

CABINET - 7TH MAY 2020

Report of the Head of Strategic Support Lead Member: Councillor Poland

Part A

ITEM 7 INSURANCE ARRANGEMENTS

Purpose of Report

To consider extending the Council's current long term agreement for insurance for a further year.

Recommendation

That the Council extends its existing long term agreement (LTA) for insurance for a further year (ie. From 1st June 2020 to 31st May 2021), and that delegated authority be given to the Head of Strategic Support to finalise and agree the detailed terms of the extension.

Reason

To ensure that the Council has appropriate insurance cover in place.

Policy Justification and Previous Decisions

At its meeting on 15th February 2018 Cabinet agreed (minute reference 95) that the Council should become a founder member of the Local Government Mutual (LGM), and agreed to note that a further report with a business case for utilising the LGM would come back to Cabinet when the Council's current long term agreement for insurance cover comes to an end.

The long term agreement for the current insurance cover comes to an end on 31st May 2020, although there is an option to extend that agreement for up a further 2 years.

There is therefore now an opportunity to either join the LGM, or to extend the current long term agreement.

As a founder member of the LGM, the Council has a liability of £100 in the event of the organisation being wound-up.

Implementation Timetable including Future Decisions and Scrutiny

If Cabinet agree the recommendations in this report, insurance cover will be arranged to come into effect from 1st June 2020.

Report Implications

The following implications have been identified for this report.

Financial Implications

There is an existing budget for insurance cover, which amounts to £478,400 for 2020/21/

Risk Management

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
The costs of extending the LTA may exceed the available budget.	Unlikely (2)	Significant (2)	Low (4)	Insurance costs are to some extent outside the Council's direct control (ie. General insurance market factors), however officers aim to work with our brokers to keep costs to a minimum.

Key Decision: Yes

Background Papers: None

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Part B

Background

1. The Council had been working with the Local Government Mutual (LGM) to provide an alternative option for insurance cover for 2020/21. However, there had been delays in the LGM being able to provide pricings.
2. There would also have been risks associated with joining the LGM, as they are a new provider in the insurance market and as such their claims handling processes and business model are somewhat untried and untested.
3. Given this, and also condering the current significant uncertainties associated with the ongoing coronavirus pandemic, it is felt that it would be more prudent to extend the current LTA for a further year.
4. The renewal process is already well underway, and it will be possible to agree renewal terms in advance of the renewal date of 1st June 2020.
5. The extension of the existing LTA will be for one year, and there will therefore be a further opportunity to consider joining the LGM for the 2021/22 policy year.