

**LEADER OF THE COUNCIL – BETWEEN 28 AUGUST 2020
AND 02 SEPTEMBER 2020**

INSURANCE PORTFOLIO – EXTENSION TO CURRENT CONTRACT

COMMENTS FROM THE OVERVIEW AND SCRUTINY MANAGEMENT BOARD

At a virtual meeting on 27 August 2020, the Overview and Scrutiny Management Board considered the report and unanimously agreed to support the recommendation to the Leader of the Council.

Members of the Board asked a number of questions, when the following points were confirmed:

- The extension to the broker contract was required as the Council's access to the insurance market would be severely impacted if the broker was not available to support access to the market.
- Property insurance costs were high due to a number of fire and storm related losses over the past five years. There had been a significant loss every year for the past four years which included a fire at a county farm, an arson attack at a youth centre, and a fire at a depot in Barrowby. In addition, there was the recent storm damage caused to the windmill in Burgh le Marsh. Fire risks were a concern to insurers particularly in educational settings like schools which were an arson risk. As a result, the Council has a higher self-insurance level on schools. The cost to the Council was £10,000 per claim for fire damage with the majority of the cost borne by the insurer, who reflected these costs by increasing the insurance premiums.
- The potential saving to the Council from delaying the procurement was between 15% and 35% by avoiding the expected premium increases which other councils had incurred. The Board therefore considered the extension of the current contract a good idea as it would save the Council some money.
- Academies could not be insured through the Council's insurance portfolio. However, the Council worked with the West Midlands Academy group to facilitate an insurance product for Lincolnshire's academies to access, but as the take up was low, the Council would no longer be involved in that. Going forward the majority of the academies would be part of the Government's risk pooling arrangements (RPA) which would now be open up to schools to access as well. There had been a gradual reduction in the property portfolio due to the increase in academies, but the liability to the Council still existed because of ongoing claims which arose from incidents in schools whilst the Council was the insurer.