

# Decision Pathway – Report Template



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 23 January 2024

<b>TITLE</b>	<b>The Leaseholder Residential Property Insurance for 2024/2025</b>		
<b>Ward(s)</b>	City Wide		
<b>Author:</b> Richard Young	<b>Job title:</b> Head of Strategic Finance		
<b>Cabinet lead:</b> Cllr Craig Cheney - Cabinet member for Finance, Governance, Property and Culture	<b>Executive Director lead:</b> Stephen Peacock		
<b>Proposal origin:</b> BCC Staff			
<b>Decision maker:</b> Cabinet Member <b>Decision forum:</b> Cabinet			
<b>Purpose of Report:</b> To seek approval to procure and award insurance arrangement for the Councils Leasehold and Right to Buy Scheme for a period of one-year and retender in the subsequent year.			
<b>Evidence Base:</b>			
<ol style="list-style-type: none"> <li>1. Due to a withdrawal of Zurich our principal supplier from residential leaseholder market in 2023, the market options have been limited and as such interim arrangements have been pursued to enable cover to be sourced on an annual basis with a full tender to occur in 2026, when it is anticipated that the market in this regard will be further developed. The insurance market for this category of insurance is currently extremely challenging with very few suppliers providing this insurance cover currently.</li> <li>2. The intention is to apply for a 1+1 year term to allow for other insurers that may enter the market. This will be via a direct award.</li> <li>3. The properties to which the cover will be applied is as summarised here: 1,861 units of flats and houses. The overall cost of the insurance cover has increased - this is due to the increases in sum insured property valuations, change in valuation approach and additional properties added to the portfolio in the previous insurance period. The most recent valuation indicated an upward movement – increasing the valuation from £280 to £480 million. It is anticipated that, given the current trends, insurance premiums are likely to increase further. The council will seek to contain the cost with the current envelope for this cover however it may be necessary to utilise the corporate insurance fund which is earmarked for this purpose if the costs cannot be contained.</li> <li>4. The average cost of cover for each leaseholder is approximately £280 a year. This compares to approximately £160 during 2022/23. (75% increase). The approximate 75% increase in premium per leaseholder is following a valuation review that has increased property values by 70%.</li> <li>5. The current 2023/24 cost is c.£500,000, this may increase or decrease subject to the tender and will be contained within the Insurance Budget</li> </ol>			
<b>Cabinet Member / Officer Recommendations:</b> That Cabinet:			

1. Authorise the Director of Finance in consultation with the Deputy Mayor, Cabinet Member Finance, Governance, Property and Culture to take all steps required to procure and award a one-year contract insurance arrangement for leaseholders and the Right to Buy Scheme as outlined in this report.

**Corporate Strategy alignment:**

1. Being an effective development organisation, supporting residents of Bristol City Council.

**City Benefits:**

1. It an essential requirement of a landlord to provide building insurance cover for Leaseholders and Right to buy Scheme.

**Consultation Details:**

1. None required

**Background Documents:**

[Finance Urgent Key Decision 029, 22<sup>nd</sup> March 2023](#)

<b>Revenue Cost</b>	c. £500,000	<b>Source of Revenue Funding</b>	Insurance Service Budget (General Fund)
<b>Capital Cost</b>	£0	<b>Source of Capital Funding</b>	n/a
<b>One off cost</b> <input checked="" type="checkbox"/>	<b>Ongoing cost</b> <input type="checkbox"/>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:** This report requests approval for the procurement of an insurance arrangement for the council’s Leasehold and Right to Buy Scheme with an estimated total revenue cost of c.£500,000 over one year. The final revenue cost will be subject to tender and the contract commitment for the council will be limited to one year. There is a risk that changes to properties such as increases in property values and additional properties being added to the portfolio during the insurance period may result in an increase in insurance cover.

Insurance cover for the council’s Leasehold and Right to Buy Scheme is managed within the Resources Directorate however costs are fully recharged to the Housing Revenue Account (HRA) and subsequently recharged to leaseholders where appropriate. Any pressure on the HRA will need to be managed within the overall budget envelope.

The increase to insurance premiums is being monitored as part of the MTFP refresh.

**Finance Business Partner:** Kathryn Long Finance Business Partner (Resources Directorate), 21 December 2023

**2. Legal Advice:** The procurement process must be conducted in line with the 2015 Procurement Regulations and the Council’s own procurement rules. Legal services will advise and assist officers with regard to the conduct of the procurement process and the resulting contractual arrangements.

**Legal Team Leader:** Husinara Jones, Team Manager Commercial and Governance: Governance Lead Legal, 15<sup>th</sup> December 2023

**3. Implications on IT:** I can see no implications on IT in regard to this activity.

**IT Team Leader:** Alex Simpson, Lead Enterprise Architect, 18<sup>th</sup> December 2023

**4. HR Advice:** No HR implications arising within the report.

**HR Partner:** Bryn Williams, Consultancy Lead Level 3, HR and Workforce, 15<sup>th</sup> December 2023

<b>EDM Sign-off</b>	Tim O’Gara, Monitoring Officer	13 <sup>th</sup> December 2023
<b>Cabinet Member sign-off</b>	Cllr Craig Cheney, City Economy, Finance and	11 <sup>th</sup> December 2023

	Performance	
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	20 <sup>th</sup> December 2023

<b>Appendix A – Further essential background / detail on the proposal</b>	<b>YES</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b>	<b>NO</b>
<b>Appendix E – Equalities screening / impact assessment of proposal</b>	<b>YES</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>NO</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Exempt Information</b>	<b>NO</b>
<b>Appendix J – HR advice</b>	<b>NO</b>
<b>Appendix K – ICT</b>	<b>NO</b>
<b>Appendix L – Procurement</b>	<b>NO</b>