

# Provision of Insurance Services 2024/25

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**Report to:**

Investment & Finance Board  
Commissioner's Board  
Deputy Mayor's Fire and Resilience Board  
London Fire Commissioner

**Date:**

01 February 2024  
15 February 2024  
22 February 2024

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**Report by:**

Head of Corporate Finance

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**Report classification:**

For decision

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**For publication**

I agree the recommended decision below.



**Andy Roe**  
London Fire Commissioner

Date **This decision was remotely signed  
on 20 March 2024.**

# PART ONE

## Non-confidential facts and advice to the decision-maker

### Executive Summary

The London Fire Commissioner (LFC) has a range of insurance policies in place to protect against the financial impact of liability claims and loss of assets, with annual premiums paid to insurers to provide the required level of cover.

This report seeks authority to put in place insurance arrangements for LFC through a full tender process for a period of up to five years from 1 July 2024 to 30 June 2029. This decision is required to replace existing arrangements that will come to an end on 30 June 2024.

LFC officers are working on undertaking a tender exercise for the provision of insurance services, supported by the LFC's insurance Broker (Gallagher). This report provides details on the insurance arrangements and requests delegation on the appointment of insurers from 1 July 2024.

### For the London Fire Commissioner

That the London Fire Commissioner agrees that a contract be entered into in accordance with the arrangements set out in this report.

That the London Fire Commissioner delegates to the Director for Corporate Services authority to put in place the insurance arrangements, working with the LFC's insurance broker.

## 1 Introduction and background

- 1.1 This report seeks approval to put in place insurance arrangements for the London Fire Commissioner (LFC) through a full tender process for a period of up to five years from 1 July 2024 to 30 June 2029. This decision is required to replace current arrangements (approved in LFC-0025, LFC-0378 and LFC-23-050) that will come to an end on 30 June 2024.
- 1.2 The LFC has a range of insurance policies in place to protect against the financial impact of liability claims and loss of assets with annual premiums paid to insurers to provide the required level of cover. The current insurance arrangements have largely been in place since 2018, with the arrangements for combined liability and motor insurance having been in place since 2020. These arrangements will come to an end on 30 June 2024, and officers are currently undertaking a full tender process to put in place new insurance arrangements for a period of up to five years from 1 July 2024.
- 1.3 There has been significant upward pressure experienced in insurance costs since the contracts were last fully tendered in 2018. The most significant increases were experienced in combined liability and motor, and as a result a tender process was undertaken in 2020 to access premiums at more advantageous rate than those offered from renewal with the existing insurer. This

limited the increase to some extent, however there was still a substantial increase in cost. The cost of the insurance premiums for 2023/24 is provided in the table below.

<b>Insurance Premiums 2023/24</b>	<b>£000</b>
Combined liability	1,950
Motor (includes Marine)	1,010
Premises (includes leasehold premises)	410
Other	65
<b>Total</b>	<b>3,435</b>

- 1.4** The LFC's broker is now leading the process for a full tender of all insurance covers, working closely with LFC officers. The tender process will seek responses to provide insurance across 14 covers to address the LFC's insurance needs for a period of up to five years from 1 July 2024. The current plan for the tender process is that this will be published in February 2024, with responses due six weeks later. Following receipt of the tender responses, the broker will undertake a detailed review and evaluation of these and prepare a report for the LFC setting out recommendations and premiums for the coming year. The Director of Corporate Services will then consider the recommendations from the report and based on this put in place insurance covers from 1 July 2024, to support insurance arrangements for the five-year period and with confirmed insurance premiums for the first 12 months.
- 1.5** The insurance premiums will be met from the existing LFC insurance budgets. The insurance budgets are reviewed annually as part of the budget process and will reflect the expected changes to the insurance premiums. The insurers will submit renewal premiums to the broker in preparation for each new year starting on 1 July, and these renewals will reflect a number of factors including claims experience, LFC data, inflation, etc. If the renewal premium proposed for any cover exceeds limits that may be set out in a long-term agreement, then the LFC would have the option to go to the market to consider alternative arrangements for that cover, in a similar that was done in 2020.
- 1.6** The insurance premium budget for 2024/25 is £3,966,497 . The broker has prepared a forecast for all insurance covers from 1 July 2024, and this has been used to inform the budget for 2024/25, and this is therefore considered adequate for the first-year insurance premiums. The insurance budget will then be reviewed as part of the annual budget process and reflect information and advice from the broker on expected changes in the cost of insurance premiums.
- 1.7** The new insurance contracts will be for a five-year period from 1 July 2024 to 30 June 2029 at a total estimated cost of £20,324,774.60 for annual premiums, plus inflation and other uplifts arising from the annual renewals process over the five year period to 30 June 2029.

## **2 Objectives and expected outcomes**

- 2.1** This report seeks approval to put in place insurance arrangements for the London Fire Commissioner (LFC) following a full tender process for a period of up to five years from 1 July 2024 to 30 June 2029. This decision is required to replace current arrangements that will come to an end on 30 June 2024. Insurance policies are in place as part of the LFC's risk mitigation process.

### **3. Equality comments**

- 3.1** The LFC and the Deputy Mayor for Fire and Resilience are required to have due regard to the Public Sector Equality Duty (section 149 of the Equality Act 2010) when taking decisions. This in broad terms involves understanding the potential impact of policy and decisions on different people, taking this into account and then evidencing how decisions were reached.
- 3.2** It is important to note that consideration of the Public Sector Equality Duty is not a one-off task. The duty must be fulfilled before taking a decision, at the time of taking a decision, and after the decision has been taken.
- 3.3** The protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership (but only in respect of the requirements to have due regard to the need to eliminate discrimination), race (ethnic or national origins, colour or nationality), religion or belief (including lack of belief), sex, and sexual orientation.
- 3.4** The Public Sector Equality Duty requires decision-takers in the exercise of all their functions, to have due regard to the need to:
- eliminate discrimination, harassment and victimisation and other prohibited conduct.
  - advance equality of opportunity between people who share a relevant protected characteristic and persons who do not share it.
  - foster good relations between people who share a relevant protected characteristic and persons who do not share it.
- 3.5** Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic where those disadvantages are connected to that characteristic.
  - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
  - encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3.6** The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 3.7** Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- tackle prejudice
  - promote understanding.
- 3.8** It is not considered that this report has any direct equalities impact, as it addresses the LFC's insurance arrangements. A full Equalities impact Assessment has therefore not been completed.

### **4 Other considerations**

#### **Workforce comments**

- 4.1** This report is not expected to have any direct workforce implications.

#### **Sustainability comments**

- 4.2** This report is not expected to have any direct sustainability implications.

## **Procurement comments**

**4.3** Work continues with the broker, in consultation Procurement Department, on preparations for the full insurance tender process in 2024. As part of this process, the broker was asked to prepare estimates of the new insurance premiums for 2024 and to allow total estimated costs to be included in this report to secure approval for expenditure. The estimated cost for insurance for Year 1 from 1 July 2024 at £4,064,954.92.

## **Communications comments**

**4.4** This report is not expected to have any direct communications implications.

## **5. Financial comments**

**5.1** This report seeks approval to commit revenue expenditure in order to enter into new insurance contracts for a period of up to five years from 1 July 2024 to 30 June 2029 at a total estimated cost of £20,324,774.60 for annual premiums over the five-year period, plus inflation and other uplifts arising from the annual renewals process over the five-year period to 30 June 2029. The total estimated cost for 2024-25 (Year 1) is £4,064,954.92 which will be included in the estimated £20,324.774.60 expenditure for the five-year period.

**5.2** The total estimated cost over the maximum five years of the contract is £20,324,774.60. This cost will however be reviewed annually, and renewal premiums provided based on claims experience, market considerations, LFC information provided, etc. Approval is therefore sought for the total estimated premiums cost increased for the inflationary impact from the annual renewals process. The insurance contracts include a long-term agreement that sets limits for inflationary increases, and any amounts about this allow the LFC to then conduct a further tender process to seek lower cost from the market.

**5.3** It is proposed that the insurance premiums be met from the existing LFC insurance budgets. The insurance budgets are reviewed annually as part of the budget process and for 2024/25 the total is £3,966,497. Although the forecast cost of insurance for 2024/05 is £4,065,000 this is for the 12 months from 1 July 2024, and therefore only nine months of this higher cost will be in the financial year 2024/25, therefore it is considered that the budget is adequate.

## **6. Legal comments**

**6.1** Under section 9 of the Policing and Crime Act 2017, the London Fire Commissioner (the "Commissioner") is established as a corporation sole with the Mayor appointing the occupant of that office. Under section 327D of the GLA Act 1999, as amended by the Policing and Crime Act 2017, the Mayor may issue to the Commissioner specific or general directions as to the manner in which the holder of that office is to exercise his or her functions.

**6.2** The arrangement proposed in this report are consistent with the Commissioner's power under section 5A of the Fire and Rescue Services Act 2004 to do anything it considers appropriate for purposes incidental to its functional purposes with the underlying functions being those in part 2 of the Fire and Rescue Services Act, including, responding to road traffic collisions, firefighting and fire safety.

**6.3** Part 6 – Financial Regulations of the London Fire Commissioner Scheme of Governance sets out at para 11 (d) that, "The Director of Corporate Services is responsible for ensuring that proper

insurance exists where appropriate and the level of cover and risk is reported in the Statement of Accounts." This report sets out the recommended insurances and level of cover.

- 6.4** By direction dated 1 April 2018, the Mayor set out those matters, for which the Commissioner would require the prior approval of either the Mayor or the Deputy Mayor for Fire and Resilience (the "Deputy Mayor"). Paragraph (b) of Part 2 of the direction requires the Commissioner to seek the prior approval of the Deputy Mayor before "[a] commitment to expenditure (capital or revenue) of £150,000 or above as identified in accordance with normal accounting practices...".
- 6.5** The Deputy Mayor's approval is accordingly required for the London Fire Commissioner to purchase the insurances discussed in this report.

## Part two confidentiality

Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part Two form, together with the legal rationale for non-publication.

**Is there a Part Two form: YES**