

Slough Borough Council

Report To:	Cabinet
Date:	16 th March 2026
Subject:	Award of Insurance Contracts Following Competitive Tender Process
Lead Member:	Councillor Bedi, Lead Member for Finance, Children and Lifelong Learning
Chief Officer:	Ian O'Donnell – Executive Director of Corporate Resources
Contact Officer:	William Green – Risk Management Consultant
Ward(s):	All
Purpose of report:	For decision
Key Decision:	YES
Exempt:	NO, except Appendix 2 which is exempt on the grounds it contains business information about third parties – Paragraph 3, Schedule 12A Local Government Act 1972
Decision Subject To Call In:	No, due to need to issue standstill notice and award contract by 1 April 2026 – call-in waived by agreement of Chair of CISC
Appendices:	Appendix 1 - Insurance Programme Structure and Coverage Summary (Part 1 - Public) Appendix 2 – Evaluation of tenders (Exempt)

1. Summary and Recommendations

- 1.1 This report seeks Cabinet approval to award a suite of insurance contracts (including property, liability, motor, Group Personal Accident/Travel Insurance and Leasehold Right to Buy Properties) for a period of 5 years (3 years with an option to extend for a further 2 years), following completion of a competitive tender process conducted in accordance with the Procurement Act 2023 and the Council's Contract Procedure Rules.
- 1.2 The Council's current insurance arrangements expire on 31st March 2026, and it is essential that comprehensive insurance coverage is secured to protect the Council's financial position and ensure continuity of statutory services.
- 1.3 A competitive procurement exercise has been undertaken using the Yorkshire Purchasing Organisation (“YPO”) framework to secure the most advantageous insurance arrangements for the Council across all required classes of business.

- 1.5 The estimated total contract value is approximately £10m (£2m per annum over 5 years (including Insurance Premium Tax), representing a key decision requiring Cabinet approval.
- 1.6 Cabinet approval is also sought to approve a five-year rolling programme for the revaluation of our property portfolio to align with the Insurance Tender. Please see Appendix 2 for full details.
- 1.7 The total contract value for the revaluation project is £297,180 (£59,436/annum)

Recommendations:

Cabinet is recommended to:

- a) Approve a contract award to the successful Bidder A – Lot 1; Bidder B – Lot 2; Bidder C – Lot 3 and Bidder D – Lot 4 and the successful Bidder E - Leasehold Right to Buy Properties as set out in Appendix 1 for Insurance contracts with a total contract value of approximately £10m (£2m per annum), for a term of 3 years plus the option for a 2-year extension.
- b) Approve a contract award for the Revaluation Project on a five-year rolling programme with a contract value of £297,180 (£59,436/annum) as set out in Appendix 2

Commissioner Review

Accurate asset valuations and insurance contracts are essential for managing significant financial risks, ensuring service continuity, and fulfilling legal obligations. Given the diverse assets and liabilities that the Council manage a robust, well-negotiated contract that protects the Council from punitive excesses, excessive premiums, and the costs and potential service disruption from major, unexpected incidents is critical.

The Commissioners note the decision proposed is exempted from the call-in process due to time constraints. This should be used rarely and in exceptional circumstances only. Good governance requires quality and timely evidence, to inform decision-making processes that are transparent, accountable, and open to scrutiny by the public. The Council needs to ensure that effective procedures are in place to enable these principles to be adhered to.

2. Report

Introductory paragraph

2.1 The Council's current insurance arrangements come to an end on 31 March 2026, and a tender process approved by Cabinet as part of the April 2025 Pipeline report has been undertaken in line with the Procurement Act 2023 (PA 2023) and the Council's Contract Procedure Rules, to attract quotes from the market for a long-term agreement basis. The contract term is a 3 year contract with the option to extend for 2 further years, enabling the Council to explore any changes in the market that might make it advantageous to re-tender such as a softening of the current market, new insurers entering the local authority market or in the event of any significant changes to the Council introduced by Central Government or other bodies that would make the continuance of the Long Term Agreement unsuitable for the Council.

- 2.2 As the Council's liabilities, property portfolio and general make-up has changed significantly since the previous tender exercise in 2019, a full review of the existing insurances and the Council's requirements for the future has been undertaken.
- 2.3 The PA 2023, which came into effect on 24 February 2025, requires competitive procurement for contracts of this value and provides enhanced flexibility for negotiation to ensure coverage aligns with the Council's complex risk profile.
- 2.4 Cabinet approval is required to award insurance contracts to enable timely implementation, ensuring no gap in insurance coverage and allowing sufficient time for policy documentation to be put in place before the 1st April 2026 start date.
- 2.5 The tender was drawn up, splitting the main tender insurances across 4 lots and the Leasehold Right to Buy Properties as a standalone bid. The lots split the insurances as not all the insurance companies currently operating in the local authority market underwrite business across all the lines of cover required. Splitting the insurances for the main tender into lots allowed the Council to attract competitive quotes from a greater number of insurance companies, who would otherwise not have been in a position to quote for the business as they could not cover all areas. The lots were split across the main tender insurance package and the Leasehold Right to Buy Properties as follows:

- 2.3a Lot 1 – Property/Material Damage Risk
- 2.3b Lot 2 – Combined Liability
- 2.3c Lot 3 – Motor Fleet
- 2.3d Lot 4 – Group Personal Accident and Travel Insurance
- 2.3e Leasehold Right to Buy Properties

Following the completion of the evaluation as set out in Appendix 2, it is recommended that contracts awarded to the following Bidders for the main tender lots and a standalone provider for the Leasehold Right to Buy Properties as named in Appendix 1 based on the Lots above:

- Lot 1 – Bidder A
- Lot 2 – Bidder B
- Lot 3 - Bidder C
- Lot 4 – Bidder D
- Leasehold Right to Buy Properties – Bidder E

Options considered

2.6 In developing this proposal, the following options have been considered:

Option 1 – Proceed with competitive tender and award contracts (Recommended)

2.7 This option involves a competitive tender process in accordance with the PA 2023 and the Council's Contract Procedure Rules, awarding contracts to the most

economically advantageous tenderers based on a competitive tender process which takes into consideration price and quality.

- 2.8 This option ensures compliance with procurement legislation, demonstrates value for money, and secures comprehensive insurance cover aligned to the Council's risk profile and strategic objectives. It also maintains access to specialist insurer risk management and claims handling support.

Other Options evaluated include:

Option 2 – Extend existing insurance arrangements (not recommended)

- 2.10 Under this option, the Council would seek to negotiate an extension to the existing insurance contracts, avoiding a full market retender. While this would reduce short-term workload and provide continuity with existing insurers, it is unlikely to offer best value compared to a full competitive process and may not be permissible under procurement law, given contract length and value. It would also limit the Council's ability to test the market and optimise coverage and pricing.

Option 3 – Increase self-insurance / alternative risk financing (not recommended) - insurance / alternative risk financing

- 2.11 This option would involve materially increasing excess levels and/or creating additional self-insured layers, reducing the level of commercial insurance purchased and potentially lowering premium expenditure. Although this can be appropriate where an authority has significant reserves and a strong claims history, it would increase volatility and financial risk. The Council's current financial position and level of reserves limit the scope to assume higher levels of retained risk without adversely affecting financial resilience - insured layers, reducing the level of commercial insurance purchased and potentially lowering premium expenditure.

Option 4 – Reduce scope of insurance cover (not recommended)

- 2.12 Under this option, the Council would reduce the classes and/or breadth of insurance cover purchased (for example by excluding certain perils, lowering indemnity limits, or removing non statutory covers) to reduce premium costs. While this may deliver short-term savings, it would increase the Council's exposure to uninsured or underinsured losses, potentially leading to significant unbudgeted costs and service disruption. It may also result in non-compliance with contractual or statutory insurance requirements - statutory covers) to reduce premium costs - term savings, it would increase the Council's exposure to uninsured or under-insured losses, potentially leading to significant unbudgeted costs and -compliance with contractual or statutory insurance requirements

Option 5 – Do nothing (allow cover to lapse) (not recommended)

- 2.12 This option would involve taking no action to secure replacement insurance cover when the current arrangements expire, resulting in either a full or partial lapse in cover. This is not a viable option as it would expose the Council to unlimited financial liability for claims and losses, breach statutory requirements (including

employers' liability insurance), and constitute a serious failure of the Council's risk management and financial governance arrangements.

Preferred Option

- 2.18 Option 1, to award the contract to the preferred bidder following the completion of a competitive tender process and award contracts to the successful tenderers. This option provides compliant, comprehensive and affordable protection for the Council's risks while demonstrating value for money and adherence to procurement requirements.

Background

- 3.1 Since the Council last tendered for insurance in 2019, a number of events have impacted on the insurance market – e.g. the pandemic, inflation, increase of material costs in excess of 20%, increased reinsurance costs and a swing from a very hard market in which premiums were elevated and cover was constrained, to a softer market environment where additional capacity and competitive pricing begin to exert downward pressure on premiums resulting in reduced costs. As a result, it is expected that insurance costs could reduce anywhere between 10 and 15%.
- 3.2 As part of developing the Insurance specification, consultation has been undertaken with the following stakeholders during development of the insurance specification and tender process:
- Service managers across all Council directorates to ensure coverage meets operational requirements
 - Finance team to align with budget planning and reserve strategies
 - Procurement team to ensure regulatory compliance and best practice
 - Leaseholders (where applicable) regarding building insurance and recharging arrangements (Section 20 consultation)
- 3.3 Below is the timeline of key activities undertaken as part of the insurance tender:

Activity	Target Date
Tender Set up meeting between SBC and Marsh to set out project, including, Objectives and Evaluation Criteria	11/4/2025
Questionnaire FACTFIND issued to SBC	14/4/2025
Marsh to compile existing Policy Schedules, Endorsements and Policy Wordings	18/7/2025
Update meeting between Marsh/SBC to agree tender timetable	26/8/2025
Request confirmed claims experiences and listings from insurers and SBC to supply in house below deductible listings	2/9/2025
Further update meeting to discuss completion of tender documents	4/9/2025

Questionnaire FACTFIND completed by SBC	15/9/2025
Marsh to compile draft Tender Document	16/9/2025 to 5/12/2025
Marsh submitted Tender to SBC for review meeting with council insurance team for approval	8/12/2025
Meeting between SBC/Marsh to agree/ finalise Tender specification	8/12/2025
Tender to market (uploaded to portal)	12/12/2025
Last date for submission of questions (All responses to questions raised back to Insurers)	16/1/26
Tenders back	6/2/2026
Evaluation Report / Matrix presented to Council	6/03/2026
Cabinet decision	16/03/2026
Standstill period (if applicable under procurement rules)	10 days from 17/03/2026
Contract award notifications issued to successful bidders	30/03/2026
Policy documentation and contract execution	31/03/2026
Insurance programme inception date	1/04/2026

3.4 The Council's insurance broker has provided market intelligence and technical expertise throughout the specification development and tender evaluation process. The tender evaluation is being carried out independently by the Council's appointed insurance brokers, Marsh, who provide specialist market expertise, access to a wide panel of insurers, and assurance that the recommended programme offers appropriate and cost-effective cover for the Council's risk profile. The evaluation criteria being used is as follows:

- Price / Quality.

Quality was then split further into the following sub-criteria:

- Assessment of Policy Cover
- Claims Service
- Added Value & innovation

3.5 Once the offer evaluations are complete, Marsh will meet with SBC to review the insurance proposals. Following this discussion, SBC will issue formal instructions for Marsh to proceed with the contract awards to the successful bidders.

3.6 Subject to Cabinet approval, the Council's Risk Management Team will coordinate with insurers to ensure:

- Policy documentation is reviewed and finalised
 - Claims handling procedures and contacts are communicated to all departments
 - Certificate of insurance is issued to meet statutory and contractual requirements
- 3.7 The insurance programme performance will be monitored throughout the contract period, with regular reporting to the CLT on claims experience and premium costs.
- 3.8 An annual review of the insurance programme will be conducted to ensure continued alignment with the Council's risk profile, asset base, and strategic objectives.
- 3.9 It is best practice for insurance valuations, to be periodically reviewed, and most insurers require this to be done every three to five years, with interim annual adjustments applied to accommodate build cost inflation. We have no records to indicate that the portfolio has been comprehensively revalued in the last ten to fifteen years, which is two or three times the acceptable limit for periodic reviews.
- 3.10 It is therefore imperative that we address this oversight and put in place a contract to facilitate a five-year rolling programme for the revaluation of our property portfolio

4. Implications of the Recommendation

Financial implications

- 4.1 The total estimated contract value over the proposed contract period of 5 years is approximately £10m, including Insurance Premium Tax. This represents a key decision requiring Cabinet approval. The cost of the insurance contracts can be funded from existing revenue budgets held within the Finance Directorate budgets. Also recommended is the approval of a contract for a five-year rolling programme for the revaluation of our property portfolio to align with the Insurance Tender. This can also be met from existing revenue budgets.
- 4.2 The final premium costs will be confirmed following completion of tender evaluation and will be presented to Cabinet. Premium costs have been budgeted within the Council's Medium Term Financial Strategy.
- 4.3 Insurance premium expenditure is demand-led and subject to variation based on asset valuations, risk exposures, claims experience, and market conditions. The proposed contract includes provisions for mid-term adjustments to ensure coverage remains appropriate as the Council's risk profile evolves.
- 4.4 The Council maintains an insurance reserve to meet excess payments, uninsured losses, and any adverse claims development. The adequacy of this reserve is reviewed annually by the Section 151 Officer and reported within the Annual Governance Statement.
- 4.5 Comprehensive insurance coverage protects the Council from potentially catastrophic financial losses that could significantly impact service delivery and the Council's financial sustainability. The cost of insurance represents value for money when considered against the scale of financial exposure being transferred to insurers. Value for Money has been demonstrated through:
- Competitive tender process accessing the full insurance market
 - Independent broker advice ensuring market-competitive pricing

- Benchmarking against comparable local authorities
- Evaluation methodology prioritising total value over lowest cost
- Risk management programmes that reduce claims costs and premiums over time

Legal implications

The Council has the power to procure insurance as an alternative to providing an indemnity to its staff and as an appropriate approach to manage risk. The Council has a statutory duty to manage its financial affairs prudently and to make appropriate arrangements for the management of risk. Comprehensive insurance is a key component of the Council's risk management framework and supports compliance with these obligations.

Many of the Council's contractual arrangements (including construction contracts, service contracts, and property leases) include mandatory insurance requirements. Failure to maintain appropriate coverage would constitute breach of contract and could expose the Council to significant liabilities.

The Council has obligations under employment law, health and safety legislation, and other statutory frameworks that require or are best served by appropriate insurance coverage. Employers' liability insurance is a statutory requirement under the Employers' Liability (Compulsory Insurance) Act 1969

The Council has run a competitive process in compliance with its duties under the Procurement Act 2023 and will comply with requirements in relation to issue of relevant notices.

Risk management implications

This procurement directly supports the Council's Strategic Risk Dashboard, specifically addressing risks related to:

- Financial sustainability and budget management
- Legal and regulatory compliance
- Asset protection and business continuity
- Safeguarding and liability exposures
- Reputational damage

Failure to secure appropriate insurance coverage would represent a critical risk to the Council's financial position and could result in:

- Unlimited financial exposure to claims and losses
- Inability to meet contractual obligations
- Non-compliance with statutory insurance requirements
- Reputational damage and loss of stakeholder confidence
- Intervention by external auditors or regulatory bodies

The competitive procurement process, supported by specialist insurance broker expertise, ensures that comprehensive coverage is secured at market-competitive rates whilst maintaining appropriate quality standards and financial security.

Environmental implications

There are no direct environmental implications arising from this report.

Equality implications

There are no direct equality implications arising from this report.

Procurement implications

The procurement process has been conducted in full compliance with the Procurement Act 2023, which came into effect on 24 February 2025, and the Council's Contract Procedure Rules.

Insurance contracts are subject to competitive procurement requirements when the contract value exceeds the relevant procurement thresholds. The estimated contract value significantly exceeds these thresholds, making Cabinet approval a mandatory requirement.

A competitive procurement exercise has been undertaken using the Yorkshire Purchasing Organisation ("YPO") framework to secure the most advantageous insurance arrangements for the Council across all required classes of business.

All contracts will be executed in accordance with the Council's constitutional requirements and will include appropriate termination provisions, performance standards, and dispute resolution mechanisms.

4. Background Papers

None