

Officer Decision Making

Monday, 30th July, 2018
at 11.00 am

PLEASE NOTE TIME OF MEETING

Democratic Services Office
Civic Centre, Southampton

This meeting is not open to the public

Decision Maker

Service Director, Finance and Commercialisation

Contacts

Democratic Support Officer

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AGENDA

Agendas and papers are available via the Council's website

1 **LEASEHOLD PROPERTY INSURANCE** (Pages 1 - 4)

To consider the report of the Service Lead, Risk, Insurance and Audit seeking approval for a new contract to be in place from 1st April, 2019 to ensure continuity of cover on behalf of leaseholders.

Friday, 20 July 2018

Service Director, Legal and Governance

Agenda Item 1

DECISION-MAKER:	SERVICE DIRECTOR, FINANCE AND COMMERCIALISATION		
SUBJECT:	LEASEHOLD PROPERTY INSURANCE		
DATE OF DECISION:	30 JULY 2018		
REPORT OF:	SERVICE LEAD: RISK, INSURANCE & AUDIT		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Peter Rogers	Tel: 023 8083 2835
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Director	Name:	Mel Creighton	Tel: 023 8083 4897
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STATEMENT OF CONFIDENTIALITY	
Not applicable	
BRIEF SUMMARY	
The current agreement with insurers for the provision of buildings insurance for leasehold flats expires on 31 st March 2019 and a new contract is required to be in place from 1 st April 2019 to ensure continuity of cover. In accordance with the terms of their lease the Council is responsible for arranging this cover on behalf of leaseholders.	
RECOMMENDATIONS:	
(i)	To approve the appointment of a new contract for the provision of leasehold flats buildings insurance from 1 st April 2019.
(ii)	That the Chief Financial Officer selects the most appropriate insurance provider based on an evaluation of the responses received to the tender in terms of price and quality.
REASONS FOR REPORT RECOMMENDATIONS	
1.	To ensure continuity of cover in respect of buildings insurance for those individual flats that are insured via the council in accordance with the terms of the lease.
2.	To ensure that the Council meets its' obligation in terms of arranging buildings insurance on behalf of leaseholders.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
3.	No alternative options have been considered.
DETAIL (Including consultation carried out)	
4.	Under the standards terms of the lease the Council is required to arrange buildings insurance in respect of leasehold flats. The cost of this insurance cover is then collected from leaseholders as part their annual service charge.
5.	There are just over 1,900 leasehold flats currently insured under the existing buildings insurance policy noting that this figure would be expected to increase over time as new properties are purchased from the Council under the 'Right to Buy' scheme.

6.	The current buildings insurance policy is with Ocaso S.A. and was put in place on 1 st April 2014 under a 3 year agreement with a 2 year extension option. The 2 year extension option was subsequently exercised by the Council. It is anticipated that the new contract will be of a similar duration.
7.	The selection and appointment of an insurer will be via an OJEU compliant tender exercise, the detail of which will be developed in consultation with the Council's appointed insurance broker and colleagues in Procurement Services (who are already aware of this forthcoming procurement).
8.	Discussions have also been held with both Leaseholder Services and Legal Services in terms of understanding the requirements in respect of the formal tenant consultation process that is required to be undertaken and ensuring that all such communications are compliant with the relevant legislation.
9.	It is anticipated that three separate communications with leaseholders will be required at various points namely to notify leaseholders of the intention to procure a new contract, to advise of the outcome of the tender exercise and to issue the new policy documentation in advance of 1 st April 2019.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
10.	The cost of the cover is charged to Housing who then collect this from individual leaseholders as part of their annual service charge.
<u>Property/Other</u>	
11.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
12.	<p><u>Officer Scheme of Delegation</u></p> <p>SERVICE DIRECTOR : FINANCE & COMMERCIALISATION</p> <p>6.30 To review annually or at such other periods as is considered necessary all risks and insurances following consultation with appropriate Service Directors, and make arrangements and agree terms with insurers for those risks considered to be economic to transfer to the Council's insurers.</p> <p>6.33 To arrange appropriate risk financing measures and provide advice and guidance on the extent of insurance or self-insurance arrangements.</p> <p>6.34 Where appropriate, to arrange the placement of cover with insurers including the negotiation of premium rates and policy terms.</p> <p><u>Financial Procedure Rules</u></p> <p>C: RISK MANAGEMENT AND CONTROL OF RESOURCES</p> <p>Risk Management</p> <p><i>Responsibilities of the CFO</i></p> <p>C.5 To advise Cabinet on proper insurance cover where appropriate, and effect corporate insurance cover, through external insurance and internal funding.</p>

Other Legal Implications:	
13.	The Landlord and Tenant Act 1985, Section 20 Limitation of service charges: consultation requirements.
RISK MANAGEMENT IMPLICATIONS	
14.	Failure to have in place an appropriate insurance contract would result in there being a gap in cover for leaseholders and mean that the Council had not complied with its obligations under the terms of the lease.
POLICY FRAMEWORK IMPLICATIONS	
15.	None

KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	n/a

Documents In Members' Rooms

1.	n/a
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Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
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Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	Yes
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	n/a

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