

Crawley Borough Council

Consideration Report for Delegated

Decision by the Leader of the Council

Expected Date of Decision 1 October 2018

Update of Council's Insurance

Report of the Head of Corporate Finance - FIN/452

1. Purpose

- 1.1 The insurance contract needs to be replaced by 1 April 2019 as the current contract is due to expire on 31 March 2019. This report seeks formal approval to extend the contract for 1 year in order to allow time for the Local Government Mutual to be fully set up in order for the Council to consider this as a future supplier.

2. Recommendations

- 2.1 The Leader of the Council is recommended to:

Approve a major change to the existing insurance contract to extend it by a year to 31 March 2020.

3. Reasons for the Recommendations

- 3.1 The Council's long term agreement for insurance comes to an end on 31 March 2019. There have been delays in the timetable of establishing the Local Government Mutual and so the Council are not in a position to be able to bring forward a business case recommending the way forward. The proposal to extend the existing insurance contract will give more time for the establishment of the mutual, so this could be considered as a potential option before locking the Council into a new long term insurance contract.
- 3.2 Guidance on Amendments to Contracts During Their Term allows a major change without re-advertisement in OJEU where:
- The need for change could not have been foreseen by a "diligent" contracting authority, provided these changes do not affect the nature of the contract / framework or exceed 50% of the price of the original contract.

4. Background

- 4.1 In March 2018, the Cabinet approved the Council's participation as a Founding Member of the new Local Government Mutual. It was agreed that a report would be made to Cabinet with a business case for utilising the mutual when the Council's long term agreement for insurance cover comes to an end.

5. Description of Issue to be resolved

- 5.1 There is a need to maintain the Council's insurance, but there is a risk that the mutual will not be in place by 1 April 2019.

6. Information & Analysis Supporting Recommendation

- 6.1 The recommended proposal allows the Council to consider joining the mutual once it is established without exposing the Council to unnecessary costs or risk.
- 6.2 Entering into a new long term contract would prevent the Council from joining the mutual for another 5 years. A shorter term contract will be priced higher and may not attract the same number of participants as a longer contract. Joining the mutual at this stage would expose the Council to unnecessary financial risk as it is not currently known whether the mutual will be in place by 1 April 2019.

7. Background Papers

[To Approve Options for the Council's Insurance – Cabinet, 21 March 2018 \[report FIN/441 refers\]](#)

[Guidance on Amendments to Contracts During Their Term \(Crown Commercial Service, updated October 2016\)](#)

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