

## Members' Library Service Request Form

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Originator	Karen Mcleod, Insurance & Risk Officer
Originator's Ref (if any)	
Document Title	Insurance Tenders - 1 November 2020

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Additional information:

Authorised By	Sharon Saunders
Designation	Head of Communities & Partnerships
Date	18/11/20

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**REPORT TO:** Members' Library Service

**MEETING DATE:** November 2020

**BY:** Head of Communities & Partnerships

**SUBJECT:** Insurance Tenders – 1 November 2020

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## **1 PURPOSE**

- 1.1 To note the decisions for the renewal of council insurance policies for:
- > Property/Material Damage and Business Interruption
  - > Contractors' All Risk
  - > Motor Fleet and Hired Vehicles and Registered Plant
  - > Combined Liability
  - > Fidelity Guarantee
- 1.2 Previously, insurance policies had renewal dates of 1 June and 1 October, the renewal date has been changed to 1 November for future policies to have a common renewal date for the majority of the Council's insurance requirements.

## **2 RECOMMENDATIONS**

- 2.1 Cabinet is asked to note the decision of the Head of Communities & Partnerships in consultation with the Head of Council Resources to accept the following tenders for Council insurance policy cover effective on 01 November 2020:

<b>Policy</b>	<b>Contractor</b>	<b>Premium</b>	<b>Excess per Event</b>	<b>Annual Aggregate</b>
Property Material Damage	<b>AIG Europe Limited (via RMP)</b>	£269,642.00	£250,000.00	£750,000.00
Business Interruption	<b>AIG Europe Limited (via RMP)</b>	£67,970.00	£250,000.00	£750,000.00 (included in above)
Contractors All Risk	<b>HSB Engineering Insurance (via RMP)</b>	£7,794.00	£5,000.00	£750,000.00
Motor Fleet, Hired Vehicles and Registered Plant	<b>QBE UK Insurance (via RMP)</b>	£90,780.00	£75,000.00	£180,000.00
Combined Liability: Cross Class Insurance Employers and Public Liability, Directors' and Officials Indemnity, Professional Indemnity	<b>QBE UK Insurance (via RMP)</b>	£260,918.00	£75,000.00	£750,000.00
Fidelity Insurance	<b>QBE UK Insurance (via RMP)</b>	£15,000.00	£75,000.00	£750,000.00

### **3 BACKGROUND**

#### **Renewal of council Insurance Policies**

- 3.1 East Lothian Council currently has in place insurance policies for major perils. The Council's requirements for insurance policy renewal were tendered via Crown Commercial Services. Quotations were asked for existing terms and one alternative for each class of business for comparison.

- 3.2 The procurement exercise tested the market using an approved contractor framework, Crown Commercial Services. There are very few insurers who conduct Local Authority business. There is a hardening market with less capacity as a result of reinsurers imposing higher terms following world-wide and national catastrophic risks in recent years.

**Tender Validation and Evaluation:**

- 3.3 Tenders were checked and evaluated by Susan Moore, Senior Procurement Officer, Karen McLeod, Insurance & Risk Officer, Geraint Jones representing the Council’s Insurance Broker, Marsh Limited along with assistance from Scott Kennedy, Council’s Emergency Planning, Risk and Resilience Officer.
- 3.4 RMP were the only provider to respond to requests for quotes in respect of insurance cover for Property Material Damage and Business Interruption, Contractors’ All Risk and Fidelity Insurance.
- 3.5 The procurement process was approved by Agnes Eperjesy, Commercial Programme Manager, Procurement.

**Property Material Damage and Business Interruption Insurance**

- 3.6 Only one tender response was received from AIG Europe Limited (via RMP):

	<b>Premium</b>	<b>Excess per event</b>	<b>Annual Aggregate</b>
<b>AIG UK via RMP Property</b>	£269,642.00	£250,000.00	£750,000.00
<b>AIG UK via RMP Business Interruption</b>	£67,970.00	£250,000.00	£750,000.00 (included in above)

- 3.7 The policy cover will be as per the existing property/material damage/business interruption policy. This is a 3-year long-term agreement with a further two years - one year plus one - option.

**Contractors’ All Risk (CAR) Insurance**

- 3.8 Only one tender was received:

	<b>Premium</b>	<b>Excess per event</b>	<b>Annual Aggregate</b>
<b>HSB ENGINEERING via RMP</b>	£7,794.00	£5,000	£750,000

- 3.9 This brings together two elements of cover that are needed for works carried out to existing structures. The policy covers damage to buildings and property and liability for third party claims during the works. This aims

to safeguard both the contractor and Council against financial loss should a claim be made. This policy relates to refurbishment and extensions to existing properties. It also covers ongoing upgrades such as central heating and roofing works, which are carried out by contractors.

- 3.10 The contract is for a 3-year long term agreement with a further two years - one year plus one - option.

**Motor Fleet, Hired in Vehicles and Registered Plant Insurance**

- 3.11 Four tenders were received:

<b>Tenderer</b>	<b>Tender Evaluation Score / Out of 100</b>
QBE UK Insurance (via RMP)	88.11
Travellers	74.74
Protector	63.75
Maven	63.19

- 3.12 QBE UK Insurance (via RMP) quoted a Premium of £90,780.00, with an Excess per Event of £75,000.00 with Annual Aggregate of £180,000.00.

- 3.13 The premium quoted is based on the current number and market value of vehicles being insured including short term hires and registered plant purchased or hired in. The premium quoted in the tender is based on accumulated value of £3,379,000 for 536 vehicles as at 01/08/20.

**Combined Liability Insurance:**

- 3.13 Two tenders were received:

<b>Tenderer</b>	<b>Tender Evaluation Score / Out of 100</b>
AIG Europe via RMP	89.98
Maven	79.19

- 3.14 AIG Europe vis RMP quoted a Premium of £260,918.00, with an Excess per Event of £75,000.00 with Annual Aggregate of £750,000.00.

- 3.15 Cross Class Insurance – Employers and Public Liability: The premium is based on staff numbers; payroll and claims experience and provides cover

for the Council's legal liability to employees, Councillors, Agency and Contract staff.

- 3.16 Public Liability insurance is insurance that covers claims for injury or damage to property made by the public that happen in connection with the Council's business. The premium is based on a number of factors including services, risk appetite and claims experience. The current limit of liability for Employers/Public Liability is £30m any one occurrence, £10m for Data Protection and £1m for libel/slander any one claim.
- 3.17 There is an additional section for Environmental own clean-up costs and third party liability.
- 3.18 Directors' and Officials Indemnity: This policy provides liability coverage for the errors and omissions of public officials, including Elected Members. The premiums is based on gross expenditure.
- 3.19 Professional Indemnity: This provides cover for providing incorrect information or recommendations by staff. The premium is based on information on fees and services received from Business Units who wish this cover. The insurer must be notified of any incidents known which may result in a claim prior to inception. This is referred to as Incurred but not Reported (IBNR).
- 3.20 The above cost also includes estimated external claims handling for injury claims and property damage claims over £2,000.

### 3.21 Fidelity Insurance

Only one tender was received:

	Premium	Excess per event	Annual Aggregate
<b>QBE UK Insurance via RMP</b>	£15,000.00	£75,000.00	£750,000.00

- 3.22 The premium is based on staff numbers, payroll and claim experience.

## 4 COMMUNITY BENEFITS IN PROCUREMENT (CBIP)

- 4.1 Nil.

## 5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **6 POLICY IMPLICATIONS**

- 6.1 External Insurance is designed to protect the financial well-being of the Council in the case of unexpected loss, whilst achieving an appropriate balance between the cost of premiums and the risk the Council accepts under an insurance policy. Good risk management across the organisation can help reduce reliance on external insurance so that cover is only required for major or catastrophic events.

## **7 RESOURCE IMPLICATIONS**

- 7.1 Financial – The cost of insurance premiums is contained within existing budget with an inflationary increase being applied each year. The proposed premium costs associated with the new contract can be met within approved budget levels. An allowance has been made for increased buildings costs following Brexit. Premiums quoted exclude Insurance premium tax of 12%.
- 7.2 Personnel – The Insurance & Risk Service hold regular meetings with Risk Management and Health & Safety and will provide management information throughout East Lothian Council to identify the highest risks and costs of claims.
- 7.3 Other – None.

<b>AUTHOR'S NAME</b>	Sharon Saunders Karen McLeod
<b>DESIGNATION</b>	Head of Communities & Partnerships Insurance and Risk Officer
<b>CONTACT INFO</b>	Sharon Saunders Tel: 01620 827632 Karen McLeod Tel: 01620 827876
<b>DATE</b>	20 October 2020

# **Supporting Good Decisions**

**Promoting Equality and Human Rights;  
Reducing Poverty; and  
Protecting the Environment**

## **Integrated Impact Assessment Form**



# Integrated Impact Assessment Form

## Promoting Equality and Human Rights; Reducing Poverty; and Protecting the Environment

<b>Title of Policy/ Proposal</b>	Provision of Insurance
<b>Timescale for Implementation</b>	01/11/20
<b>IIA Completion Date</b>	02/11/20
<b>Completed by</b>	Karen McLeod
<b>Lead officer</b>	Sharon Saunders

### Section 1: Screening

#### 1.1 Briefly describe the policy/proposal/activity you are assessing.

Set out a clear understanding of the purpose of the policy/ proposal/ activity being developed or reviewed (e.g. objectives, aims) including the context within which it will operate.

The Council self funds the majority of property and liability losses. The Council purchases insurance cover for those risks, with insurance cover for critical losses which are economically unattractive to self insure.

The bulk of the losses shall be met from an insurance fund the cost of which shall be apportioned to departments by value of assets, number of employees, budget etc. Schedule 13 of the Local Government (Scotland) Act allows the setting up of insurance funds All insurance premiums, consultancy fees, administration costs, statutory inspections, negotiation and payment of claims below the policy excess and payment of legal expenses shall be paid from the fund.

## 1.2 What will change as a result of this policy?

There will be no changes to the current insurance programme which has been in place since 2015/16.

## 1.3 Deciding if a full Impact Assessment is needed.

Please answer the following questions:

	Yes	No
1. The policy/ proposal has consequences for or affects people e.g. how they can access a service?		X
2. The policy/proposal has potential to make a significant impact on equality and human rights, socio-economic disadvantage, the council's role as a corporate parent, or the council's commitment to tackling climate change?		X
3. The policy/proposal is likely to have a significant environmental impact as defined by the Environmental Impact Assessment (Scotland) Act 2005?		X
4. The policy/ proposal involves a data processing activity (storage / collection of personal data) that is likely to result in a high risk to individuals as determined by Article 35 of the General Data Protection Regulation?		X*

- If you have answered yes to questions 1 and 2 above, please proceed to complete the Integrated Impact Assessment. If you have answered No then an IIA does not need to be completed. Please keep a copy of the screening paperwork.
- If you have answered yes to question 3, you will need to consider whether you need to complete a Strategic Environmental Assessment.
- If you have answered yes to question 4, you will need to consider whether you need to complete a Data Protection Impact Assessment. Please seek further advice from the Team Manager Information Governance.

- \*This has been checked with the Team Manager, Information Governance and an amendment of terms made in respect of GDPR prior to an award being made.
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## Section 2: Integrated Impact Assessment

2.1 Have those who are directly affected by the policy had the opportunity to comment on new proposals?

2.2 What information/data have you used to inform the development of the policy to date?

2.3 What does the evidence/ research suggest about the policy's actual or likely impact on equality groups and those vulnerable/ or experiencing socio-economic disadvantage?

Evidence	Comment
Which groups are in particular need of this service?	
What level of service uptake/ access is there from protected and vulnerable groups?	
Can you identify positive outcomes for service users	
What is the service user experience of those from protected or vulnerable groups?	
What opportunity have those from protected groups had to co-produce or comment on the service/ plans?	

## 2.4 How does the policy meet the different needs of groups in the community?

	Comments
<p><b>Equality Groups</b></p> <ul style="list-style-type: none"> <li>• Older people, people in the middle years</li> <li>• Children and young people children</li> <li>• Women, men and transgender people (includes issues relating to pregnancy and maternity)</li> <li>• Disabled people (includes physical disability, learning disability, sensory impairment, long-term medical conditions, mental health problems)</li> <li>• Minority ethnic people (includes Gypsy/Travellers, migrant workers)</li> <li>• Refugees and asylum seekers</li> <li>• People with different religions or beliefs (includes people with no religion or belief)</li> <li>• Lesbian, gay, bisexual and heterosexual people</li> <li>• People who are unmarried, married or in a civil partnership</li> </ul>	
<p><b>Those vulnerable to falling into poverty</b></p> <ul style="list-style-type: none"> <li>• Unemployed</li> <li>• People on benefits</li> <li>• Lone Parents</li> <li>• Care experienced children and young people</li> <li>• Carers (including young carers)</li> </ul>	

<ul style="list-style-type: none"> <li>• Homeless people</li> <li>• Those involved in the community justice system</li> <li>• People with low literacy/numeracy</li> <li>• Families with 3 or more children</li> <li>• Those with a child/ children under 1</li> </ul>	
<p><b>Geographical communities</b></p> <ul style="list-style-type: none"> <li>• Rural/ semi rural communities</li> <li>• Urban Communities</li> <li>• Coastal communities</li> <li>• Those living in the most deprived communities (bottom 20% SIMD areas)</li> </ul>	
<p><b>People with communication needs:</b></p> <ul style="list-style-type: none"> <li>• Gaelic Language Speakers {refer if necessary to the Council’s Gaelic Language Plan}</li> <li>• British Sign Language (BSL) users {refer if necessary to the Council’s BSL Plan}</li> <li>• English as a Second Language</li> <li>• Other e.g. DeafBlind, Plain English, Large Print</li> </ul>	

**2.5 Are there any other factors which will affect the way this policy impacts on the community or staff groups?**

**2.6 Is any part of this policy/ service to be carried out wholly or partly by contractors?**

If yes, how have you included equality and human rights considerations into the contract?

**2.7 Have you considered how you will communicate information about this policy or policy change to those affected e.g. to those with hearing loss, speech impairment or English as a second language?**

**2.8 Please consider how your policy will impact on each of the following?**

**Equality and Human rights**

- Promotes / advances equality of opportunity e.g. improves access to and quality of services
- Promotes good relations within and between people with protected characteristics and tackles harassment
- Promotes participation, is inclusive and gives people control over decisions which affect them
- Preserves dignity and self-respect of individuals (does not lead to degrading treatment or stigma)
- Builds support networks, resilience, community capacity

Comments:

**Socio-Economic Disadvantage / reducing poverty**

- Maximises income and/or reduces income inequality
- Helps young people into positive destinations
- Aids those returning to and those progressing within the labour market
- Improves employability skills, including literacy and numeracy
- Reduces the costs of taking part in activities and opportunities
- Reduces the cost of living

Comments :

**Tackling Climate Change**

- Reduces the need to travel or increases access to sustainable forms of transport
- Minimises waste / encourages resource efficiency / contributes to the circular economy
- Ensures goods / services are from ethical, responsible and sustainable sources
- Improves energy efficiency / uses low carbon energy sources
- Protects and/or enhances natural environments / habitats / biodiversity
- Promotes the transition to a low carbon economy
- Prepares and/or adapts communities for climate change impacts

Comments:

**Corporate Parenting and Care Experienced Young People**

- Impacts on care experienced young people
- Provides opportunities or reduces opportunities to participate in activities which are designed to promote the wellbeing of young people
- Adversely affects the wellbeing of young people
- Adversely impacts on outcomes for care experienced young people

Comments:



### Section 3. Action Plan

What, if any changes will be made to the proposal/ policy as a result of the assessment?

Changes to be made	Expected outcome of the change	Resources Required	Timeline	Responsible person

#### For consideration of the Head of Service

Can you identify any cumulative impacts on equality groups or vulnerable people arising from this policy, when considered alongside other changes across other services?

#### Sign off by Head of Service

Name:

Date: