

REPORT OF FINANCE MANAGER

**SUBJECT: ENDORSEMENT OF CONTRACT STANDING ORDER 16 IN REGARD
INSURANCE COVER COMMENCING 1ST APRIL 2020.**

Purpose of Report

To seek endorsement for the use Contract Standing Order 16 in respect of the contract for the Authority's insurance cover.

Background

In April 2015 the Authority, in collaboration with Brecon Beacon National Park Authority and Snowdonia National Park Authority, entered in to 5 year long term agreements to provide cover for its entire insurance requirement. The cover which was negotiated on behalf of the Authority by Marsh UK (the Authority's brokers) is provided by Zurich Insurance and Ecclesiastical Insurance.

At the end of the long term agreement the Authority would ordinarily have gone out for a competitive and comprehensive market assessment. However based on the advice of Marsh UK all three Welsh National Parks have decided to extend the long term agreement for insurance policies for 1 year with the option to extend by a further 12 months thereafter.

The advice from Marsh reads as follow:

“We are entering what we call a “hard market”. Marsh has seen in the corporate sector rates increasing and we are now seeing those rate increases trickle over into the public sectors covers. We have been put on notice by one of the major public sector insurers that they are reviewing their whole book of business and looking for rate increases.

Therefore we are advising clients that it may be beneficial to accept extensions to their Long Term Agreements, particularly in the case of PNCPA that those rates were set in 2015 when market conditions were more favourable.”

Marsh have also advised that some local authorities which went out to the market have experienced a 40% increase in their premiums.

Financial considerations

The guidelines concerning the suspension of normal procurement regulation lay in the Authority's standing order on major contracts. One the exceptions permitting suspension states contracts, “Have already been the subject of market testing by professional consultants with a contractual obligation to the Authority to undertake

such testing and to report back with recommendations”. The standing order also states the ‘authority to approve the use of Standing Order 16 rests with the Chief Executive (National Park Officer) and Chief Financial Officer only, with the justification for the decision being recorded and retained on the project file. Further ‘all approvals under these Standing Orders (16) shall be reported to the next NPA meeting for members’ endorsement’.

Risk considerations

There are no risk considerations.

RECOMMENDATION:

Members resolve to endorse the use contract standing order 16 in regard insurance cover commencing 1st April 2020 and extend the long term agreement for insurance policies for 1 year with the option to extend by a further 12 months thereafter.

Author: Richard Griffiths

For further information, please contact Richard Griffiths, extension 4815 richardg@pembrokeshirecoast.org.uk)