INSURANCE POLICY STABILITY AGREEMENT EXTENSION

AGENDA ITEM NO. 10

MEETING: **POLICY AMD RESOURCES COMMITTEE**

DATE: **9TH SEPTEMBER 2026**

REPORT BY: **TOWN CLERK**

1.0 Purpose of the Report

1.1 The purpose of this report is to request Members' consideration and approval of a proposed extension to the Council's main Commercial Combined Insurance Policy on the basis of a new three-year stability agreement.

1.2 Members will note that this decision was deferred at the Full Council Meeting held on 22nd July, pending further information and assurances being sought from the Council's insurance brokers.

2.0 Background to the Report

2.1 A copy of the report to the July Full Council Meeting is attached at Appendix 1 and it is not intended to repeat any of the information from this report.

2.2 It was resolved at the Full Council Meeting that:

i. *That the Town Clerk and Councillors Chris Clement, Lindsey Aston and Sharon Hutchinson meet with the Council's insurance broker to discuss the concerns raised regarding the proposed extension to the Council's main Commercial Combined Insurance Policy on the basis of a new three-year stability agreement.*
ii. *That a report be brought to a future Policy and Resources Committee Meeting.*

3.0 Current Situation

3.1 Since the July Council Meeting, further advice and clarification has been sought from James Hallam Insurance Brokers in relation to the queries and concerns raised by councillors at the meeting and a meeting has been held with the Local Council Scheme Manager from James Hallam. The Town Clerk and Councillor Chris Clement attended this meeting.

3.2 The written advice received from James Hallam in relation to long term stability agreements and addressing the concerns raised is copied below:-

I've been doing some investigation on appetite from non-sector specific insurers and whilst there is potential for some insurers to consider it would just be standard open market wordings which aren't always suitable for local councils due to the slight nuances between yourselves and a general commercial business or charities so we would need to carefully check that the wordings are sufficient to give you the correct covers (I've seen open market quotes in the past with other councils where key covers have been missing).

We can certainly undertake a full market exercise for you next year but in our experience (and remember we have been looking after town and parish councils for over 25 years) appetite for the sector from general commercial insurers is not great and comes and goes. We prefer to maintain our relationships with insurers who understand the sector and how councils work and are in it long term. There's also the added uncertainty of what local government review is going to mean to the sector in general and your council specifically as to which insurers will be interested.

With regards your own council and your claims experience I've attached an up-to-date copy for the last five years including motor and a full ten year one for just the commercial combined for your reference as that's where the bulk of the premium is. As you'll note the recent past has not been particularly good and bearing in mind the most recent claims, by renewal next year your three-year claims experience may not be looking particularly good and as such will adversely affect those insurers interested in quoting and their terms.

Insurance is always a bit of a gamble on whether to tie in or be exposed to market conditions each year. I tend to recommend being tied in as it does allow budgeting stability for councils which I believe is important.

For your councillors' reference, it is worth looking back to see how you've done over the years. As the hard market started to impact in 2018/19 before peaking in 2020 you were able to benefit from the already agreed low scheme rates we had with RSA (now Intact) for the three years 2019 to 2022 before they pulled out of the local council market, so were protected from increases over that period when the market was seeing double digit increases year on year.

You then moved back to Aviva at an increase but still a lot less than where the market was due to a lot of work on both our parts in looking at the best way to insure your various risks and have been tied in ever since.

As you're part of a scheme you do benefit from a "book approach" to the underwriting and rating and a slightly more lenient approach from underwriters, were you a standalone client your loss ratio over the last few years would I'm sure have led to rating increases which you have been protected from.

With regards low claims rebates the team we deal with at Aviva prefer to rate more competitively in the first place than offer a return depending on claims experience which ultimately obviously costs more from a processing point of view and looking back you wouldn't have received anything over the last three years anyway but it's something we can discuss if we do a full tender exercise.

There are of course pro's and con's to taking the early extension of the three-year deal, and of course it's something that insurers offer for their benefit (and of course ours) in that the existing relationship is maintained and they can count on the premium for that period. That said I believe over the years as a Council it's worked out well for you. Personally I think Aviva's offer based on your current claims experience with the added £2,500 risk management bursary is attractive.

3.3 The above advice was discussed in more detail at the meeting with the Local Council Scheme Manager from James Hallam, Town Clerk and Councillor Chris Clement on 31st July.

3.4 Further to this meeting, the Local Council Scheme Manager from James Hallam held further discussions with Aviva and also obtained a quotation from Barrett Corp Harrington (BCH) to carry out a visited valuation of the Council's properties which are now due for revaluation.

3.5 The BCH quote has come in at £2,299 and Aviva have advised that they will fund this if a new three-year stability agreement is taken up.

3.6 In addition to this, Aviva have also offered a further £1,500 'risk management bursary' which can be used in a variety of ways to improve the Council's risk management processes.

3.7 James Hallam have advised that they hope that the clarification of the queries and concerns raised by councillors and the offering of this enhanced package will be sufficiently attractive to get the Council's commitment to the early long-term agreement offer made by Aviva.

3.8 As Members are aware from the previous report, Aviva's offer is on the basis of a new three-year stability agreement, running from 26th June 2026 (backdated) to 25th June 2029 for the Commercial Combined Insurance Policy, effectively adding two additional years to the agreement which would generate a backdated saving on the cost of the 2026/27 renewal of £1,241.05, and continued stability moving forwards, via a reduced rate escalator clause of 2.5%, for the further two years to June 2029.

3.9 The Council's motor insurance policy, personal accident, events and engineering and inspection policies do not form part of the main insurance contract and are currently provided by separate providers, albeit all also through James Hallam.

4.0 Matters for Consideration

4.1 Members are asked to consider whether to agree to extending the current three-year agreement, which is due to expire in June 2027, by two years, expiring in June 2029.

4.2 This would generate a backdated saving on the cost of the 2026/27 renewal of £1,241.05, and continued stability for a further two years, along with the offer of a funded revaluation of the Council's building values, worth £2,299, and a further 'risk management bursary' to the value of £1,500.

4.3 A summary of the current costs of the Council's insurance policies are set out in the Financial Implications section of the report for information.

4.4 If the extension is not agreed, officers, with support from James Hallam, would be required to undertake a full re-tender exercise in advance of next year's renewal, by contacting other public sector insurers such as Zurich Municipal and BHIB which would be a complex and time-consuming process.

5.0 Policy Implications

5.1 Conforms to Strategic Aim 2 from the Council's Service Delivery Plan:-

"To manage the Council's finances and assets in a responsible manner".

6.0 Staffing Implications

6.1 Undertaking a full retender exercise in advance of next year's renewal would be a significant undertaking at a time when the Council has only just appointed a new Finance Manager. There would be no capacity currently to take on this additional work with external procurement support.

7.0 Financial Implications

7.1 The extension of the Council's insurance management arrangement with James Hallam Insurance Brokers to June 2027 will save the Council £1,241 against the current cost of its Commercial Combined Insurance Policy for the year from 26th June 2026 to 25th June 2027. This would be processed as a backdated refund.

7.2 The table below provides a summary of the current cost of the various insurance policies arranged through James Hallam and which were recently renewed on 25th June 2026:-

Policy	**2026/27 Premium**
Main Policy	£50,943
Vehicle Policy	£12,140
Engineering and Inspection	£2,022
PA and Business Travel	£2,351
Events	£4,617
Total	**£72,073**

** The Council is also due to take up a new Cyber Insurance Policy at an additional cost of £2,392 at such a time as it has achieved the Cyber Essentials Accreditation.*

7.3 The Council would also benefit from a funded revaluation of the Council's buildings, worth £2,299 and a further 'risk management bursary' to the value of £1,500.

7.4 Should Council wish to agree the extension to the agreement for the Commercial Combined Scheme, a Standing Order Exemption Form is attached at Appendix 2.

7.5 Approval of this exemption will ensure compliance with the Council's Standing Orders for Contracts and Procurement and the Public Contracts Regulations 2015.

8.0 Crime and Disorder Implications

8.1 None.

9.0 Equal Opportunities Implications

9.1 None.

10.0 Environmental, Biodiversity and Climate Change Implications

10.1 None.

11.0 Risk Assessment

11.1 The provision of robust and relevant insurance cover is a key tool in managing and mitigating the various risks facing the Council as identified in the Council's Risk Management Strategy.

12.0 General Data Protection Regulations (GDPR)

12.1 There is no personal or sensitive data required for this proposal which may have any implications for GDPR.

13.0 Recommendations

13.1 It is recommended that Members:-

a) Agree to extend the current three-year rate stability agreement on the Commercial Combined Insurance Policy, by a further two years, to a five-year agreement ending in June 2029, as proposed and recommended by James Hallam; the Council's Insurance Broker.