

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 10 FEBRUARY 2015

Title of report	TENANT HOME CONTENTS INSURANCE
Key Decision	a) Financial Yes b) Community No
Contacts	Councillor Roger Bayliss 01530 411055 roger.bayliss@nwleicestershire.gov.uk Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk Director of Housing 01530 454819 glyn.jones@nwleicestershire.gov.uk
Purpose of report	To seek authority to award the contract for Tenant Home Contents Insurance from a Framework Agreement run by Northern Housing Consortium
Reason for Decision	Value of the contract exceeds thresholds in the scheme of delegation
Council Priorities	Value for Money
Implications:	
Financial/Staff	Financial implications contained within existing budgets, no staffing impact
Link to relevant CAT	Not applicable
Risk Management	The new contract will be procured in compliance with procurement law from a Framework Agreement
Equalities Impact Screening	Not applicable
Human Rights	None identified
Transformational Government	The approach to securing this service represents procurement best practice

Comments of Head of Paid Service	The report is satisfactory.
Comments of Section 151 Officer	The report is satisfactory.
Comments of Monitoring Officer	The report is satisfactory.
Consultees	Performance and Finance Working Group Tenants Home Contents Insurance Task & Finish Group
Background papers	None
Recommendations	THAT CABINET DELEGATES AUTHORITY TO THE DIRECTOR OF HOUSING TO AWARD AND SIGN THE CONTRACT FOR TENANTS' HOME CONTENTS INSURANCE VIA THE NORTHERN HOUSING CONSORTIUM FRAMEWORK AGREEMENT

1.0 CURRENT POSITION

- 1.1 The current five year contract for Council tenant's home contents insurance with Thistle Tenant Risks expires on 5 April 2015.
- 1.2 Currently 636 Council tenants of North West Leicestershire District Council (NWLDC) insure their contents using the scheme which is open to every tenant. 60% of the tenants opt for the standard cover and 40% pay an additional premium for accidental damage cover.
- 1.3 NWLDC collect the insurance premiums (which are added to tenants' rent) and act as first point of contact for any queries with the insurance cover or for any claims. For this service NWLDC currently retains 10% of the premium collected.
- 1.4 It should be noted that there is no guarantee with regards to income collection from premiums. However, there is also no financial obligation on the Council under this contract.
- 1.5 To ensure that tenants were involved during consultation, a specific task and finish group was established. The proposals were also discussed and agreed by the Tenants Performance and Finance Working Group on 4 December 2014.

2.0 COST COMPARISON / VALUE FOR MONEY

- 2.1 The tenants contents insurance scheme offered by Northern Housing Consortium (NHC) via their Framework Agreement has advantages in that it has been procured in compliance with procurement law and is available for us to access. It also delivers

significant cost savings in terms of officers' time, which would otherwise be spent on preparing for and conducting the procurement.

- 2.2 This sole supplier framework offered by NHC is accessed by over 80 of their members providing insurance to over 70,000 tenants. It offers competitive rates based on portfolio pricing
- 2.3 The insurance scheme is managed by Marsh Ltd on behalf of RSA. Marsh Ltd is appointed to more than 320 social housing providers for tenants contents and right to buy schemes.
- 2.4 The premiums offered by Marsh Ltd for standard cover insurance average 12% lower than those currently being paid for the same value of cover via Thistle Tenant Risks. The entire savings will be passed directly onto the tenants.
- 2.5 The weekly premium for additional or accidental cover will increase under the new contract, but in negotiation it has been agreed that increases will be staggered equally over a 2 year period. This means that for a tenant with £10,000 of accidental damage cover, the premium will rise by £10.50 per annum or 21p per week.
- 2.6 A comparison of the premiums on offer by Marsh compared to those offered by neighbouring authorities of South Derbyshire and Charnwood Borough Councils confirm the excellent rates on offer for standard cover.
- 2.7 For comparison purposes the average insurance with Accidental Damage for a 3 bed property in the district (DE12 postcode) that could be sourced via 'Go Compare' website for £10k of cover was £3.40 per week. Marsh will charge £2.34 per week.

Standard Cover Weekly Charge

Sum Insured	NWLDC Marsh (potential)	NWLDC Thistle (current)	Charnwood	South Derbyshire
6,000	43p	48p	55p	55p
8,000	57p	64p	73p	74p
10,000	72p	80p	91p	92p
12,000	86p	95p	109p	110p
15,000	107p	119p	137p	138p
20,000	143p	159p	182p	184p
25,000	179p	199p	228p	230p

- 2.8 For a tenant with £10,000 of contents insurance the annual premium would fall by £4.00 per annum on standard cover. By offering the most competitive rate on standard cover, this is more likely to encourage tenants with limited incomes to take out insurance, perhaps for the first time or where it is a marginal decision.
- 2.9 There are no financial obligations on the Council as the insurance provider receives its income from the tenants. As with the current scheme, tenants will pay their insurance premiums with their rent and the Council will forward the premiums on a quarterly basis retaining an administration fee equal to 7% of the premiums collected, in the region of £2,400 per annum.

3.0 AUTHORITY TO AWARD

- 3.1 Considering the current take up by tenants, the value of the contract for the insurer is estimated to be £34,000 per annum. Therefore over the full 4 year term, the value of the contract is estimated to be £136,000, which is both a key decision and in excess of the delegated authority in the Council's Scheme of Delegation.
- 3.2 It is proposed the new contract is awarded for a period of up to 4 years on the basis of 2+1+1 as there is little advantage in committing to a longer term at the outset as the premiums are fixed as part of the Framework Agreement.

4.0 RECOMMENDATION

- 4.1 It is recommended that Cabinet delegate authority to the Director of Housing to award the contract for tenants' home contents insurance using the NHC Framework Agreement, to Marsh Ltd (acting on behalf of RSA) for up to 4 (2+1+1) years from April 2015.