

## Retender of CP2385-24 Insurance coverage and associated service (not broking services)

### Report of the Director of Legal & Democratic Services

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Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

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#### **1) Recommendation**

That the Cabinet / Committee be asked to:

- (a) Note the re-procurement of the Council's insurance policies following compliance with public procurement law; and
- (b) give delegated authority to the Director of Legal & Democratic Services to award a contract to the successful bidders following the outcome of the above-mentioned procurement process, for a contract duration of 3 years with the option to extend by 2 years.

#### **2) Background**

It is a statutory requirement for Devon County Council to hold employers liability insurance and third party motor insurance. In addition, given the wide ranging liabilities linked to the Council's activities, together with a property portfolio valued in excess of £1 billion, it is considered essential that the Council holds the following insurances:

1. Property, Business Interruption & Contract Works
2. Fidelity Guarantee/Crime
3. Combined Liability
4. Personal Accident & Travel
5. Engineering Services

These insurances are required to cover the day to day business of the Council ensuring that the Council is financially protected in the event of a claim, particularly large loss/catastrophic claims.

The Council receives approximately 1,500 insurance claims per annum, with claim values amounting to several million pounds. Therefore, having adequate insurance in place is vital to ensure financial protection for the Council.

### **3) Main Body / Proposal**

This report is requesting that the current policies are renewed following the completion of a procurement exercise.

DCC employs an Insurance Broker who is conducting a tendering exercise on its behalf. This Report has no specific equality, sustainability or legal implications that are not already covered by or subsumed within the detailed policies or actions referred to therein.

### **4) Options**

The current policies are due to expire on the 31<sup>st</sup> December and new cover is required.

The statutory need for insurance requires the policies to be retendered every 5 years.

### **5) Consultations & Representations**

The Corporate Insurance Manager is responsible for the day to day management of the policies and they have worked alongside their Insurance Broker and Procurement Officer to conduct a procurement exercise to renew/replace the expiring policies.

### **6) Strategic Plan**

**The provision of Insurance assists in supporting the wider aims and goals of DCC as follows:**

#### **Respond to climate emergency**

Supports our Highways Department by ensuring their activities are adequately covered by our insurance policies and dealing with any insurance claims received regarding incidents which have occurred on the highway. We receive more claims relating to highway incidents than any other type of claim and this is particularly pertinent with the increase in extreme weather events we are seeing, and potential for increased exposure to damage across the network. We also provide advice in relation to any changes to highway policies or processes which may have the potential to expose the Council to an increased risk of litigation.

#### **Being ambitious for Children and Young People**

The provision of insurance cover and risk management advice to our maintained schools to ensure that the children, their activities, and the buildings they inhabit, are adequately covered by insurance and are safe and protected.

The insurance department also provide assistance to Children's Services by arranging property insurance cover in respect of temporary accommodation for young people in

care where this is not covered by the existing landlord's insurance, meaning that they can be safely housed until permanent accommodation becomes available.

### **Support sustainable economic recovery**

One of the main roles of the insurance department is to defend civil claims against the Council where we have a valid legal defence. This ensures that we are protecting the public purse by not simply paying compensation to claimants where we are not legally obligated to do so. Our average repudiation rate over the past 5 years is 80%, which has resulted in several millions of pounds worth of savings to the Council.

The Council's history of good claims management combined with our excellent repudiation rates also results in us paying reduced insurance premiums to our insurers.

### **Improve health and wellbeing**

By providing insurance advice and cover for Devon's Highways, this aligns with the Authority's strategic objectives in relation to promoting active travel and providing a safe and resilient highway network.

### **Help communities be safe, connected and resilient**

Our insurance policies cover the work of DCC volunteers and we have successfully assisted Highways with the Road Warden and Snow Warden schemes, meaning that we can benefit from better mobilising and empowering our local communities without insurance being seen as a barrier.

Some of our insured properties are used for "community use" meaning that the community groups who lease the properties do not need to arrange and pay for separate buildings insurance.

## **7) Financial Considerations**

The current total cost for our various insurance policies is approximately £1.5 million per annum. Following the successful retender of the Insurance Policies, it is likely that we will achieve a saving of approximately £170,000 per annum without any loss of coverage or service. The insurance premiums are paid from the Council's insurance fund, which is ringfenced to pay for any claims/costs which fall below our policy excesses, together with the annual insurance premiums.

In addition to the statutory requirement to have employers liability and third party motor insurance, it is considered essential to take out additional insurances to cover the Council's high value assets and liabilities as follows:

1. Property, Business Interruption & Contract Works
2. Fidelity Guarantee/Crime
3. Combined Liability

4. Personal Accident & Travel
5. Engineering Services

## **8) Legal Considerations**

The lawful implications/consequences of the proposals have been considered and taken into account in the preparation of this report. It is a statutory requirement for DCC to hold Employers Liability and Third Party Motor Insurance

## **9) Environmental Impact Considerations (Including Climate Change, Sustainability and Socio-economic)**

This work will not have a direct Environmental Impact.

## **10) Equality Considerations**

Where relevant, in coming to a decision the Equality Act 2010 Public Sector Equality Duty requires decision makers to give due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding

in relation to the protected characteristics (age, disability, gender reassignment, marriage and civil partnership (for employment), pregnancy and maternity, race/ethnicity, religion or belief, sex and sexual orientation). This Council also treats care experience as if it were a protected characteristic.

A decision maker may also consider other relevant factors such as caring responsibilities, rural isolation or socio-economic disadvantage.

In progressing this particular scheme / proposal, an Impact Assessment has been prepared which has been circulated separately to Cabinet Members and also is available on the Council's website at <https://www.devon.gov.uk/impact/published>

An Impact Assessment was conducted and published below:

[devoncc.sharepoint.com/sites/PublicDocs/Corporate/Impact/Forms/AllItems.aspx?id=%2Fsites%2FPublicDocs%2FCorporate%2FImpact%2F2024%2FInsurance%2FContracts%2F24%2FJuly](https://www.devon.gov.uk/impact/published)

[2024%2Epdf&parent=%2Fsites%2FPublicDocs%2FCorporate%2FImpact%2F2024%20to%2025&p=true&ga=1](#)

The outcome of this was that the requirement did not impact upon equality.

## **11) Risk Management Considerations**

Not renewing our insurance policies would expose the Council to significant financial and reputational risks and would result in any claims and associated legal costs needing to be met by the Council.

## **12) Summary**

The provision of Insurance for some areas is statutory and for others recommended. The replacement/renewal of our policies is required to ensure we are adequately financially protected in the event of any large loss claims. The process is compliant with procurement regulations and has been conducted in a manner that provides transparency and fairness to bidders. Therefore delegated authority is sought to complete this process and to deal with the renewals of the policies over the duration of the contracts.

### **Name**

Director of Legal & Democratic Services, Maria Price

**Electoral Divisions:** All

Cabinet Member for Councillor James McInnes: Councillor N/A

## **Local Government Act 1972: List of background papers**

Background Paper: N/A

Date

File Reference

### **Contact for enquiries:**

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