

BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter is not a Key Decision within the Council's definition and has not been included in the relevant Forward Plan

REPORT OF THE EXECUTIVE DIRECTOR, CORE SERVICES TO CABINET ON 18TH OCTOBER, 2017

EMERGING LOCAL AUTHORITY MUTUAL INSURANCE ARRANGEMENTS

1. PURPOSE OF REPORT

- 1.1 To gain Cabinet approval for Barnsley Council to be represented on the Founding Members Board of the emerging Local Authority Mutual Insurance organisation.

2. RECOMMENDATIONS

- 2.1 **Cabinet agrees to the nomination of the Cabinet Spokesperson for Core Services to the Founding Members Board of the emerging Local Authority Mutual Insurance organisation with immediate effect.**

3. INTRODUCTION

- 3.1 The Council has been approached by the Lead Adviser from the Local Government Association (LGA) regarding the development of options for a financially beneficial alternative to the conventional insurance market products and services that are available to Local Authorities.
- 3.2 The LGA is now taking the lead on this project, and it is their wish to work with a small number of leading authorities to consider developing a new mutual insurance organisation for local government, which will be designed to offer comparable or better protection to LGA members, at a reduced cost. It is envisaged that the mutual would be owned and controlled by its members. Essentially, a mutual insurance company is owned entirely by its policyholders. Any profits earned by the mutual would either be:
 - Retained within the company to cover future losses;
 - Rebated to the policyholders in the form of dividend distributions; or,
 - Used to reduce future premiums for policyholders.
- 3.3 Following the approach from the LGA, the Leader, Chief Executive and Service Director (Finance) met with the Lead Adviser from the LGA in August 2017, where it was agreed in principle that the Cabinet Spokesperson for Core Services would be Barnsley's nomination to the Founding Members Board.

4. PROPOSAL AND JUSTIFICATION

- 4.1 As a founding member, the Council is not committed to participating in the scheme once it is operational, and it is likely that at that stage, a further Cabinet Report will be prepared to seek approval to join the scheme, based on an assessment of risk and value for money outcomes.

- 4.2 The Council has an exciting opportunity to participate in the development of the mutual business case, governance arrangements and procurement options, which would enable the Council to be well sighted in terms of any benefits and opportunities (and risks) the scheme would present when operational.

5. CONSIDERATION OF ALTERNATIVE APPROACHES

- 5.1 The Council may not wish to engage with the LGA regarding the developing local authority mutual which would mean the Council loses the opportunity to contribute towards the shaping and influencing of the future direction of the mutual.

6. IMPLICATIONS FOR LOCAL PEOPLE/SERVICE USERS

- 6.1 There are no direct implications for local people or services users at this stage.

7. FINANCIAL IMPLICATIONS

- 7.1 There are no financial implications for Cabinet to consider at this stage. As the mutual develops, assessments regarding value for money, robustness of the mutual's underwriting arrangements, loss control arrangements and the like will be assessed before any decision is made to commit to the mutual as a provider of insurances for Barnsley Council.

8. EMPLOYEE IMPLICATIONS

- 8.1 There are no employee implications identified at this stage.

9. COMMUNICATIONS IMPLICATIONS

- 9.1 There are no communication implications identified at this stage.

10. CONSULTATIONS

- 10.1 It is envisaged that appropriate consultations with regional authorities, insurance brokers and other interested parties will be consulted with as part of the development of the mutual.

11. THE CORPORATE PLAN AND THE COUNCIL'S PERFORMANCE MANAGEMENT FRAMEWORK

- 11.1 Engaging with the developing mutual will support achievement of the council's priorities, in particular the One Council priority, and the 'innovative and managed risk taking' value.

12. PROMOTING EQUALITY, DIVERSITY AND SOCIAL INCLUSION

- 12.1 There are no equality, diversity or social inclusion implications identified at this stage

13. TACKLING HEALTH INEQUALITIES

- 13.1 There are no health implications identified at this stage

14. RISK MANAGEMENT ISSUES

- 14.1 There is currently a risk that is the Council does not engage at this state, the opportunity to be involved in shaping and influencing the governance arrangements for the mutual will be lost.
- 14.2 A full risk assessment of options to the Council will be undertaken once the mutual has been developed to a stage where its operations, governance arrangements, costs and can be assessed, and reported to Cabinet for a final decision to be taken as to whether the Council would benefit from procuring elements of insurance from this new organisation.

15. BACKGROUND PAPERS

Working Papers located in Westgate Plaza One.

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Financial Implications/Consultation

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*(To be signed by senior Financial Services officer
where no financial implications)*