

ANNUAL REVIEW OF THE COUNCIL'S INSURANCE ARRANGEMENTS

AGENDA ITEM NO. 18

MEETING: ANNUAL COUNCIL MEETING

DATE: 13TH MAY 2026

REPORT BY: FINANCE MANAGER

1.0 Purpose of the Report

- 1.1 The purpose of this report is to set out for the consideration of the Council the annual review of the Council's insurance arrangements, as required by the Council's Constitution and best practice guidance.
- 1.2 The report also sets out for Members' information a summary of insurance claims made or received by the Council over the last ten years.

2.0 Background to the Report

- 2.1 The Council's insurance policies are arranged and managed by James Hallam Insurance Brokers.
- 2.2 James Hallam Insurance Brokers are the largest independent town and parish council insurance broker and currently look after around 40% of the large town councils in England and Wales. They have developed and facilitated a bespoke, sector specific, Council Commercial Combined Scheme, primarily for town and parish councils.
- 2.3 The Council's main insurance policy is provided under the Commercial Combined Insurance Policy.
- 2.4 The James Hallam insurance policies were put in place following a comprehensive review and retender of the Council's insurance arrangements in 2021, when the tender was won by Aviva (the previous scheme was underwritten by Royal Sun Alliance).
- 2.5 In normal circumstances, the re-tender of the policy would have resulted in savings. However as reported to the Council previously, insurance costs have increased substantially due to the volatility in the insurance market, taken alongside significant inflationary increases linked to the economic crisis.
- 2.6 During the period April 2022 to June 2022 a further comprehensive review of the Council's insurance policy was undertaken by the Finance Manager and representatives from James Hallam, with a view to mitigating the impact of the significant increases and ensuring that the most cost-effective renewal of the policy was sought on behalf of the Council, whilst ensuring that a robust level of cover remained in place.
- 2.7 The Council's main insurance policy with James Hallam Insurance Brokers was previously subject to what is known as a Long-Term Agreement. In normal circumstances, discounts are provided on annual premiums, where the insured enters into a Long-Term Agreement. However, due to the volatility of the market, discounted Long-Term-Agreements are no longer being offered.

- 2.8 The alternative to the Long-Term-Agreement was the option of a 3-year 'rate stability agreement' which provided some protection from future premium increases on the Commercial Combined Scheme.
- 2.9 The Council's Policy and Resources Committee approved the option of a three-year rate stability agreement at the meeting in July 2022, and this agreement was scheduled to run until June 2025.
- 2.10 Following the move to Aviva, from Royal Sun Alliance, the main policy was disaggregated into a Combined Commercial Policy and separate Personal Accident and Travel Policies. Additionally, as Aviva no longer insure large events, this element of the cover was therefore transferred to a separate provider; Beazley Solutions Limited.
- 2.11 The Council's total annual insurance premium is currently £68,778 and a summary of the cover provided by the existing insurance policies is set out below:-
- *Public Liability Cover up to £10 million*
 - *Employers' Liability Cover up to £10 million*
 - *Property Damage Cover for all Council Buildings*
 - *Property Damage and Theft Cover for all Council Building Contents, Machinery and Equipment*
 - *All Risks Cover for Play Equipment and Other Valuable Assets*
 - *Motor Insurance Cover for all Council Vehicles (Separate Policy)*
 - *Business Interruption Cover for all Council Services*
 - *Cover for all Cash Held in Safes and Money in Transit*
 - *Libel and Slander Cover*
 - *Legal Protection Cover*
 - *Events Cover (Separate Policy)*
 - *Engineering Insurance and Damage to Plant Cover*
 - *Personal Accident Cover for Members and Officers (Separate Policy)*
 - *Deterioration of Catering Stocks Cover*
 - *Street Furniture Impact Damage Cover*
 - *Officials Indemnity Cover for Members and Officers*
 - *Plant Inspection Contract*
 - *Playground Inspection Contract (Separate Policy)*
- 2.12 As reported to Council on 12th June 2024, it was subsequently agreed that the three-year long-term agreement for the Commercial Combined Insurance Policy be extended to a 5-year agreement ending on 25th June 2027, on the following terms:
- The rate escalator of 5% was waived for the policy commencing on 26th June 2024, with only index linking being applied, (plus any changes made during the renewal process). This would result in savings on renewal; and
 - The following two years would see the rate escalator set at a maximum of 2.5%, plus any increase required by index linking to ensure that the Council buildings and contents remain adequately insured.
- 2.13 The Council's insurance brokers have advised that the insurance market has settled, and the main policy increase will likely be capped at 2.5% plus index linking on building and contents value and increases linked to the annual staff pay award. This capping is as a result of the current stability agreement. It is estimated the overall increase will be in the region of 6% on the main policy. The other policies are currently experiencing increases in the region of 7.5%.

- 2.14 The insurance policy renewal is not due until the end of June therefore the renewal quote for this year is not yet available.
- 2.15 The Council's motor insurance policy, play equipment inspection contracts and events policies do not form part of the main insurance contract and are currently provided by separate providers.
- 2.16 These contracts are reviewed annually, and market tested by James Hallam Insurance Brokers on the Council's behalf, with the exception of the play equipment cover.
- 2.17 The current vehicle insurance provider is Equity Red Star at an annual premium of £10,483. The play equipment inspection contract is provided by The Play Ground Inspection Company at a cost of £1,250 per annum, and the Events Policies are provided by Beazley Solutions Limited at an annual premium of £4,309. All of these policies are included within the total annual insurance premium highlighted in paragraph 2.11 above.
- 2.18 The Council also has in place a separate insurance policy with a specialist provider of golf insurance; Golf Guard. This policy provides cover for all green fee players at the facility. The annual premium is dependent upon the number of rounds played at the Oak Leaf Golf Complex and can range from £350 to £750. This policy provides additional cover against accidents and incidents involving green fee players that fall outside of the Council's liability as the landowner and facility provider.

3.0 Annual Review of Insurance Arrangements

- 3.1 The re-tender of the insurance contract in 2022 provided the opportunity to undertake a comprehensive review of the Council's insurance arrangements and to have a new insurance provider independently review the Council's policy and cover.
- 3.2 This review ensured that the insurance policy remained appropriate to the Council's needs and requirements and that there were no major omissions or gaps in the policy cover.
- 3.3 The current working arrangement with James Hallam Insurance Brokers is operating very effectively and the customer service received is excellent, both in terms of dealing with any queries and providing advice, and in dealing with any insurance claims promptly and efficiently.
- 3.4 Officers review the Council's insurance cover during the year to ensure that is still appropriate and have regular contact with a named representative from James Hallam Insurance Brokers to discuss and review insurance arrangements as and when necessary.
- 3.5 Any changes in circumstances such as the purchase of new vehicles, machinery or play equipment, disposal of assets, and any new initiatives or special events, are notified to the insurance company as and when required.
- 3.6 A formal annual review meeting is held with a representative of James Hallam Insurance Brokers each year to review the policy prior to the start of each policy year. This meeting was held in March this year the Finance Manager is currently working through the various information requirements requested by the insurers, and the updates that are required each year to enable the appropriate quote and insurance to be put in place e.g. to account for changes in asset values, numbers of staff etc.

3.7 It is the view of the Finance Manager that the Council has comprehensive insurance cover in place with James Hallam Insurance, Equity Red Star, The Play Ground Inspection Company, Beazley Insurance and Golf Guard which provides protection against a vast range of different risks, is appropriate to the Council's current circumstances and needs, and which is working efficiently and effectively.

4.0 Insurance Claims

4.1 Any insurance claims are notified to the insurance company, via James Hallam Insurance Brokers Insurance Brokers, as and when required.

4.2 During the last twelve months there have been three insurance claims as follows:-

- An accident at work while an employee was operating a pedestrian mower resulting in absence from work, a claim was submitted under the personal accident element of the policy to cover costs due to the absence.
- A fallen tree causing damage to a public vehicle.
- A claim has been submitted to cover legal costs in relation to an employment tribunal claim (details of this claim will be reported to a future meeting of the Personnel Sub Committee).

4.3 The Council has a relatively good claims history with only three significant pay outs, in excess of £10,000, having been made in the last ten years.

4.4 The total value of pay-outs over the ten-year period has been £128,811. Many claims have been of a relatively low value, and some have resulted in no pay out or the claim being withdrawn.

4.5 An extract from the Council's record of insurance claims is attached at Appendix 1 and shows all claims dating back over the last ten years to 2016/17. This details the nature of each claim, the date of the incident, a description of the claim, its current status and any settlement value.

5.0 Policy Implications

5.1 Conforms to Aim 2 of the Council's Strategic Aims–

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

6.0 Staffing Implications

6.1 None specifically relating to this report.

7.0 Financial Implications

7.1 The cost of the insurance policy, and any expected additions during the year, and inflationary increases that may be due on renewal, have been provided for in the 2026/27 Revenue Budget.

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 appropriate insurance cover is a key element in managing the various risks facing the Council and is identified as such in the Council's Risk Management Strategy.

12.0 Recommendations

12.1 It is recommended that Members note the information provided in the report and approve the annual review of the Council's insurance arrangements, as required by the Council's Constitution.

Record of all Great Aycliffe Town Council Insurance Claims

GATC Ref	Insurance Firm Ref	Type of Claim	Incident Date	Council Liability	Description of Claim	Claim Status	Settlement Value	Comments
I116	2501456/2025	Legal Protection	Ongoing	No	Employment Tribunal Claim	Open	Unknown	Employment Tribunal Claim Received
I115	14341273	All Risks	19/11/2025	No	Fallen tree	Open	Unknown	Council may not be liable as a documented system of inspection is in place.
I114	14213188	Personal Accident	10/10/2025	No	Accident at work	Closed	£6,000	Accident while operating pedestrian mower.
I113	12787541	Employers Liability	09/05/2024	Yes	Accident at work	Open	£45,609	Accident while employee driving grass cutting machine on the golf course.
I111	N/a	All Risks	17/01/2024	Yes	Council vehicle driven into the depot automatic doors.	Closed	£4,306.27	Vehicle accidentally driven by member of staff into automatic door at vehicle storage depot.
I109	N/a	All Risks	21/12/2023	Yes	Fallen tree at West Park onto two bungalows.	Open	Unknown	Council may not be liable as a documented system of inspection is in place. Livin undertook the repairs to the bungalows.
I108	N/a	Buildings	20/10/2023	No	Break in at Sports Complex	Withdrawn	£0	Claim withdrawn. Minimal costs to Council in address damage.
I107	9855850	Public Liability	23/02/2023	Yes	Minor sustained injury to head in St Oswald's Park	Closed	£11,374.80	Claim settled
I106	9692994	All Risks	31/10/2022	No	Vehicle crashed into height restrictor at Horndale Park	Closed	£3,130.00	Claim settled
I105	9160105	All Risks	08/08/2022	No	Vehicle crashed into height restrictor in car park adjacent to council offices	Closed	£3,098.00	Claim settled

I104	N/A	All Risks	23/02/2022	No	Tree fallen in storm onto car	Closed	None	Network Rail land Council not liable
I103	8569171	All Risks	09/11/2021	No	Theft of Depot power washer and building broken into	Closed	£2,347.50	Claim submitted 16 November 2021
I102	7679514	All Risks	30/08/2020	No	Bus shelter demolished by impact from a third-party car.	Open	£7,244.60	Claim settled. Costs to be recovered from third party.
I101	6769482	Vehicle	02/05/2019	Yes	Park Patrol vehicle collided with park bench.	Closed	£2,901.94	Claim settled
I100	N/a	Vehicle	09/05/2018	Yes	Damage to Council Vehicle from Mower in Depot	Closed	£1,059.00	Claim settled
I99	N/a	Public Liability	05/06/2018	No	Chipped windscreen. Stone from Council mower.	Closed	Unknown	Claim settled directly.
I98	N/a	Motor	07/04/2018	No	Wing mirror on Council vehicle damaged by third party.	Closed	£112.35	Claim settled. Cheque for £112.35 received.
I97	N/a	Public Liability	28/01/2018	Yes	Tree root damage to Stephenson Way School yard.	Closed	£31,059.50	Claim settled. Costs of repairs £31,059.50
I96	N/a	Public Liability	01/04/2015	No	Trip on footpath at Moore Lane Park.	Closed	None	Claimant did not provide information requested.
I95	4962163	All Risks	13/07/2017	No	Damage to Glass Bus Shelter	Closed	£1,523.22	Claim settled. Cheque for £1,523.22 received.
I94	4699664	Public Liability	24/05/2017	No	Tree related subsidence.	Closed	None	Claim settled. No pay out.
I93	4827366	All Risks	21/05/2017	No	Vandalism to Glass Bus Shelter.	Closed	£3,193.60	Claim settled. Cheque for £3,193.60 received.
I92	4261285	Buildings	14/08/2016	No	Break in at Sports Complex. Extensive damage.	Closed	£5,850.79	Claim settled. Cheque for £5,850.79 received.