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<b>REPORT TO EXECUTIVE</b>			
<b>PORTFOLIO AREA: FINANCE AND RESOURCES</b>			
<b>Date of Meeting:</b>		3 March 2003	
<b>Public</b>			
<b>Key Decision:</b>	No	<b>Recorded in Forward Plan:</b>	No
<b>Inside Policy Framework</b>			

**Title:** **RENEWAL OF INSURANCE ARRANGEMENTS  
2003/04 – 2008/09**

**Report of:** **Head of Finance**

**Report reference:** **FS16/02**

### **Summary:**

To report on the arrangements for the renewal of the City Council's insurances from 1 May 2003

### **Recommendation:**

That the report be received and it be noted that a full report on the outcome of the tender process will be submitted to the Executive in May/June 2003.

**Contact Officer:** David Steele

**Ext:** 7288

To: The Executive FS16/02

Date: 3 March 2003

## RENEWAL OF INSURANCE ARRANGEMENTS 2003/04 – 2008/09

### **1. INTRODUCTION**

1. The City Council's current insurance contracts expire on 30 April 2003 at the end of their five-year term. The purpose of this report is to outline the arrangements being made for their renewal.

### **2. CURRENT INSURANCE ARRANGEMENTS**

2.1 The bulk of the City Council's insurances are placed with St. Paul International on a 5 year long term agreement (LTA) that dates from 1 May 1998. The principal exception to this arrangement is the Highways insurance contract under claimed rights, which is placed with Zurich Municipal. This also expires on 30 April 2003. Tenders are to be sought for a new 5 year LTA.

### **3. TIMETABLE FOR RENEWAL**

1. The Tender process for the renewal of insurances has already begun and is being carried out with the assistance of Marsh and Co. who act as the City Council's insurance and risk management consultants. The timetable for the process allows for tenders to be returned by 10 April 2003 with a report and evaluation from Marsh being received on 17 April 2003 i.e. just prior to the Easter holiday weekend.
2. The evaluation and report from Marsh may indicate that the tender acceptance process is fairly clear cut. It is perhaps more likely that the evaluation could highlight certain areas where clarification may be required from tenderers or where more detailed negotiations may be required. In any event, the report and evaluation cannot be completed in time for a report to be made either to the Executive meeting scheduled for 28 April 2003 or to Council the following day.

### **4. DELEGATED POWERS AND FINANCIAL IMPLICATIONS**

1. Under the terms of the Council's Constitution and the Leader's scheme of Delegation, the Head of Finance has delegated powers to deal with all aspects of insurance including the acceptance of tenders. Given that the City Council clearly has no choice but to be insured with somebody on 1 May 2003, the Head of Finance is therefore fully empowered to accept a tender from one or more companies to provide insurance cover to the City Council from that date.
2. However it is at this stage impossible to predict the financial implications for the City Council of the renewal of the LTA for a new five year term. The functions of the authority have clearly diminished with the LSVT of the housing stock and the transfer of Leisuretime to a Trust. Further change will take place when part of the DSO transfers to Carlisle Housing Association on 1 October 2003.
3. The City Council's insurance budgets for 2003/04 reflect these changes. However the insurance market has generally become harder in the past eighteen months. This is partly due to the impact of the 11 September attacks in New York. A further problem has been caused by the world wide

reduction in the capital base of many insurers which is having a significant effect on risk capacity, and hence on premiums throughout the insurance industry. There must therefore be a distinct possibility that the budgets for 2003/04 will need to be revised in the light of the outcome of the tender process. Any such requirement will be embraced as part of the full report on the renewal process, which will be brought to the Executive as soon as it is practical in May/June 2003.

## **5. CONSULTATION**

1. Consultation to date - None.
2. Consultation proposed – None.

## **6. STAFFING/RESOURCES COMMENTS**

Not Applicable

## **7. HEAD OF FINANCE'S COMMENTS**

Contained with the report.

## **8. LEGAL COMMENTS**

The Head of Legal and Democratic Services has been consulted and he is in agreement with the content of the report.

## **9. CORPORATE COMMENTS**

Not Applicable

## **10. RISK MANAGEMENT ASSESSMENT**

Risk management is an integral part of the insurance process.

## **11. EQUALITY ISSUES**

None

## **12. ENVIRONMENTAL IMPLICATIONS**

None

### **13. CRIME AND DISORDER IMPLICATIONS**

None

### **14. RECOMMENDATIONS**

That the report be received and it be noted that a full report on the outcome of the tender process will be submitted to the Executive in May/June 2003.

### **15. REASONS FOR RECOMMENDATIONS**

As per the report.

ANGELA BROWN

Head of Finance

Contact Name: David Steele Ext: 7288

Financial Services

City of Carlisle

13 February 2003

DKS/CD/FS16/02