these tenders was to put in place appropriate insurance cover for the Council and its residents, achieve financial efficiencies in the process of arranging the cover and to carry out appropriate section 20 consultation and liaison with the Council's leaseholders to ensure they are appropriately insured and recharged.

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## RECOMMENDATIONS

1. To note that Appendices 2 & 3 are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To approve the contract awards set out in paragraph 38 of the report.
3. To approve an increase to the self-insurance fund deductible limit for Combined Liability (Lot 2) from £100,000 to £350,000. The financial rationale is detailed in the report at paragraph 11 and Appendix 2.

4. To note that in summary however, the annual premium of the bid is reduced by £164K with an anticipated increase in the self-funding provision of circa £75K and therefore net additional saving on bid of £90K noting that given variances in claims experience year on year this needs to be considered over the contract period.
5. To note that Lots 1 (Property Insurance) and Lot 9 (Residential Leasehold Buildings insurance) are not to be awarded at this time and as detailed on the report are subject to a further tender process as detailed in this report at paragraphs 32 to 36.
6. To approve a delegated authority to the Strategic Director of Finance in conjunction with the Cabinet Member for Finance and Reform to subsequently approve the award of Lots 1 and 9, noting they need to be in place prior to 1<sup>st</sup> April 2024.

**Wards Affected:** All

<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Building shared prosperity	By providing financial protection of the Council and leaseholders assets and liabilities
Creating a compassionate council	For residential leasehold buildings insurance, the lease arrangement requires the Council as Freeholder to cover the reinstatement value of the leaseholder's asset
Doing things with local residents, not to them	To secure a competitive quotation for all the Council's insurance contracts, with the broadest cover available to ensure the widest protection is in place
Being ruthlessly financially efficient	Procurement of insurance cover mitigates the risk of financial exposure to the Council in the event of an insured peril and also protects the provision of front line services as well as the ability to recover the cost of residential leasehold building premiums
Taking pride in H&F	Insurance provides financial protection in the event of an insured peril causing damage to a property
Rising to the challenge of the climate and ecological emergency	Insurance provides protection of property for insured perils including weather related events of storm and flood

## **Financial Impact**

The approval of the insurance contract awards will ensure that the Council has appropriately insured against potential risks relating to Residential Leaseholder Buildings, Property, Combined Liability, Directors' & Officers' Liability, Motor, Crime, Personal Accident & Travel, School Transport and Engineering Inspections.

The estimated cost of these insurances was £0.86m in 2023/24 and this will reduce by £0.18m (or almost 19%) for 2024/25. The funding for 2024/25 is included in the Council's approved General Fund and HRA Budgets (subject to approval in February 2024).

The Council also retains an insurance reserve for supplementary unknown and unquantifiable risks.

Sukvinder Kalsi, Strategic Director of Finance 22<sup>nd</sup> December 2023.

## **Legal Implications**

This report concerns a tender process for the Council's insurance cover and one contract for engineering inspections. It makes recommendations for award of insurance contracts (Lots 2 – 8 and Lot 10) pursuant to the Strategy report presented to Cabinet in July 2023. Lots 1 and 9 will be awarded following a subsequent further procurement using a procedure which is to be decided in a separate procurement strategy report to Cabinet. A Waiver of a number of the LBHF standard requirements under Contract Standing Orders were granted to permit the tendering by the Royal Borough of Kensington & Chelsea, lead authority for the shared service for Insurance, Audit and Risk.

It is understood from the description in the report that a compliant tender process, in line with the Public Contract Regulations 2015, was used, specifically in the form of a competitive procedure with negotiation and using published award criteria.

The value of the individual awards (all of which are below 5m) would normally require only Cabinet Member approval under the Council's Contract Standing Orders but in this instance the decision is being made by the Cabinet itself given the cumulative value of these very similar contracts as noted in the Strategy report,

The decision-maker needs to be satisfied that the recommended decision will see the award of contracts being made to the companies submitting the most economically advantageous tenders on the basis of the published award criteria.

The Strategy report also approved a waiver of the standard requirement in CSOs for contracts of this value to have a formal written contract put in place by Legal Services and executed by deed. This will enable contracts to be brought into existence by the insurer issuing the policy documents, which is the standard mechanism for insurance contracts.

The decision is a Key Decision (see Article 12 of the Constitution) and the report must be submitted to Committee Services for publication on the Council's website.

Implications completed by: Angela Hogan, Chief Solicitor (Contracts and Procurement) 15<sup>th</sup> December 2023.

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## **Background Papers Used in Preparing This Report**

Insurance Tender Strategy Report for 2024- 2029 – PUBLISHED  
[Procurement Strategy Report Template \(lbhf.gov.uk\)](https://www.lbhf.gov.uk/procurement-strategy-report-template)

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## **DETAILED ANALYSIS**

### **Proposals and Analysis of Options**

#### **Reasons for Decision**

1. The contracts for insurance in respect of Property, Combined Liability, Motor, Directors & Officers, Engineering Inspection expire after a five-year term on 31 March 2024. A re-tendering of these contracts has taken place and was open to all qualifying bidders as is required under the Public Contract Regulations 2015
2. The contracts for Terrorism, Personal Accident, & Travel, School Journey, Crime expired 31 March 2022 and were extended by waiver for a period of two years to coincide with the tender process for the Council's main insurance programme.
3. Residential leasehold buildings insurance was last procured in 2019 on a five-year contract award basis. However, the insurer Avid, withdrew from the market in early 2023. The market for leasehold buildings had already reduced significantly due to the exit of Ocaso and Zurich in 2022, leaving Protector Insurance as the only provider offering a quotation to LBHF. Insurance was therefore placed with Protector effective from 01 April 2023 for a period of 12 months. Leaseholders were notified of this change in advance of invoices for 2023/24 being issued and were told that the Council would be undertaking a competitive procurement for this cover from 1 April 2024.
4. In view of the potential for catastrophic financial loss to Council budgets arising from damage to assets or the need to meet compensation awards for injury to the public or employees it is prudent to cap the financial exposure from any one event or occurrence by transferring some of this financial risk through the purchase of insurance from suitably regulated and qualifying providers.
5. The Council's insurance operations are discharged via a shared Insurance Service hosted by Royal Borough of Kensington and Chelsea which also includes the City of Westminster. The service delivery is fully integrated with employees delivering service response to all three councils based on specialisation.
6. It is a requirement of the Public Contract Regulations 2015 that these insurance contracts are subject to competitive procurement and as established above, the non-purchase of insurance coverage would result in uncapped financial

exposures for the Council and for which the potential value of losses could exceed reserves. Prudence would therefore dictate purchase of insurance and for some covers is a statutory requirement.

## Market Analysis

7. The market is traditionally limited for public sector risks in each category of risk. Property and Liability limited to two or three markets, Residential Leasehold one, possibly two markets currently. The lower value contracts of Crime, School Journey & Personal Accident are very difficult to place in isolation of the main insurance portfolio. Directors & Officers, Terrorism and Engineering inspection are also limited to two or three providers able to quote for local authority risks.
8. The set up of a captive insurance company rather than placement via the current provider market was also explored to consider if this could provide an alternative solution for certain lots. The initial feasibility report did not recommend this as a suitable option for the Property & Leasehold Buildings contracts and it is considered too expensive to pursue for the Liability risk. This is due to both the high set up costs involved and the ongoing financial obligations which would need to be met by the Council on long tail liability claims such as asbestos exposure for an indefinite period of time. Public and Employers Liability insurance is written on a Claims Occurring basis of cover, which means cover is in place for an insured event regardless of when a claim is reported, which in the case of claims such as allegations of abuse could be many years in the future and therefore does not allow for financial certainty.

## Tender process

9. As the host borough, the process has been subject to RBKC procurement methods and oversight although this will include discharge of responsibilities under 2012 Public Services (Social Value) Act, as required under the Council's CSOs.
10. The Quality Award Criteria is based on the technical specification, the technical specification for both policy coverage and claims handling requirements. The evaluation criteria are as below. Tenders were invited on the basis that insurance contracts and the engineering inspection would be awarded to the tenderers submitting the most economically advantageous tender using the criteria above. The tender was run through the CapitalESourcing portal. The competitive procedure with negotiation was used. After close of tenders, officers from the Insurance Service, with technical advice where needed from the Council's insurance advisers, evaluated the tenders received.

Lot type	Price	Policy Coverage	Claims provision / service	Added Value	Social Value
Leasehold	60%	10%	10%	10%	10%
Property	50%	20%	15%	5%	10%
Terrorism	60%	10%	10%	10%	10%
Liability	50%	15%	20%	5%	10%
Directors	60%	20%	5%	5%	10%

and Officers					
Crime / FG	60%	20%	5%	5%	10%
PA / Travel	60%	20%	5%	5%	10%
School Journey	60%	20%	5%	5%	10%
Motor	50%	15%	20%	5%	10%
Engineering Inspection	40%	50%	N/A	N/A	10%

## Results of tender process

### Lot 2 - Combined Liability

11. The Combined Liability policy provides cover for the Councils liabilities under one policy, and includes Public, Products & Employers Liabilities, Professional & Officials indemnity & Libel & Slander. The policy provides financial protection for legal costs and compensation where the Council is found to have been negligent. By transferring the risk to an insurance company, the Council is provided with a higher degree of financial certainty. Additionally, it is a statutory legal requirement for employers to hold Employers 'Liability insurance under the Employers' Liability (Compulsory Insurance) Act 1969.
12. Public Liability covers the Council for third party death, injury or property damage, where the Council is proved to be negligent, for example a trip or slip on a pavement, and also covers pollution, corporate manslaughter, Data Protection, abuse. Employers Liability covers the costs of employee claims for illness or injury caused by their work due to the Employers (the Council) negligence.
13. Professional Indemnity provides protection against claims for financial loss made by third parties as a result of a negligent service or advice the Council provided. Officials Indemnity provides similar cover for employees whilst carrying out statutory duties including elections.
14. Having completed the tender evaluation process (please see Appendix 3), the proposal is to award the Combined Liability insurance contract to insurer B. The quote is £286,184.48 per annum, including 12% Insurance Premium Tax. The premium is £7,491.87 lower than the 2023/24 premium. However, increasing the deductible from £100,000 to £350,000 will result in the internal re-charge contribution increasing by circa £71,266, as based on the calculations in the table below (£164,867.36 - £93,600.52). The combined insurer premium and self-contribution cost represent an annual reduction of 11%, and a potential saving of circa £44,210 over the next five years.
15. Whilst not the subject of this report the total cost of insurance is a combination of self-fund contribution and external risk transfer to insurers via an insurance premium. The external premiums subject to this tender are detailed in paragraph 25.

16. The bidder provided quotations with various levels of deductible, which were evaluated against claims data from the last 6 years, with average cost savings detailed as below. The claims costs have been adjusted to include inflation and the new fixed cost regime applicable to the claims.
17. Additionally, Bidder B offered an indemnity limit of £50m. Currently the limit is £25m, with the excess layer of £25m purchased separately. The Excess layer policy premium for 2024/25 are not yet available however, the premium for 2023/24 was £107,985.92 inclusive of 12% IPT, which represents a further estimated saving of £539,929 over five years in terms of the bid cost in comparison with others.

<b>LBHF</b>	<b>£250k deductible</b>	<b>£350k deductible</b>
<b>Average:</b>		
<b>2017</b>	£103,715.64	£150,574.20
<b>2018</b>	£20,605.82	£67,464.38
<b>2019</b>	-£97,896.08	-£151,037.52
<b>2020</b>	£118,008.80	£164,867.36
<b>2021</b>	£118,008.80	£164,867.36
<b>2022</b>	£118,008.80	£164,867.36
<b>Total savings over 6 years</b>	£380,451.78	£561,603.14
<b>Average Saving</b>	£63,408.63	£93,600.52

The table above has been provided to show the net saving between the increased expenditure from self-insurance reserves to meet payments on claims up to the proposed reserves against the premium savings from accepting the increased deductible.

<b>Lot 2 - Combined Liability</b>						
<b>Bidder</b>	<b>Price</b>	<b>Policy Coverage</b>	<b>Claims Handling</b>	<b>Added Value</b>	<b>Social Value</b>	<b>Total</b>
A	13.6 %	10.09%	13.5%	1.38%	4%	42.57%
B	50.00%	14.34%	12.00%	1.70%	7%	85.04%
D	18.1%	12.66%	11.00%	1.24%	8%	51.00%

### Lot 3 - Terrorism

18. Terrorism insurance provides cover for the loss or damage of the Council's property & assets - Corporate buildings & structures, Commercial properties, Housing, and Schools – caused by acts of terrorism and sabotage. Cover is also required under the residential property lease agreements in place. Terrorism cover is excluded from the general Property policies (Lots 1 & 9) and therefore in the event of a terrorist attack if cover was not placed any losses would need to be met by the Council.
19. Having completed the tender evaluation process, the proposal is to award the Terrorism insurance contract to Bidder H. The quote is £135,715.32 per annum,

including 12% Insurance Premium Tax. This total figure is £102,224.79 lower than the 2023/24 premium, representing an annual reduction of 42.96% and a potential saving of circa £511,123.95 over the next five years.

<b>Lot 3 - Terrorism</b>						
<b>Bidder</b>	<b>Price</b>	<b>Policy Coverage</b>	<b>Claims Handling</b>	<b>Added Value</b>	<b>Social Value</b>	<b>Total</b>
D	17.80%	8.54%	10%	5.80%	8.0%	50.14%
G	36.90%	8.59%	10%	7.20%	3.5%	66.19%
H	60.00%	9.23%	10%	7.20%	4.0%	90.43%

#### Lot 4 – Directors & Officers Liability

20. Directors & Officers insurance provides protection for directors and key managers/officers acting on behalf of an organisation. The cover offers protection the officer is sued as an individual for alleged wrongful acts such as negligence, errors & breach of duty. The cost of compensation and the legal costs of defending the allegation are covered by the policy. Without the cover the directors' personal assets would be put at risk in order to pay for the claim costs.
21. Having completed the tender evaluation process, the proposal is to award the Directors & Officers Liability insurance contract to bidder H. The quote is £92,881.60 per annum, including 12% Insurance Premium Tax. This total figure is the same as the expiring premium for the 2023/24 premium.

<b>Lot 4 - Directors &amp; Officers Liability</b>						
<b>Bidder</b>	<b>Price</b>	<b>Policy Coverage</b>	<b>Claims Handling</b>	<b>Added Value</b>	<b>Social Value</b>	<b>Total</b>
H	60%	19.46%	5%	0.55%	4%	89.01%

#### Lot 5 - Crime

22. Crime insurance covers financial losses as a result of theft or fraud committed by employees and in some circumstances by third parties and provides compensation for the amount of money misappropriated.
23. Having completed the tender evaluation process, the proposal is to award the Crime insurance contract to Bidder B. Two bids were received and whilst Bidder B is not the lowest price, Bidder D advised their bid is not valid in isolation of either Lot 2 or Lot 8, neither of which were awarded to the bidder. The quote is £47,040.00 per annum, including 12% Insurance Premium Tax. This total figure is £4,083.52 higher than the 2023/24 premium, representing an annual increase of 9.5% and a potential additional spend of circa £20,417.60 over the next five years.



<b>Lot 5 - Crime</b>						
<b>Bidder</b>	<b>Price</b>	<b>Policy Coverage</b>	<b>Claims Handling</b>	<b>Added Value</b>	<b>Social Value</b>	<b>Total</b>
B	54.7%	17.83%	4.17%	1.30%	7%	85.0%
D*	60.0%	19.79%	5.00%	0.51%	8%	93.3%

\*Will not accept lot in isolation of Lot 2 or 8

#### Lot 6 – Personal Accident/Travel

24. The policy provides financial protection for accidental injury, including loss of limbs or death resulting from an incident whilst carrying out duties for the Council. Cover is provided for all employees, volunteers, Council Members & School Governors. A lump sum or weekly benefit is paid out under the policy in the event of a claim. Additionality Business Travel cover is included for all employees and Members, cover includes medical expenses, legal expenses, cancellation/ curtailment and repatriation expenses.
25. Having completed the tender evaluation process, the proposal is to award the PA/Travel insurance contract to Bidder D. The lowest price bid was received from Bidder C however, the bid included a caveat that the Lot could not be placed in isolation of Lot 7, which is proposed to be awarded to a different bidder. The quote is £17,349.24 per annum, including 12% Insurance Premium Tax. This total figure is £68.76 higher than the 2023/24 premium, representing an annual increase of 0.39% and a potential additional spend of circa £343.80 over the next five years.

<b>Lot 6 – PA/Travel</b>						
<b>Bidder</b>	<b>Price</b>	<b>Policy Coverage</b>	<b>Claims Handling</b>	<b>Added Value</b>	<b>Social Value</b>	<b>Total</b>
B	22.1%	11.89%	4.80%	2.20%	7%	47.99%
C*	60.00%	19.67%	5.00%	3.40%	5%	93.07%
D	51.3%	17.44%	5.00%	4.50%	8%	86,24%

\*Will not accept lot in isolation of lot 7

#### Lot 7 – School Journey

26. School Journey cover is designed for educational trips and journeys provided by schools. It provides financial protection should something unexpected happen whilst on a trip. Cover is included for all pupils, school employees and volunteers and includes Medical & Legal Expenses, 24/7 Emergency Assistance, Accidental death or bodily injury, and Personal Accident benefits. Death & bodily injury benefits are paid as a lump sum.
27. Having completed the tender evaluation process, the proposal is to award the School Journey insurance contract to Bidder B. The lowest price bid was received from Bidder D however, the bid included a caveat that the Lot could not be placed in isolation of Lot 6, which is proposed to be awarded to a different bidder. The quote is £8,512.00 per annum, including 12% Insurance Premium Tax. This total figure is £3,943.52 higher than the 2023/24 premium, representing an annual increase of 86.32% and a potential additional spend of circa £19,717.60 over the next five years.

<b>Lot 7 – School Journey</b>						
<b>Bidder</b>	<b>Price</b>	<b>Policy Coverage</b>	<b>Claims Handling</b>	<b>Added Value</b>	<b>Social Value</b>	<b>Total</b>
B	30.7%	10.14%	4.9%	3.0%	7%	55.70%
C*	30.6%	9.73%	5.0%	2.3%	5%	52.60%
D	60.0%	18.92%	5.0%	4.8%	8%	96.72%

\*Will not accept lot in isolation of Lot 6

#### Lot 8 – Motor Fleet

28. The Motor Fleet policy covers all the Councils vehicles under a single policy. It protects the Council from compensation claims from third parties as a result of a motor accident causing property damage or personal injury. It is a legal requirement to hold third party motor insurance.
29. Having completed the tender evaluation process, the proposal is to award the Motor Fleet insurance contract to Bidder B. The quote is £40,847.02 per annum, including 12% Insurance Premium Tax. This total figure is £8,046.57 higher than the 2023/24 premium, representing an annual increase of 24.8% and a potential additional spend of circa £40,232.85 over the next five years.

<b>Lot 8 – Motor Fleet</b>						
<b>Bidder</b>	<b>Price</b>	<b>Policy Coverage</b>	<b>Claims Handling</b>	<b>Added Value</b>	<b>Social Value</b>	<b>Total</b>
A	11.8%	14.74%	14%	3.20%	4%	47.7%
B	50%	14.29%	14%	3.20%	7%	88.49%
C	20.8%	12.88%	18.50%	2.60%	5%	59.8%
D	49.2%	12.97%	12%	1.70%	8%	83.8%

#### Lot 10 – Engineering Inspection

30. An Engineering Inspection service is essential for owners and duty holders to help ensure the safety of plant and equipment owned or operated by the Council. The service provides periodic inspection of items of plant, including lifts and boilers, in order to comply with statutory and regulatory requirements under Health & Safety legislation. Faults or defects are identified and remedied to ensure the equipment is safe to use. Failure to carry out the inspections is a criminal offence which could lead to prosecution by Health & Safety Executive.
31. Having completed the tender evaluation process, the proposal is to award the Engineering Inspection contract to Bidder B. The quote is £114,619.29 per annum excluding VAT. This total figure is £21,144.55 higher than the 2023/24 premium, representing an annual increase of 22.62% and a potential additional spend of circa £105,722.75 over the next five years.

<b>Lot 10 – Engineering Inspection</b>				
<b>Bidder</b>	<b>Price</b>	<b>Assessment of Inspection Service</b>	<b>Social Value</b>	<b>Total</b>
B	39.2%	41.67%	7%	87.9%
E	40%	40.83%	5.5%	86.33%

F	24.7%	43.33%	6%	74.03%
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Lots 1 (Property) and 9 (Residential Leasehold Buildings)

32. Property insurance (Lot 1) provides coverage for the Council's properties and assets including Corporate buildings and structures, Commercial properties, Housing, and Schools. It covers the cost of repairing, rebuilding or replacing the property following damage by fire, flood, escape of water, impact, theft, lightning, earthquake, malicious damage and accidental damage. Without insurance such repairs/replacement costs would need to be funded by the Council.
33. Residential Leasehold (Lot 9) insurance provides buildings cover for the leasehold properties. The policy covers the cost of repairing, rebuilding or replacing the building following damage by fire, flood, escape of water, impact, theft, lightning, earthquake, subsidence, malicious damage, accidental damage and alternative accommodation. Under the terms of the lease arrangement the Council, as freeholder is required to arrange cover for the reinstatement value of the leaseholder's asset.
34. In respect of Lots 1 (Property) and Lot 9 (Residential Leasehold Buildings), just one bid was received for each lot, with a significant increase on the current premium together with subjectivities to provide extensive data for each property prior to the 1 April 2024. In view of this an exercise has been undertaken to gather even more information on all buildings and a further tender is being undertaken from Mid-January 2024 with a view to eliciting additional bids and to demonstrate that exhaustive processes has taken place given both our obligations to leaseholders and the Public Purse. The results and analysis of this tender process are unlikely to be available until late February / early March 2024. As a result, this report seeks approval to delegate the contract awards for Lots 1 and 9 to the Strategic Director of Finance, in conjunction with the Cabinet Member for Finance and Reform. This will enable contracts to be put in place by 1<sup>st</sup> April 2024. A report in a similar format to this will however support the decision process. The available market for placement of local authority insurance is traditionally limited, particularly for Residential Leasehold Buildings insurance which is explained under paragraph 3 of this report. However, the feedback from insurers who declined to bid on Lots 1 & 9 confirmed the most significant factors being insufficient detailed information regarding construction materials, insulation, cladding information including remedies & timescale for remedial action.
35. These insurers explained they would require far more detailed construction and risk information than previously provided to meet their underwriting acceptance criteria to allow them to quote.
36. Work is now underway with the various Property teams to gather the requested data to enable us to be in a position to re-procure the Property and Residential Leasehold lots early 2024. Provision was made within the original ITT to allow for the right to not award any or all of the lots. We are hopeful of securing at least one further bid and the re-tender would also allow us to consider alternative solutions such as the Lloyds insurance market. Additionally, insurers

will have secured their annual re-insurance terms by this point which removes some of the uncertainty of their rating structure for placement of risks.

37. The tenders in respect of lots 2-8 and 10 have delivered a saving of £180,415.66 per annum against 2023/24 external premium spend, which is 19.54% saving, and equates to a projected saving of £902,078.30 over the next five years. In terms of total cost of risk (external and internal self-funding) in view of the need to increase internal funding by £356,330 over the same period the net saving is £545,748.

<b>Contract</b>	<b>Premium 2023/24</b>	<b>Premium 2024/25</b>	<b>% Comparison</b>	<b>Annual difference from 2023/24</b>
<b>Lot 1 Property</b>	N/A	N/A	N/A	N/A
<b>Lot 2 Combined Liability including cost of £25/£25M Excess layer</b>	£401,662.27 (£293,676.35 + £107,985.92)	£286,184.48	-28.75%	-£115,477.79
<b>Lot 3 Terrorism</b>	£237,940.11	£135,715.32	-42.96%	- £102,224.79
<b>Lot 4 Director &amp; Officers Liability</b>	£92,881.60	£92,881.60	nil	nil
<b>Lot 5 Crime</b>	£42,956.48	£47,040.00	9.5%	£4,083.52
<b>Lot 6 PA and Travel</b>	£17,280.48	£17,349.24	0.39%	£68.76
<b>Lot 7 School Journey</b>	£4,568.48	£8,512.00	86.32%	£3,943.52
<b>Lot 8 Motor Fleet</b>	£32,440.45	£40,487.02	24.8%	£8,046.57
<b>Lot 9- Residential leasehold</b>	N/A	N/A	N/A	N/A
<b>Lot 10 Engineering Inspection</b>	£93,474.74	£114,619.29	22.62%	£21,144.55
<b>Total</b>	£923,204.61	£742,788.95	-19.54%	- £180,415.66

38. Contract for Lots 2-8 & 10 to be awarded on the following basis:

<b>Contract</b>	<b>Insurer</b>	<b>Year 1 Premium</b>	<b>Estimated five years premium</b>	<b>Contract Period</b>
<b>Lot 2 Combined Liability</b>	Zurich Municipal	£286,184.48	£1,430,922.40	5 years
<b>Lot 3 Terrorism</b>	Lloyd's market via Marsh Ltd	£135,715.32	£678,576.60	5 years
<b>Lot 4 Director</b>	Lloyd's market	£92,881.60	£464,408.00	5 years

<b>&amp; Officers Liability</b>	via Marsh Ltd			
<b>Lot 5 Crime</b>	Zurich Municipal	£47,040.00	£235,200.00	5 years
<b>Lot 6 PA and Travel</b>	Maven Public Sector	£17,349.24	£86,746.20	5 years
<b>Lot 7 School Journey</b>	Zurich Municipal	£8,512.00	£42,560.00	5 years
<b>Lot 8 Motor Fleet</b>	Zurich Municipal	£40,487.02	£202,435.10	5 years
<b>Lot 10 Engineering Inspection</b>	Zurich Municipal	£114,619.29	£573,069.45	5 years

### Equality Implications

39. No negative impact. Having insurance in place will provide a positive impact for all residents, staff and leaseholders including leaseholders with protected characteristics as the policy provides financial protection of their assets in the event of an insured clam including fire, storm damages and escape of water. In compliance with Section 149 of the Equalities Act 2010, the Council has given due regard to the requirements of the Public Sector Equality Duty. It is not anticipated that the re-procurement of these insurance contracts will have any negative impacts on any groups with protected characteristics, under the terms of the Equalities Act 2010.

The completed Equality Impact Assessment is attached Appendix 1.

### Risk Management Implications

40. Insurance is a method of transferring risk from one party to another. This could be the risk of damage to an asset (e.g., property insurance) or the risk to others arising from an activity (e.g. liability insurance). External insurance is necessary to provide a higher degree of financial certainty for the Council, which enables it to operate in an environment where risk is always present. Ground up insurance cover, where there is no excess, is not however a financially efficient transaction and the Council has chosen not to follow this route. The terms of risk transfer for the Council are set by a contractual arrangement commonly called the insurance policy. This requires the insurer, in return of a payment from the insured (the premium), to agree to reimburse the insured for losses arising from the consequences of an insured event.
41. The Council's risk environment internally and externally has changed materially in recent years. It continues to change at an escalating pace with new and emerging Cyber threats, Terrorism and specifically, more demanding regulations, for example the introduction of the General Data Protection Regulations. There is no single solution for protecting the public purse, the Community, Management, and the Council from the liabilities it faces. The best

approach is a combination of strong corporate governance and broad corporate indemnification through insurances and risk control.

*Jules Binney, Risk and Assurance Manager, 18/12/23*

### **Procurement implications**

42. The results of the evaluation process are reported by RBKC who have led the procurement and hold the e-tendering system audit trail for the tender. The lead borough procuring will issue any required notices. Once awarded the record of contract will need to be added to the contract register alongside the named contract manager/s.
43. RBKC confirmed that the Evaluation Matrix aligns with the proposal to award outlined in this report.

*Joanna McCormick, Assistant Director Procurement and Commercial  
14/12/2023*

### **Social Value**

44. It is a requirement that all contracts let by the council with a value above £100,000 provide social value commitments that are additional to the core services required under the contract.
45. Insurance is a shared service with RBKC & WCC. RBKC are the host, and the tender will therefore follow the RBKC procurement rules on this process.
46. The tender evaluation is subject to a 10% social value consideration and the 10% weighting is compliant with RBKC procedure.
47. The project lead will work closely with the council's Social Value Officer and the service provider to agree on social value measures and their delivery plan.
48. It is recommended that the project lead works closely with Legal Services to ensure appropriate social value clauses are included in the contract, so that the council can enforce its right to remedies if social value commitments are not delivered.

*Oliur Rahman, Head of Employment and Skills, 15/12/2023*

### **Digital Services and Information Management**

49. No IT implications are considered to arise from this report. Should this not be the case, for example, by requiring new systems to be procured or existing systems to be modified, IT Services should be consulted.
50. IM implications: The Insurers will be expected to have a Data Protection policy in place and staff will be expected to have received Data Protection training. The service will also need to complete a Data Privacy Impact Assessment.

51. Any contracts with the insurers will need to include H&F's data protection and processing schedule. This is compliant with the UK Data Protection law.

Implications completed by: Cinar Altun, Digital Strategy Lead, 18 December 2023

## **Consultation**

52. Stage 1 consultation and engagement with leaseholders took place during July and August 2023. All leaseholder observations received have been given due regard and have been responded to within the statutory timeframe.
53. At Stage 2 leaseholders will have been contacted to explain the situation and the rationale for re-tendering. Whilst it is unlikely a stage process 2 can be completed prior to 1<sup>st</sup> April 2024 and therefore may need a temporary award for 12 months with the option upon completion of consultation to amend to 5 years.

## **LIST OF APPENDICES**

### **Appendix**

Appendix 1 Equality Impact Assessment

### **Exempt Appendices**

Appendix 2 Liability Claims data

Appendix 3 Consolidated Evaluation matrix