

EXECUTIVE DECISION BY THE LEADER OF THE COUNCIL
16 MAY 2025

**TENDER FOR INSURANCE COVERAGE AND ASSOCIATED
SERVICE (NOT BROKING SERVICES)**

Report by the Director of Financial & Commercial Services

RECOMMENDATION

The Leader of the Council is **RECOMMENDED** to:

- a) **approve, as a key decision, the commencement of the procurement of insurance cover for the Council; and**
- b) **delegate authority to the Executive Director of Resources & Section 151 Officer to approve the award of contracts following completion of the procurement.**

Executive Summary

1. The Council is required to procure insurance cover to protect itself and meet its legal obligations.
2. Insurance cover provides financial protection against unforeseen events that could result in significant losses. This includes coverage for property damage, liability claims, and employee-related incidents. By holding insurance, the Council can mitigate the financial impact of such events and ensure continuity of services.
3. Insurance helps in risk management by transferring the financial burden of potential risks to the insurer, enabling the Council to focus on its core functions and responsibilities.
4. The procuring of insurance cover is crucial for the Council to protect its assets, comply with legal requirements, and manage risks effectively.

Background

5. Insurance cover is required as either a statutory requirement or to ensure the Council's financial position is secured through the purchase of an assessed program of externally based insurance.

6. The Council has five existing insurers following the previous procurement exercise undertaken in 2020. These contracts will expire on 31 August 2025.
7. To recognise the specialist nature of the insurance sector a mini competition was undertaken in 2024 to select a suitable broker to lead the procurement for the new insurance contract(s). The broker selected through this exercise was the incumbent, A J Gallagher. They have been working with the Council to shape the proposed procurement for replacement of its corporate insurance needs.
8. The Insurance Team, alongside its Brokers, are seeking through this procurement exercise, to establish a new contract(s). The tender will be “split” into a number of “lots”, each “lot” representing a different area of Insurance cover as set out below.
9. The insurance required has been broken down into the following lots:

Lot No.	Class	Description
1	Property :Material damage	<ul style="list-style-type: none"> • Property Inc. <ul style="list-style-type: none"> ◦ General ◦ Education • Business interruption • All Risks • Computers • CAR/ Contract Works
2	Commercial and Industrial	<ul style="list-style-type: none"> • Property
3	Casualty	<ul style="list-style-type: none"> • Employer Liability • Public Liability <ul style="list-style-type: none"> ◦ Hirers Liability ◦ Libel & Slander ◦ Land charges ◦ Officials Indemnity ◦ Professional Indemnity
4	Crime	Full Crime policy
5	Motor Fleet	<ul style="list-style-type: none"> • Owned vehicles • Leased cars
6	Combined Engineering	<ul style="list-style-type: none"> • Engineering Inspection • Engineering Insurance • Personal Accident • Travel • School Journeys
7	Personal Accident & Travel	<ul style="list-style-type: none"> • Personal Accident • Travel • School Journeys

Overview

10. The council's existing insurance contract will expire on 31 August 2025.
11. The need to provide suitable/effective risk mitigation for potential operational incidents is based primarily on collated claims evidence. This is reviewed annually from a risk management perspective and also by externally contracted actuarial accountants who also provide appropriate advice to ensure reserves are in place to cover potential losses.
12. The option of "*Do Nothing*" is unacceptable and in conflict with the council's statutory obligations to provide insurance cover against unforeseen events. Because of this there is a requirement to tender for a new commercial solution.
13. The available options for the route to market are an open tender or the use of a Framework or Dynamic Purchasing System.
14. A supplier day was organised to allow potential bidders to ask questions and input to the background detail that would be provided in the Invitation to Tender (ITT). Five providers including the incumbent attended arranged meetings.
15. An outline specification has been defined by AJ Gallagher in consultation with the Insurance team and areas picked up from The Insurer Day have been inserted into the ITT.

Preferred Option

16. Based on discussions and advice within meetings undertaken between the Brokers, Insurance Team and Procurement the preferred route to market for obtaining cover is determined to be through the YPO Dynamic Purchasing System - Insurance Placement DPS 1198. The YPO pre-vets providers, ensuring they are suitable.

Risk Management

17. Insurance cover plays a crucial role in risk management by transferring the financial burden of potential risks to the insurer. This allows the Council to focus on its core functions and responsibilities without the risk of financial instability due to unexpected events. This ensures continuity of services and helps in maintaining financial stability.
18. Without insurance cover, the Council would be exposed to significant financial risks. Unforeseen events could result in substantial losses that the Council would have to bear directly. This could lead to financial instability and disrupt

the Council's ability to provide essential services. Additionally, not having insurance cover could result in non-compliance with legal obligations, leading to penalties and legal repercussions.

Staff Implications

19. There are no staff implications arising directly from this report.

Equality & Inclusion Implications

20. There are no equality and inclusion implications arising from this report.

Financial Implications

21. Funding to pay for the insurance premiums will initially be made from the Council's Insurance Fund.

22. The share of these premiums charged to the council's services will then be calculated as part of the annual budget process and recharged accordingly

23. The Insurance Fund is then used to fund claims payments under the relevant insurance excess per policy and the annual premium for the coming year.

24. The current annual premium for the outgoing contract was circa £1.3m including Insurance Premium Tax.

25. The council is requesting a three year long term agreement with the option to extend for an additional two years (two annual extensions). This Long Term Agreement (LTA) should* determine premium costs for the next three to five years (depending upon whether the option to extend is taken up).

*Subject to claims experience being within the parameters of contract and the LTA not being broken.

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Benefits

26. As part of the ITT bidders have been asked to provide evidence of Added Value that may bring to the Council if they are the preferred bidder.

27. There is a set element scoring for Social Value within the YPO Dynamic Purchasing System structure.

Legal Implications

28. By law, the council is required to hold certain insurances such as Employers Liability Insurance under the Employers Liability (Compulsory Insurance) Act 1969 and Motor Claims Insurance under the Road Traffic Act 1930. Both statutory and non-statutory insurances protect the council from exposure to significant financial risks.
29. The Council has power under section 1 of the Localism Act 2011 to enter into contracts for the provision of insurance cover to protect its assets, liabilities and risks.
30. In accordance with the Council's Contract Procedure Rules and the Procurement Act 2023 (PA23), the contract must be procured in accordance with procurement legislation because it is a services contract that is above the threshold prescribed by the PA23. The transitional arrangements under the Procurement Act 2023 provide for the continued use of Frameworks or Dynamic Purchasing Systems (DPS) that commenced prior to 24th February 2025 (the go-live date for the PA23) and were established under the Public Contracts Regulations 2015 (PCRs). Those Frameworks and DPS continue to be governed by the PCRs as do any call-offs under them. However, DPS established under the PCRs will be deemed to end on 23 February 2029 unless they have terminated earlier.
31. In order to comply with procurement legislation, it is proposed to procure the insurance services by way of call-off under the YPO Dynamic Purchasing System - Insurance Placement DPS 1198 which was established under the PCRs and is available to the council, as a public body, to use.

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