

	<h2>Policy and Resources Committee</h2> <h3>16 May 2017</h3>
<p style="text-align: right;">Title</p>	<p>Insurance Strategy</p>
<p style="text-align: right;">Report of</p>	<p>Director of Resources</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix A - Insurance Strategy 2017 Appendix B - Summary of Cover 2016/17 Appendix C - Risk Analysis 2016/17 Appendix D - Insurance Strategy Action Plan 2017/18</p>
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Summary

This report presents a refreshed Insurance Strategy for approval.

The objectives of this strategy are to:

Protect the Council’s assets (people, monetary and physical assets) from loss, damage or injury; Prevent, reduce or minimise the financial cost of protection and/or loss

The strategy sets out the approach to deliver the objectives as follows:

Effective risk management to prevent, reduce or minimise the risk of loss, damage or injury; Appropriate provision to finance retained risk (self-insured risks) and to minimise spend on insurance premiums by employing effective procurement practices, Operation of robust claims handling procedures, a scheme of delegation for the settlement of

claims and recovery of financial loss from partners and contractors where appropriate.

Recommendations

That the Committee

- 1. Adopt the refreshed Insurance Strategy (Appendix A)**
- 2. Note the Summary of Cover which sets out the basis of cover arranged (Appendix B)**
- 3. Note the Risk Analysis 2016/17 which sets out the rationale behind the levels of cover arranged (Appendix C)**
- 4. Note the Action Plan 2017/18 setting out actions to be completed in advance of the next full insurance retender in 2018 (Appendix D)**

1. WHY THIS REPORT IS NEEDED

- 1.1 The purpose of this strategy is to establish a framework to govern the council's approach to protecting itself against the financial consequences of risk sustained in the course of its business and to ensure that the risk financing and insurance arrangements are delivered efficiently to get value for money for the taxpayer.
- 1.2 The previous version of the strategy dated 2015 had not been subject to formal Member/Member Committee approval and therefore key officer scrutiny/clearance under the Council's Governance arrangements. The last formal approval of the Insurance Strategy by Members had taken place in 2008 (Cabinet Resources Meeting 22 July 2008), a number of years prior to the adoption of the current commissioning model by the Council.

2. REASONS FOR RECOMMENDATIONS

- 2.1 Sound insurance arrangements are essential to protect the council and its assets.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Insurance is one option available to the Authority in the treatment of identified risk however the extent that the Council wishes to insure is open to consideration taking into account many factors such as risk appetite, likelihood of occurrence and cost of external cover.

- 3.2 Appendix B to this report summarises the current levels of cover both internal (per claim excess or fully self-funded risks) and externally procured levels of cover, per claim and annual caps where applicable.
- 3.3 Appendix C to this report briefly sets out the rationale behind the levels of insurance and identifies the risk over the insured levels.
- 3.4 At each annual insurance renewal, a full EU Tender every three years or at any time a new and developing risk is identified, the council will review these levels of cover and seek a balance between internal financial exposure and external premiums.

4. POST DECISION IMPLEMENTATION

- 4.1 The framework will be implemented and reflected in the Insurance Teams Annual Work Plan with individual objectives included in Insurance Teams annual objectives.
- 4.2 The next full insurance retender exercise is due to commence early in 2018 for cover effective from 1 October 2018. In order to ensure the council is in the best position to procure the appropriate level of cover, an action plan and timeframes has been set out in Appendix D – Insurance Strategy Action Plan 2017/18

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The council will ensure that the risk financing and insurance arrangements are delivered efficiently to get value for money for the taxpayer

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 Insurance costs have remained reasonably constant over recent years. The total cost of risk financing and insurance in 2016/17 is circa £4.2m, which comprises external premiums £1.8m (including premiums recharged to leasehold property, commercial tenants and school), claims estimated to be settled against service budgets £2.1m and operational costs £0.29m.
- 5.2.2 Financial Regulations (section 5.9) give the Chief Financial Officer responsibility for maintaining the Insurance Strategy and arranging adequate insurance cover for the Council.
- 5.2.3 There are no procurement, staffing, ICT, property or sustainability implications.

5.3 Social Value

5.3.1 N/A

5.4 Legal and Constitutional References

5.4.1 Responsibility for Functions Annex A sets out the terms of reference of Policy and Resources Committee including 'To be responsible for the overall strategic direction of the Council including Insurance'.

5.5 Risk Management

5.5.1 Failure to maintain adequate insurance protection may result in the Council incurring unplanned expenditure which may impact significantly on Council budgets. To have a framework setting out how the council will manage its insurance and claims handling arrangement will go some way to mitigate such risk

5.6 Equalities and Diversity

5.6.1 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies **to have due regard** to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- advance equality of opportunity between people from different groups
- foster good relations between people from different groups

The broad purpose of this duty is to integrate considerations of equality into day business and keep them under review in decision making, the design of policies and the delivery of services

5.6.2 Adequate insurance arrangements are essential to provide the Council with budgetary certainty to enable delivery of services for the benefit of all members of the community. To achieve this, all procedures and practices, including services procured from external providers, will take due regard of the Council's equalities obligations

5.7 Consultation and Engagement

5.7.1 N/A

5.8 Insight

5.8.1 N/A

6. BACKGROUND PAPERS

6.1 None