

Minute Extract from Strategy and Resources Committee of 4th November 2024

Minute 74: Insurance Layer for Brynsworthy Environment Centre

The Committee considered a report by the Head of Governance (circulated previously) regarding Insurance Layer for Brynsworthy Environment Centre.

The Head of Governance highlighted the following:

- The Brynsworthy Environment Centre (BEC) had a reinstatement value of circa £15.9million. This was the amount it would cost to rebuild, in essence, the same provision again, from scratch, which included demolition or site clearing costs and professional fees. The Council's insurance would normally cover the full reinstatement value of our properties.
- From 1st April 2024, our current property insurer, Risk Management Partners (RMP), introduced a first loss limit on BEC for £5million in total, with an increased premium of £125,860 for the year, including Insurance Premium Tax (12%). Waste and Recycling operations were increasingly being seen as a high-risk activity by insurers, who were looking to limit their exposures in this activity.
- In July 2024, we were able to purchase an additional £5million insurance layer, taking the total insurance cover to £10million for the site. The premium for this additional layer (£5million over the original £5million) was £154,000 for a 12 month period, including Insurance Premium Tax. The insurance layer was provided by a number of Insurance Companies that shared a proportion of the risk.
- At the end of September 2024, our Insurance Broker, Arthur J Gallaghers, advised that a further £5million layer would be available, to take us to the full £15million reinstatement value. This layer could be taken out as a 12-month policy at an indicative cost of £125,250. Including the Insurance Premium Tax, or for a five month period at an indicative cost of £52,250 to take us to 1st April 2025, when there was a natural break in the insurance contract. Note, the quote may be subject to change. In doing this the Broker put the Council's requirements out for quotes across the insurance market and so this has been exposed to competition, just not strictly in compliance with the Council's requirement to tender, or to use a compliant framework agreement or other collaborative procurement process, as set out in the Contract Procedure Rules.
- Our Broker was already preparing for a retender of our property portfolio lot for April 2025, having conversations with Underwriters in the Local Authority sector, with the aim of seeking an insurer who would cover the full reinstatement value, without the need for additional insurance layers. Accordingly this opportunity would be offered out to the market at large via a compliant procurement process in the near future and as such the proposal before Members was a short-term fix to ensure the Council was appropriately protected.

Members discussed the need for this second insurance layer and whether such cover should be up to the end of March 2025 or for a year until November 2025. There would be a pro rata refund if the insurance taken out until November was no longer required following the retender of the property insurance lot.

It being 11:19 am and the Chief Executive proposed that the meeting move into Part B (Confidential Restricted Information).

RESOLVED that in accordance with paragraph 10.5(7) of Access to Information Rules, (namely that the disclosure of this information would prejudice the prevention of crime, namely the disclosure, to enable members to fully consider what level of insurance was needed, would reveal potential vulnerabilities of the Council's property and assets), all public and press be excluded from the meeting.

RESOLVED that it being 11:32 am that everyone be re-admitted to the meeting.

An amendment was made to the recommendations Members were being asked to vote on, as set out in 2.1 to 2.3 of the report, this was voted on and agreed.

RESOLVED:

- (a) That the report outlining the insurance position relating to the Brynsworthy site and associated financial risk be noted;
- (b) That a second layer of insurance be procured based on the resource implications set out in section 5 of the report be approved;
- (c) That given there is a limited market and that a specialist provider was required it was agreed that the contract procedure rules be waived for the award of the second layer of insurance; and in addition
- (d) That the second layer of insurance be for a 12 month period, to cover up to November 2025.