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RUSHMOOR BOROUGH COUNCIL

CABINET

*at the Council Offices, Farnborough on
Tuesday, 10th September, 2024 at 7.00 pm*

To:

Cllr Gareth Williams, Leader of the Council and Finance Portfolio Holder
Cllr Sophie Porter, Deputy Leader and Community & Residents Portfolio Holder

Cllr Abe Allen, Enabling Services Portfolio Holder
Cllr Jules Crossley, Policy, Climate & Sustainability Portfolio Holder
Cllr Keith Dibble, Development & Economic Growth Portfolio Holder
Cllr Christine Guinness, Regeneration & Property Portfolio Holder
Cllr Becky Williams, Neighbourhood Services Portfolio Holder

Enquiries regarding this agenda should be referred to Chris Todd, Democratic Support Officer, on 01252 398825 or e-mail: chris.todd@rushmoor.gov.uk

A G E N D A

1. DECLARATIONS OF INTEREST –

Under the Council's Code of Conduct for Councillors, all Members are required to disclose relevant Interests in any matter to be considered at the meeting. Where the matter directly relates to a Member's Disclosable Pecuniary Interests or Other Registrable Interest, that Member must not participate in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation (see note below). If the matter directly relates to 'Non-Registrable Interests', the Member's participation in the meeting will depend on the nature of the matter and whether it directly relates or affects their financial interest or well-being or that of a relative, friend or close associate, applying the tests set out in the Code.

NOTE:

On 27th May, 2021, the Council's Corporate Governance, Audit and Standards Committee granted dispensations to Members appointed by the Council to the Board of the Rushmoor Development Partnership and as Directors of Rushmoor Homes Limited.

2. **MINUTES** – (Pages 1 - 4)

To confirm the Minutes of the meeting held on 6th August, 2024 (copy attached).

3. **REVENUE AND CAPITAL BUDGET MONITORING REPORT - Q1 2024/25** – (Pages 5 - 16)

(Cllr Gareth Williams, Leader of the Council and Finance Portfolio Holder)

To consider Report No. FIN2413 (copy attached), which sets out the Council's anticipated financial position for 2024/25 as at the end of June, 2024.

4. **INSURANCE PROVISION** – (Pages 17 - 30)

(Cllr Gareth Williams, Leader of the Council and Finance Portfolio Holder)

To consider Report No. FIN2414 (copy attached), which sets out options for the future provision of its insurance services.

5. **EXCLUSION OF THE PUBLIC** –

To consider resolving:

That, subject to the public interest test, the public be excluded from this meeting during the discussion of the undermentioned item to avoid the disclosure of exempt information within the paragraph of Schedule 12A to the Local Government Act, 1972 indicated against such item:

Item No.	Schedule 12A Para. No.	Category
6	3	Information relating to financial or business affairs

6. **LETTING OF NO. 1 UNION YARD, ALDERSHOT** – (Pages 31 - 46)

(Cllr Christine Guinness, Regeneration & Property Portfolio Holder)

To consider Exempt Report No. PG2423 (copy attached), which sets out a proposal to grant a capital contribution to assist with shop fit out costs in respect of a potential new tenant of the Union Yard development in Aldershot.

CABINET

Meeting held on Tuesday, 6th August, 2024 at the Council Offices, Farnborough at 7.00 pm.

Voting Members

Cllr Sophie Porter, Deputy Leader and Community & Residents Portfolio Holder (in the Chair)

Cllr Abe Allen, Enabling Services Portfolio Holder
 Cllr Jules Crossley, Policy, Climate & Sustainability Portfolio Holder
 Cllr Keith Dibble, Development & Economic Growth Portfolio Holder
 Cllr Becky Williams, Neighbourhood Services Portfolio Holder

Apologies for absence were submitted on behalf of Cllrs Christine Guinness and Gareth Williams.

The Cabinet considered the following matters at the above-mentioned meeting. All executive decisions of the Cabinet shall become effective, subject to the call-in procedure, from **19th August, 2024**.

14. **DECLARATIONS OF INTEREST –**

Having regard to the Council's Code of Conduct for Councillors, no declarations of interest were made.

15. **MINUTES –**

The Minutes of the meeting of the Cabinet held on 23rd July, 2024 were confirmed and signed by the Chairman.

16. **COUNCIL PLAN & RISK REGISTER QUARTERLY UPDATE APRIL TO JUNE 2024/25 –**

(Cllr Jules Crossley, Policy, Climate & Sustainability Portfolio Holder)

The Cabinet received Report No. ACE2408, which set out progress in delivering the Council Plan projects during the first quarter of 2024/25. Members were informed that progress against key activities and projects was included in the Report, along with the Council's business performance monitoring information and the Council's Corporate Risk Register. It was reported that, at the end of the first quarter, 60% of projects/activities were on track, with 30% showing an amber status and 10% a red status.

In considering the Report, it was noted that these performance figures showed a small improvement since the previous report, which had shown 50% of projects on track, with 30% on amber and 20% on red. Members confirmed that, in relation to the project with a red status, a new leisure facility would be provided in Farnborough but that the scale of this project would be commensurate to what could be afforded.

It was reaffirmed that the Cabinet would be carrying out a fundamental review of the Council Plan to reflect the priorities of the new administration.

The Report also introduced the Council's Productivity Plan that summarised the Council's plans to design and deliver services to make better use of resources, to use technology and data to improve decision making, service design and use of resources and to reduce expenditure.

The Cabinet NOTED

- (i) the progress made towards delivering the Council Plan and the changes highlighted in the Corporate Risk Register, as set out in Report No. ACE2408;
- (ii) the development and submission of the Council's Productivity Plan, as set out in Annex D of the Report; and
- (iii) the plans to review and refresh the key performance indicators and measures for the next quarter, so that these would be presented in line with the priorities of the new administration.

17. RECOMMENDATIONS FROM POLICY AND PROJECT ADVISORY BOARD - DEFIBRILLATORS AND BLEED KITS IN RUSHMOOR –

(Cllr M.J. Roberts, Chairman of Policy and Project Advisory Board)

The Cabinet considered Report No. ACE2407, which set out the work carried out by the Council's Policy and Project Advisory Board Group in respect of the provision of defibrillators and bleed kits in the Borough. The Chairman welcomed Cllr M.J. Roberts, Chairman of the Policy and Project Advisory Board, who was attending to report on the Board's considerations and recommendations.

The Policy and Project Advisory board (PPAB) had met on 13th February, 2024 and 21st March, 2024 to consider its recommendations to the Cabinet. The Board had received information on the existing provision of defibrillators and the costs of providing additional units. A needs assessment and survey had been carried out and, as a result of that, it was recommended that accessible defibrillators and bleed kits should be installed in priority areas to mitigate the dangers of out-of-hospital cardiac arrests.

In discussing this proposal, Members noted the deficiency of provision in more deprived areas. The Cabinet was supportive of the proposal and noted that community groups would be responsible for the ongoing maintenance of the units once these had been procured and installed. The Cabinet expressed gratitude to PPAB for its work in producing these recommendations.

The Cabinet RESOLVED that

- (i) the already approved allocation of £10,000 from the existing UKSPF neighbourhood level interventions project budget, for the purchase of up to six Public Access Defibrillators (PADs) in the priority areas identified, as set out in Report No. ACE2407, be endorsed;

- (ii) the prioritisation of the purchase of PADs above the relocation of existing Council-owned defibrillators be approved;
- (iii) the work with First Responders to arrange and co-ordinate daily checks on new defibrillators be approved; and
- (iv) working with partners and providing defibrillator awareness training sessions, be approved.

18. **MOBILE HOMES FIT & PROPER PERSON DETERMINATION POLICY –**
(Cllr Becky Williams, Neighbourhood Services Portfolio Holder)

The Cabinet considered Report No. OS2411, which set out a new Mobile Homes Fit and Proper Person Determination Policy for the Council.

Members were informed that the policy had been adopted previously under delegated powers and had been in operation since March, 2023. For this reason, mobile home site operators were already familiar with the contents of the policy, which was unchanged from the original version.

The Cabinet RESOLVED that the adoption of the Mobile Homes Fit and Proper Person Determination Policy, as set out in Appendix 1 of Report No. OS2411, be approved.

19. **CORPORATE SANCTIONS AND ENFORCEMENT POLICY –**
(Cllr Abe Allen, Enabling Services Portfolio Holder)

The Cabinet considered Report No. LEG2402, which set out an update to the Council's Corporate Sanctions and Enforcement Policy.

Members were informed that the purpose of this policy was to set out what should be expected from the Council's regulatory services when sanction and enforcement action was being considered. Whilst much of the policy remained unchanged, it was confirmed that some information and cross references had been updated.

The Cabinet RESOLVED that the adoption of the Corporate Sanctions and Enforcement Policy, as set out in Appendix 1 of Report No. LEG2402, be approved.

The Meeting closed at 7.59 pm.

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CABINET
10 SEPTEMBER 2024

COUNCILLOR GARETH WILLIAMS
FINANCE PORTFOLIO HOLDER
REPORT NO. FIN2413

KEY DECISION: NO

REVENUE AND CAPITAL BUDGET MONITORING REPORT – Q1 2024/25

SUMMARY:

This report sets out the forecasted financial position for 2024/25 as at the end of June 2024.

RECOMMENDATIONS:

CABINET is recommended to:

- i. Note the Revenue budget forecast as set out in Section 2 of the report
- ii. Note the Capital Programme forecast as set out in Section 4 of the report.
- ii. Approve the virements listed in Section 3
- iv. Approve the movements to and from earmarked reserves listed in Section 3

1 INTRODUCTION

- 1.1 This report provides an update on the forecasted outturn position against approved budget for the current financial year 2024/25 based upon service manager information as at the end of June 2024 with additional finance due diligence. Heads of Service, Service Managers and the Finance Team work collaboratively to produce robust forecasts and validate forecast assumptions.

2 REVENUE BUDGET FORECAST 2024/25

- 2.1 The original net General Fund Revenue budget for 2024/25 was approved by Council at their meeting in February 2024. The latest approved budget also includes budget carry forwards of £216k as noted in the July MTFS update. The Quarter 1 forecast outturn is presented in the table below and reflects the new cabinet portfolios.

	2024-25 Original Budget £'000	2024-25 Approved Budget £'000	2024-25 Forecasted Outturn £'000	2024-25 Forecast Variance
Community & Residents	2,033	2,059	2,071	12
Development & Economic Growth	2,144	2,305	2,509	204
Neighbourhood Services	11,936	11,118	11,017	(101)
Regeneration & Property	(5,255)	(5,562)	(5,221)	341
Enabling Services	869	1,248	1,268	20
Policy, Climate & Sustainability	677	860	848	(12)
Finance	2,930	2,932	2,939	7
Subtotal	15,334	14,960	15,431	471
Less: Reversal of Accounting Entries	(2,957)	(2,957)	(2,957)	-
Net Service Revenue Expenditure	12,377	12,003	12,474	471
Corporate Income & Expenditure				
Minimum Revenue Provision (MRP)	1,758	1,758	1,692	(66)
Interest Receivable	(3,776)	(3,776)	(2,896)	880
Interest Payable	8,731	8,731	7,606	(1,125)
RCCO	-	13	13	-
MTFS Target Service Reductions	(500)	261	261	-
MTFS Interest & MRP reduction	(240)	(240)	(240)	-
Movement in General Reserves	(4,639)	(4,960)	(4,960)	-
Movement in Earmarked Reserves	119	41	41	-
Net General Fund Revenue Budget	13,830	13,831	13,991	160
Funded by:				
Council Tax	(7,706)	(7,706)	(7,706)	-
Business Rates	(5,090)	(5,090)	(5,090)	-
New Homes Bonus	(383)	(384)	(384)	-
Feed In Tariff	-	-	(15)	(15)
Services Grant	-	(14)	(17)	(3)
Funding Guarantee	-	(516)	(516)	-
Revenue Support Grant	(641)	(111)	(111)	-
Collection Fund Surplus / Deficit	(10)	(10)	(10)	-
Total Funding	(13,830)	(13,831)	(13,849)	(18)
Core (Surplus)/Deficit	0	0	142	142

- 2.2 The Service Reduction Target of £500k in 2024/25 has been achieved and exceeded through review of budgets and service opportunities in year. £328k of the £627k savings achieved in 2024/25 are temporary. Further work to identify permanent savings to secure the financial security of the council looking forward will be required. The breakdown of how these savings have been achieved is detailed below.

	2024-25	2025-26	2026-27	2027-28
	£	£	£	£
Service Opportunities				
Recurrent				
Close North Hants Employment and Skills Zone website	- 2,390	- 2,390	- 2,390	- 2,390
Increase Princes Hall Venue Levy	- 20,000	- 20,000	- 20,000	- 20,000
Triage post in CSU to be funded by external grant	- 44,800	- 44,800	- 44,800	- 44,800
Contract Inflation update	- 83,760	- 83,760	- 83,760	- 83,760
Wellesley S106 contributions	- 7,268	- 7,268	- 7,268	- 7,268
Green Waste Income	- 35,173	- 35,173	- 35,173	- 35,173
Temporary				
Farnborough College of Technology rental of the Meads	- 170,091	- 102,542		
Supporting economic development at Hart DC	- 25,085			
	- 10,000			
Street cleaning – pause/delaying major projects				
Anti Social Behaviour External Funding bid successful	- 60,000			
Recycling glass sales	- 168,000			
Total	- 626,567	- 295,933	- 193,391	- 193,391
	2024-25	2025-26	2026-27	2027-28
	£	£	£	£
Budget Adjustments				
Premises Licensing Income	- 11,870	- 11,870	- 11,870	- 11,870
Taxi Licensing Income	- 12,700	- 12,700	- 12,700	- 12,700
Princes Hall Car Parking Income	- 7,000	- 7,000	- 7,000	- 7,000
Business Rates	- 17,470	- 17,470	- 17,470	- 17,470
Utilities	- 44,800	- 44,800	- 44,800	- 44,800
Maintenance for site no longer in existence	- 2,000	- 2,000	- 2,000	- 2,000
Budget Correction	- 38,500	- 38,500	- 38,500	- 38,500
Total	- 134,340	- 134,340	- 134,340	- 134,340
	2024-25	2025-26	2026-27	2027-28
	£	£	£	£
Cumulative Summary				
Cumulative Target Savings	- 500,000	- 1,000,000	- 1,500,000	- 2,000,000
Quick Wins	- 626,567	- 295,933	- 193,391	- 193,391
Budget Adjustments	- 134,340	- 134,340	- 134,340	- 134,340
Remaining savings to be found		- 569,727	- 1,172,269	- 1,672,269
Savings achieved beyond target	260,907			

2.3 Details of the quarter 1 forecast variance by nature is provided below.

	Community & Residents	Development & Economic Growth	Enabling Services	Finance	Neighbourhood Services	Policy, Climate & Sustainability	Regeneration & Property	Grand Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staff Costs	5	(43)	(65)	(2)	(83)	(9)	(116)	(313)
Contracted Services					(13)			(13)
Utilities & Business Rates		(1)	(13)		(63)		(29)	(106)
Professional Consultancy								-
IT		(1)	(15)	(2)		(3)		(21)
Equipment								-
Maintenance		(1)			(10)			(11)
Other Costs	16	13	(12)	11	(32)		108	104
Fees and Charges	(4)	226	25		127			374
Property Related Income			(4)		(4)		246	238
Property Service Charges							112	112
Grant								-
Other Income	(5)	11	104	-	(23)		20	107
Total	12	204	20	7	(101)	(12)	341	471

Key Service Variations:

- 2.4 **Establishment:** as at quarter 1 vacancy savings net of back fill from temporary staff has contributed to a net overall £312k budget savings in the forecast. Overall, the forecast underspend represents 6.9% of the establishment budget.
- 2.5 **Utilities & Business Rates:** the council is seeing reduced demand in cremations beyond the original business case. This is forecast to deliver a £54k saving in utility costs at the site, however, does also have negative impact on the original income projections during the refurbishment.
- 2.6 **Other costs – Regeneration & Property:** the forecasted costs for the Student Accommodation and Main Site at Union Yard are expected to exceed the original business case in 2024/25. Work is ongoing to fully understand and control this cost within the approved budgets. The Energy Centre expenses and income will be forecasted in due course, these will be a net nil position to the General Fund.
- 2.7 **Fees & Charges – Development & Economic Growth:** income in both the building control and planning development management areas are both underperforming in the first quarter. Building control is currently experiencing reduced applications and forecast income is £80k down on budget. A vacancy saving is helping to mitigate the impact of this. Planning Development management is also experiencing reduced levels of applications, which has a forecast £148k reduction on income. The experience of these two teams in reduced applications is shared nationally.
- 2.8 **Fees and Charges – Neighbourhood Services:** the crematorium is experiencing reduced demand for services beyond the forecast reduction due to the refurbishment. This is a picture shared nationally and thought to be a post-pandemic effect. The income for the crematory is

currently forecast to £176k reduction on the budget. However, Income for Princes Hall is forecast to perform well, over £30k above budget.

- 2.9 **Property Related Income:** Property income is not achieving budget mainly due to the vacancy of 4.3 Frimley 4 Business Park from July. Unachieved rental income on this site is forecast at £365k. A paper to propose the disposal of this site will be forthcoming to support the MTFS disposal strategy. Once disposed of, savings will be achieved through reduced borrowing costs and Minimum Revenue Provision contributions. These savings will form part of the achievement of the Interest & MRP reduction from disposal of assets. A number of other property sites are delivering income above forecasts due to rent reviews of which some may be backdated.
- 2.10 **Property Service Charges:** During the last quarter of 2023/24 Avison Young, the managing agents for Frimley Business Park, raised the issue of outstanding payments from RBC. The exact amount has varied and the officers and the investment agents have put significant efforts into resolving the matter. Some progress has been made with a number of reconciliation issues resolved. At the end of the financial year it was considered prudent to make a provision of £130K. Meetings to resolve the matter are now in hand however at this stage we cannot be certain of a positive outcome. Currently there is a difference of £70K between the provision in our accounts and the sum claimed by Avison Young. This is shown as a forecast overspend at this stage until we have greater certainty in view of the risk that this sum maybe justified.

Key Corporate Variations:

- 2.11 **Interest payable on borrowing:** external borrowing requirement was budgeted to be £165 million for 2024/25 at a range of interest rates from 5.30% falling throughout the year to 4.3%. The borrowing is all relatively short term circa 1-to-2-year maturity, from other Local Authorities which is cheaper than PWLB. As at the end of quarter 1, the Council has £145million of external borrowing. In addition, rates have started to fall earlier than anticipated. These factors are delivering reduced interest costs.
- 2.12 **Interest receivable:** the council received interest on a number of investments including pooled funds, money market funds, external loans and cash balances held. Due to reduced interest rates, returns on these investments are reduced. In addition, due to close treasury management, balances held are reduced to minimis borrowing levels. This has reduced forecast income due to the council.
- 2.13 In addition, the council has received notification of one of its investments in a pooled fund is closing. This has a negative impact on interest received from September, however the Council will be reducing external debt levels through the investment redemption and will see reduced borrowing costs. These forecasts are included in the numbers above.

3 VIREMENTS

3.1 In order to proactively manage budgets, a number of budget virements including use and contributions to earmarked reserves are proposed by officers. Cabinet is asked to approve the virements as follows below in line with the virement rules set out in the council's Constitution's Financial Regulations (C10&11) and Delegated Authorities (3.5 Matters Reserved for Cabinet).

3.2 Virement of Budgets within Services

Department	Virement Amount	Movement to	Movement from	Notes
Economy & Growth - Planning Performance	300,000	Planning other costs	Planning Performance Agreement income	Income from Farnborough Int'l Airport to support work related to planning application
Planning Policy	51,410	Skills development cost	Planning Policy income	Planning Skills Delivery Grant award to support the planning service in skill development and reduce any backlogs
Finance	219,610	Resident Support	Grant Income	Use of Household Support Grant to support residents with food vouchers.
Legal	60,250	Legal - Temporary Staff	Legal - Direct Salaries	Saving on Salary costs due to vacancies which require external support to ensure sufficient capacity
Housing	95,000	Temporary Accomodation Costs	Housing Grant Expenditure	Utilisation of Homelessness Prevention Grant
Princes Hall	64,700	Princes Hall running costs	Princes Hall Income	Additional income forecast due to predicted ticket sales levels, will incur additional costs to support.
Street Safety	30,000	Street Safety expenditure	Grant Income	New Street Safety Grant to be spent on staff resource and environmental improvements
Total	820,970			

3.3 Movements to Earmarked Reserves

Department/Reason	Amount	Name of Reserve	Notes
IT training	(5,000)	Cyber Training Grant	Timing difference of receipt and use of grant.
IT Inflation	(7,540)	Stability and Resilience	Inflationary pressures in IT
Finance - Agency Staff	(26,970)	Stability and Resilience	Use of additional resource to support finance team.
Finance - CIPFA Review	(9,000)	Stability and Resilience	Use of reserve to fund additional one off costs of CIPFA review.
Treasury - MRP Review	(6,700)	Stability and Resilience	Use of reserve to fund additional one off costs of MRP review.
SANG Management	(1,530)	SANG	Use of SANG funds for management of SANG site
Economy & Growth - Biodiversity	(3,360)	Biodiversity Grant	Timing difference of receipt and use of grant.
Economy & Growth - Esso Pipeline	(78,470)	Esso Pipeline	Will be used in 2024/25 where works were not carried out in 2023/24.
Asylum Dispersal	(36,200)	Asylum Dispersal Grant	Timing difference of receipt and use of grant.
Air Quality Control	35,640	A331 Air Quality Project	Reduction of draw down to cover expenditure budget
Total	(139,130)		

3.4 Movements from Earmarked Reserves

Department/Reason	Amount	Name of Reserve	Notes
Local Authority Housing Fund	14,780	LAHF Reserve	Timing difference of receipt and use of grant.
UK Shared Prosperity Fund	33,100	UKSPF	Timing difference of receipt and use of grant.
Planning Skills Delivery	13,500	Skills Delivery	Timing difference of receipt and use of grant.
Total	61,380		

3.5 Change in use of Reserve to fund forecast deficit.

Narrative	2024-25	2024-25
	Original Budget £'000	Approved Budget £'000
MTFS Target Service Reductions	-500	261
MTFS Interest & MRP reduction	-240	-240
Use of Reserve to fund forecast deficit	-4639	-4960
Opening Budget	-5379	-4939
Movement		440
Quick Win Savings		(627)
Budget Adjustments		(134)
Youth cafe - trf of grant to reserve		(12)
Use of reserves previously earmarked		114
Carry forwards		216
In year adjustments		(443)

4 CAPITAL PROGRAMME FORECAST 2024/25

- 4.1 The original Capital Programme estimate for 2024/25 was approved by Council at their meeting in February 2024 totalling £13.473m.
- 4.2 Cabinet also considered the revised position with slippage and additional items at the meeting on the 23 July 2024 – details shown in the tables 4a and 4b below and have approved a revised budget of £21.835m.
- 4.3 The current anticipated outturn forecast for 2024/25 amounts to a spend of £21.606m – an underspend of £0.229m and consists of both slippage into 2025/26 of £300k related to delayed Southwood Country Park works and a projected overspend on Union Yard. Further analysis of Union Yard expenditure is being undertaken due to additional costs relating to time delays and the inclusion of capitalised interest.

Table 4a: Capital Programme – Slippage from 2023/24

Capital Scheme	Slippage from 2023/24
Union Street (Build costs only)	544,490
Leisure and Civic Hub (CQ Plot B)	237,411
Civic Quarter General	15,434
Crematorium	362,885
Hawley Lane	11,359
Frimley Business Park Plots 4.2 and 4.3	3,986
Ashbourne House	74,000
Hotel Civic Quarter (CQ Plot D)	40,000
Civic Quarter Infrastructure	-44,584
Civic Quarter Plot I (New Food Store)	85,046
The Galleries	3,400,000
CCTV	184,667
IT Equipment Replacement Costs	79,500
IT Infrastructure Investment Contract Costs	113,743
Recreation Ground Playground Renewal Contract Costs	246,330
Total	£5,354,267

Table 4b: Capital Programme – Additional expenditure items

Capital Schemes	Additional Items £
Meads - Block 4 Contract Costs	333,000
Civic Quarter General Pre-Development, Demolition	1,725,000
Temporary Housing LAHF	742,000
Aldershot Pools PV Panels	208,350
	3,008,350
Funding	
UKSPA	333,000
Homes England	1,725,000
LAHF & Other Grants	742,000
Swimming Pool Support Fund	208,350
	3,008,350

Table 4c: Capital Programme Forecast Outturn

Portfolio / Scheme	2024/25 Approved Budget £'000	2024/25 Forecasted Outturn £'000	2024/25 Forecasted Variance £'000
The Meads Block 4 UKSPF	333	333	
Frimley4 Unit 4.3	226	226	-
Ashbourne House	74	74	-
Council Offices	59	59	-
Civic Quarter Farnborough	2,059	2,059	-
The Galleries Development	3,400	3,400	-
Union Yard Aldershot	5,929	6,000	71
Affordable Housing - LAHF	742	742	-
Crematorium	4,781	4,781	-
Improvement Grants	1,682	1,682	-
CCTV - Camera & Network	185	185	-
Refuse/Recycling inc. Food Waste	127	127	-
Hawley Lane Enhancement	351	351	-
Southwood Sang Country Park	450	150	(300)
Section 106	454	454	-
IT Projects	775	775	-
Aldershot Pools	208	208	
Total Capital Programme	21,835	21,606	(229)

- 4.4 Officers will closely monitor spend against approved Capital Budgets with regular updates being submitted to Cabinet in line with the agreed budget monitoring arrangements.

5 RISKS AND UNCERTAINTIES

- 5.1 The cost of borrowing remains a risk to the council at present. Interest rates have begun to fall and are lower than anticipated at this stage in the year. Additionally, external borrowing has been minimised and is currently lower than budgeted levels. However, the value of borrowing the council holds remains high.
- 5.2 The pay negotiations continue and result not yet known. Although a prudent assumption as to what may be agreed has been included in the 2024/25 budget, this remains a cost that is not controllable directly by the Council and staffing costs are a substantial part of the council's costs.
- 5.3 Property portfolio rental streams are a sizable contributor to the council's income, supporting the funding of debt costs. Properties are at risk of vacancies which both prevent income achievement but can incur additional costs of rates, maintenance, and security.

6 ALTERNATIVE OPTIONS

- 6.1 The council must keep the budget management position under review alongside the review of the MTFS to support the identification of alternative options to support delivery of the Financial Recovery Plan.

7 CONSULTATION

- 7.1 No specific consultations have been undertaken outside of the elected member of the council.

8 IMPLICATIONS

8.1 Risks

Risks to the financial position are detailed above.

8.2 Legal

Under the Council's Finance Procedure Rules, the Executive Head of Finance is responsible for the proper administration of the Council's financial affairs and advising on the corporate financial position. It is the responsibility of Executive Directors, Heads of Service, Corporate Managers and Service Managers to consult with the Executive Head of Finance and seek approval on any matter liable to affect the Council's finances materially, before any commitments are incurred.

Comments approved by Corporate Manager, Legal Services.

8.3 Financial and Resource

Financial implications of the Quarter 1 position are set out within the report.

8.4 Equalities Impact

No direct implications.

8.5 Other

Not applicable.

9 CONCLUSIONS

- 9.1 The Council set a balanced budget with the use of reserves in February 2024. Overall the financial position continues to be challenging, progress is being made and officers will continue to monitor closely and report updates regularly to councillors.

BACKGROUND DOCUMENTS:

None

CONTACT DETAILS:

Report Author: Rosie Plaistowe- Melham – Financial Services Manager

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CABINET

COUNCILLOR GARETH WILLIAMS
FINANCE PORTFOLIO HOLDER

10 SEPTEMBER 2024

REPORT NO. FIN2414

KEY DECISION? NO

INSURANCE PROVISION**SUMMARY AND RECOMMENDATIONS:**

The 3-year insurance framework call off contract expires on 31st March 2025 and is due to be re-procured. The Council has a choice to continue to participate in a joint Hampshire district and borough wide tender process through the Hampshire Insurance Forum (HIF) or alternatively join an insurance collaboration led by London Borough of Sutton (LBS). The council must decide by the end of September on which route it will take. Once committed to the HIF tender process the council cannot withdraw due to the implications on the other participants.

LBS operates an integrated insurance services (since 2012) for itself and seven Surrey local authorities, to manage insurance administration, jointly procure insurance and pool the insurance policies excess through a collaboration agreement. LBS procures external insurance (for all parties to the collaboration) through a nine London borough consortium to gain economies of scale.

Pooled excess reduces the external policy premiums that would otherwise not be practicably possible for a single council without taking on excessive financial risk. This proposal is expected to secure a cost saving through economies of scale, increased administrative capacity, expertise, and improved business continuity without impacting on the council's overall insured risk exposure.

The HIF is not able to offer the insurance policy excess pooling to achieve equivalent economies of scale or capacity to manage the Council's insurance administration.

Detailed due diligence by LBS to develop an insurance proposal is due to be concluded in September and a decision is required on which route to take to renew the Council's insurance arrangements. The resourcing of the insurance administration is also a factor that must be considered.

Cabinet is requested to approve:

1. the collaborative agreement to join the integrated insurance service led by LBS (as the preferred mechanism for the provision of insurance) subject to a satisfactory proposal being received in September and agreed by the Executive Head of Finance following consultation with the Corporate Manager – Legal, the Leader as Portfolio Holder - Finance and the Chair of CGAS to proceed.

2. the additional provision of one-off funding of £15,000 to allow LBS to support the Council's insurance administration until the new arrangements are in place to be funded from the stability and resilience reserve.
3. subject to the collaboration proposal not being acceptable to proceed with the Hampshire Insurance Forum approach outlined within the report

1. INTRODUCTION

- 1.1. The Council's insurance contractual arrangements expire on 31st March 2025. The Council must ensure it achieves value for money and compliance with its procurement rules through periodic tendering of the insurance contract and reviewing the adequacy of its insurance requirements in line with the insurance strategy.

2. INSURANCE ARRANGEMENTS

- 2.1. The Council's insurance strategy objectives are:
 - To protect the Council from the impact of unforeseen losses,
 - To achieve a financially prudent balance between self-insuring of claims (i.e., insurance excess limits) and the purchase of external insurance protection,
 - Ensure the Council obtains an adequate level of insurance, and
 - To monitor trends and contribute to risk management initiatives to reduce the cost and frequency of insurable losses.
- 2.2. The Council secures its insurance requirements through Gallaghers, the Council's insurance broker to manage annual policy renewals, new insurance placement, and technical queries. The Council's insurance policies are currently with Protector and Zurich Municipal. The full schedule is provided in appendix one.
- 2.3. Gallaghers is contracted as the broker for the Hampshire Insurance Forum, (HIF) consisting of the eleven Hampshire district and borough councils. Insurance is tendered collectively via the broker on behalf of the HIF on a 3 year call off contract with an annual renewal review, with each council contracting individually with the insurers. Insurance policies were last tendered under Official Journal of the European Union (OJEU) Regulations, for a term of 3 years from April 2020, with an option to extend by up to 2 years. The insurance term has expired and must be retendered.
- 2.4. The HIF will begin a tender exercise in October through Gallaghers, to ensure the insurance renewal is completed for before April 2025. In preparation, a significant amount of due diligence has been completed internally to update asset details, valuations, and other relevant service-related information to review the adequacy of insurance requirements and inform policy pricing.
- 2.5. The finance service is responsible for insurance administration, which involves liaison with Gallaghers, Protector and Zurich to maintain insurance data,

administer specific claims and maintain up to date insurance cover. The officer capacity responsible for and experienced in insurance administration left the council at the last finance team restructure, with the work reverting to the finance manager. This has proven to be inadequate resulting in a significant amount of work to update insurance schedules and cover, and this capacity deficit will have to be resolved. Experienced administrative support has been unsuccessfully sought from the HIF members due to a general lack of experienced insurance administrative capacity across Hampshire.

- 2.6. There is an alternative insurance arrangement to the HIF tender process available to the Council from the London Borough of Sutton (LBS). LBS has an integrated insurance service model that operates on the basis that LBS assumes insurance responsibility for participating councils' risks, through a combination of self-insuring and placing external insurance to limit its own exposure to catastrophe risks.
- 2.7. The Council will delegate its insurance function to LBS as the lead authority, including claims handling and negotiation and LBS will assume financial risk for the Council's claims within the collaborative insurance programme. Claims up to the value of £500,000 for Liability, £250,000 for Property and £100,000 for Motor will be handed by LBS pooled insurance excess fund, claims over this value will be handled by the external policies. The pooled fund is underwritten by LBS supported by a regular actuarial assessment and has a protection mechanism (see collaboration terms in appendix two). The Council will contribute to the LBS pooled fund based upon its claims record.
- 2.8. In comparison, the council's current insurance model has policy excess(self-insured) of up to £5,000 on a single claim funded directly from unbudgeted revenue, there is no insurance reserve to call upon, with LBS the Council will not have any insurance excess to fund. The annual charge for participation in the Integrated Insurance Service will consist of a contribution to the pooled fund, an allocation of the underwritten insurance premium and a charge for the insurance bureau, providing in year budget certainty.
- 2.9. The combination of high value insurance policy excess and jointly purchasing insurance through a consortium of 9 other London Boroughs affords LBS significant purchasing power to achieve economies of scale and premium stability well beyond the ability of individual district and borough councils to manage premiums through increased excess.
- 2.10. The LBS insurance offer includes an insurance administration bureau with direct links to the Council's services priced into the charge. The service will be delivered by the LBS team, rather than having any borough-specific staff. This provides a depth and breadth of technical insurance knowledge and advice, risk management and trend analysis advice. The HIF tender route to contract directly with insurers will require budget growth of Circa £20,000 to adequately administer insurance, and this does not provide any depth of technical insurance knowledge or experience.

2.11. The administration capacity is required to cover the following administrative work:

- Assistance with relevant FOI requests, complaints and members enquiries;
- Provision of management reports and data;
- Meetings with key claim generating services to discuss operational risk management and claim performance;
- Responding to internal requests for insurance advice or cover amendments;
- Procurement of insurance policies and related services in accordance with public procurement rules;
- Management of the Claims Portal;
- Gather information internally from services in respect of claims handling information and preparation of insurance policy renewals.

2.12. Participation in the HIF tender process requires a decision by the end of September to commit to the HIF joint tender. Once committed to the HIF tender process the council will be contractually committed because later withdrawal will impact the tender detail and pricing. LBS are due to provide a formal insurance proposal as outlined in Appendix Two by mid-September in time to make a decision on the council's future insurance provision.

2.13. LBS have proposed to commence managing the Council's insurance programme and claims from 1 October 2024 to 31 March 2025, at a cost of £15,000, as phase one of the collaboration agreement. This cost will then be integral to the annual charge if the proposal proceeds to phase two as described in appendix two.

2.14. The table below provides an overview comparison between the two routes:

Comparison of HIF insurance tender process to LBS offer		
	HIF	LBS
Insurance excess	Up to £5k unbudgeted cost per claim	No policy excess
Policy liability limits	Various dependant upon policy	Will be equivalent or better
Administration support	None - HIF members for general advice, will require officer capacity circa £20,000 budget growth.	Full administrative support included
Contract term:	Likely 3+1+1 years call off contract: no break clauses	5 years, break clauses within parameters/performance
Indemnity for negligence or omission	None - all on the Council	LBS indemnifies as Lead authority

2.15. The key criteria for the decision must be based upon the overall cost of insurance being within current budget (or less) including the cost of the administrative process, the ability to achieve medium term (5 year) premium stability, avoid above inflation annual insurance price increase shocks and the value for money of the overall insurance arrangements between the two options. A full comparison of the Insurance liabilities/indemnities will be completed as part of the final due diligence once the LBS proposal is received. Not less than current terms will be acceptable.

- 2.16. The Executive Head of Finance has worked with LBS for 5 years and procured the LBS service on behalf of Waverley Borough Council in 2020. LBS performance was reviewed annually by the participating Surrey borough and district councils Section 151 officers' group. The service provided has proven to be Value for Money through insurance budget reduction, significant cost increase avoidance, establishment cost saving and has achieved the objectives set out in this paper.
- 2.17. Contractual arrangements are covered in the legal section below and appendix two.

Alternative Options

- 2.18. There are limited options available for procuring insurance, managing the cost of insurance and mitigating risk.
- 2.19. The council has two options, continue with the HIF tender and contract directly with specific insurers for the necessary insurance covers or contract with LBS to join the Integrated Insurance Service including the insurance administration bureau. It is possible to procure directly from an insurance framework as a direct approach to market, this would take approximately 4 months. This is not a viable option as it would require the acquisition of a broker and approach to the same pool of insurers open to Local Authority business as the HIF and LBS with no economies of scale or ability to increase insurance excess without significantly higher financial risk, to competitively reduce premiums.

Consultation

- 2.20. Cabinet and CGAS will be consulted on this proposal with an opportunity to discuss the proposal with LBS insurance manager prior to a final decision.

3. IMPLICATIONS

Risks

- 3.1. Insurance is a key component of risk management. The council has a statutory obligation to ensure adequate insurance provision. Failure to adequately insure could result in a significant financial detriment to the Council in the event of an insurable risk event materialising. Not agreeing a course of action as proposed in this report will result in the likelihood of not having adequate provision in place by 1st April 2025 or potentially more expensive insurance premiums due to limited time and ability to negotiate.
- 3.2. A review of LBS's MTFS shows that it is a financially stable authority, its net revenue budget for 2023/24 was £161.2m with an outturn surplus of £306,000 and for 2024/25 its net revenue budget is £174.2m and has usable reserves of £163m. The council has the expected demographic and inflation cost pressures in line with other councils. A balance budget was set for 2024-25 and its MTFS forecasts a budget deficit of £31m over the following 2 years predominantly

related to the Dedicated Schools Grant (DSG) and Special Educational Needs transport and therapies costs funded from the General Fund.

- 3.3. LBS, the Council and Surrey districts and boroughs cover similar functions and services, they have similar demographics and a wide range of urban and rural geography. LBS therefore has an in-depth understanding of the risk profile of all the authorities and experience of working with them since 2012. The council has no unique features from an insurance risk perspective that would incur any complication based upon the in-depth review completed by LBS.
- 3.4. The in-depth review by LBS also included a review of all claims over the last ten years including the policy detail of all current insurance policies. The outcome of this review will inform the collaboration proposal and pricing.
- 3.5. LBS will indemnify the Council against any loss occasioned as a result of negligence or omission as Lead Authority in respect of conducting the Council insurances covered under the collaboration agreement. In addition, LBS will not indemnify the Council against any losses or damages incurred which would not be insured under the operative sections of the external insurance policies placed by LBS for the benefit of itself and its partners, including the Council. If there is no external insurance policy in place for any risk and the cover is included within the terms of this Collaboration Agreement, a market standard local authority worded policy will be used.
- 3.6. Exit clauses – in the event that the Council suffers a deteriorating claims experience or premium increase that results in the agreement to exit the collaboration, there is a six-month window to procure alternative insurance or at least test the market against a revised LBS pricing. Whilst LBS will manage insurance losses on behalf of the Council which pre-date this Collaboration Agreement, those losses are to be funded by the Council in accordance with the terms, conditions and exceptions of the Council previous contracts of insurance. Decisions to agree settlement will be referred with recommendations by LBS to the Executive Head of Finance.
- 3.7. In the event of a withdrawal the Integrated Insurance Service will remain liable for any claims with an incident date within the collaboration period.

Legal Implications

- 3.8. Finance regulations D3 to D6 require the Chief Finance Officer to ensure appropriate insurance cover in accordance with statutory requirements for known insurable risks and assets owned and/or used in connection with the Council's activities and regularly review the Council's insurances with the appropriate Executive Directors, Heads of Service, Corporate Managers and Service Managers.
- 3.9. In relation to the London Borough of Sutton (LBS) insurance option, under the Public Contracts Regulations 2015, section 37, local authorities, as contracting authorities, may purchase works, goods or services from or through a central purchasing body. Where they make such purchases, they are deemed to have

complied with public procurement regulations, to the extent that the central purchasing body has complied with the rules. A central purchasing body includes a contracting authority that acquires supplies and/or services (such as insurance) intended for contracting authorities.

- 3.10. Pursuant to sections 9E, 9EA, 9EB of the Local Government Act 2000 the Secretary of State may make provision to permit local authorities to make arrangements for the discharge of their functions by another local authority and under Section 101(5) of the Local Government Act 1972 for the discharge of any of their functions jointly which are the responsibility of the Cabinet or Executive of a local authority. The Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012 permit such arrangements.
- 3.11. In accordance with sections 101 and 111 of the Local Government Act 1972, and section 3 of the Local Government Act 1999, a number of local authorities have already agreed to enter into a collaboration agreement to establish a relationship between the authorities in relation to the provision of an integrated insurance service.
- 3.12. In relation to the direct tender option, the Public Procurement rules and Contract Standing Orders must be followed in the normal way.
- 3.13. The Procurement Act 2024 is due to come into effect from 28 October 2024, and until this date, the existing procurement rules as explained above will apply.
- 3.14. There are no TUPE issues to consider as there are no posts affected.

Comments approved by Corporate Manager, Legal Services.

Financial and Resource Implications

- 3.15. The initial service agreement will be for 5 years with break clauses based upon specific financial parameters set out in appendix two.
- 3.16. The annual charge for participation in the Integrated Insurance Service will consist of a contribution to the pooled fund, an allocation of the underwritten insurance premium and a charge for the insurance bureau. This information will be provided by mid-September. The Council's 2024-25 insurance budget is £364,000. Full detail is on appendix one.
- 3.17. The cost of the LBS insurance administrative bureau is expected to be contained within the within the 2024-25 LBS insurance charge. The Council does not have a dedicated insurance administration budget resulting from an efficiency saving in the last finance team restructure. This has proven to be ineffective and will require budget growth of circa £20,000 if the HIF procurement route is pursued.
- 3.18. The LBS collaboration agreement will be managed by the Executive Head of Finance, claims administration will be managed by LBS and the annual data

updates such as rebuild cost valuation of assets will be covered within the rolling 5-year annual valuation process for the Financial Statements.

Equalities Impact Implications

- 3.19. Consideration has been given to the protected characteristics. There do not appear to be any equalities implications arising in respect of the decisions being taken by Cabinet with regard to this report.

Other

- 3.20. Insurance is a significant cost to the council and is of strategic importance, it is important that the council achieves Value for Money and secures the best mitigation possible to provide insurance premium stability to positively contribute to the MTFS deficit challenge.

4. CONCLUSIONS

- 4.1. The Council must ensure it has adequate insurance provision. The call-off procurement framework contract is due to expire and be re-procured. The Council has two options to proceed.
- 4.2. It is in the best interest of the council to maximise its overall value for money on its insurance arrangements including future premium stability and cost of administration.

LIST OF APPENDICES/ANNEXES:

Appendix One: Insurance schedule

Appendix Two: Sutton Insurance proposal

BACKGROUND DOCUMENTS:

None

CONTACT DETAILS:

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Head of Service – as above.

APPENDIX 1

Insurance schedule

		2023-24	2024-25		
Insurer	Insurance:		Additional: The Meads	Total	Total
Zurich	Fidelity	6,439		6,439	7,083
Zurich	Engineering Ins	12,134	4,001	16,135	17,219
Zurich	LA Combined	5,880	518	6,398	7,038
Protector	Combined Liability	108,290		108,290	119,119
Chaucer	Terrorism	12,601	10,827	23,428	25,771
Protector	Commercial Combined	17,126		17,126	18,839
Protector	Property Damage	38,980	89,732	128,712	141,068
Protector	Fleet	4,894		4,894	5,383
		206,345	105,077	311,422	341,521
Plus insurance premium tax 2024-25		£22,520			

APPENDIX 2

Sutton Insurance proposal

Rushmoor Borough Council (Rushmoor) has approached Sutton Council (Sutton) to undertake a due diligence process to explore an integrated insurance service between the two parties. Sutton already operates integrated insurance services for seven local authorities, namely Epsom and Ewell Borough Council, Surrey Heath Borough Council, Reigate and Banstead Borough Council, Tandridge District Council, Waverley Borough Council, Mole Valley District Council and Spelthorne Borough Council. These arrangements operate on the basis that Sutton self-insures the other party's risks and then places external insurance to limit its exposure to catastrophe risks. No profit is made by Sutton but the other parties contribute to Sutton's insurance costs, which in turn reduces its own insurance overhead. All parties benefit from various economies of scale and the pooling of risks. The partners primarily benefit through premium stability - in some cases, savings - and access to Sutton's expert in-house claims handling and technical insurance services. The existing integrated insurance services began as five-year agreements with specific cancellation clauses linked to the performance of the service. These middle-term agreements are necessary to implement the necessary operational risk initiatives to create a sustainable insurance programme.

Sutton is currently completing a due diligence review to:

1. Review Rushmoor's current insurance programme;
2. Analyse Rushmoor's claims experience to estimate the required self-insurance funding;
3. Interrogate previously handled claims to find possible areas for improvement;
4. Calculate the cost of the potential integrated insurance service; and
5. Conclude if any such service would be in the mutual benefit of both parties.

Sutton has already reviewed Rushmoor's policy schedules and found no endorsement or other term that would restrict its ability to make a proposal. Sutton is currently awaiting premium indications from its insurers so the financial aspect of the proposal can be completed. However it is hoped it will present an opportunity for Rushmoor to make an immediate financial saving, whilst benefiting from enhanced policy cover and claims handling service. In addition to the lower initial cost of an integrated service, there is potential for further savings once Sutton has implemented its claims handling methodology and incorporated Rushmoor's risks into future procurement exercises.

If the partnership proceeds, Sutton proposes that implementation would be as follows:

- Sutton commences managing Rushmoor's insurance programme and claims from 1 October 2024 to 31 March 2025, at a cost of £15,000, as phase one of the partnership agreement;
- Rushmoor allows all of its policies to expire on 31 March 2025, creating a Rushmoor programme end date of 31 March 2025.
- Rushmoor delegates responsibility for its insurance service to Sutton under the Local Authority Act 1972.
- Sutton incorporates Rushmoor's risks from 1 April 2025 (phase two).

- At that point Sutton will have the financial risk for Rushmoor's claims according to its own insurance programme (currently £500,000 for Liability, £250,000 for Property and £100,000 for Motor). Sutton's external insurers will cover any costs beyond this up to the policy limits. Rushmoor will only be liable for claim payments up to a small departmental excess - to avoid pound swapping.
- Rushmoor's insurers will continue to handle claims with an incident date prior to 1 April 2025 (i.e. up to the expiry date of their cover) however, as part of the agreement, Sutton will manage those claims on Rushmoor's behalf.
- Sutton will then self-handle all claims with an incident date of 1 April 2025 or later (i.e. from the date Rushmoor is covered under the Sutton programme).
- Sutton will handle all claims internally up to its policy excess (all except catastrophe claims).
- Rushmoor's arrangement with Sutton will mirror the existing arrangements it has with the other borough and district councils in the programme.

Throughout and after implementation, Sutton's service for Rushmoor will also include:

- Assistance with relevant FOI requests, complaints and members enquiries;
- Provision of management reports and data as agreed;
- Attendance at biannual service review meetings with Rushmoor (or more frequently if required);
- Meetings with key claim generating services to discuss operational risk management and claim performance;
- Responding to internal requests for insurance advice or cover amendments;
- Procurement of insurance policies and related services in accordance with public procurement rules;
- Assistance with internal and external information to ensure that future enquiries are made direct to Sutton;
- Management of the Claims Portal;
- Reasonable use of resources to gather information internally from Rushmoor in respect of claims handling information and preparation of insurance policy renewals.

Sutton will deliver this within its existing staff structure. The service will be delivered by the team as a whole, rather than having any borough-specific staff. It is envisaged the service will be delivered both from Sutton's Civic Offices and remotely and there will be flexible working arrangements to ensure there is a claims handling presence within Rushmoor if face-to-face meetings are required, for example, to take a witness statement.

Sutton will estimate a cost for year one and the charge will be subject to annual review from thereon. Sutton will provide Rushmoor with a detailed report setting out the basis of the charge. The charge will include:

- a contribution to Sutton's self-insurance fund,
- a share of the external insurance premiums, and
- a proportion of the service costs.

The charge could decrease if external premiums are reduced or the claims experience improves to justify such a reduction. It could also increase for reasons outside of

Sutton's control that would impact all insured irrespective of this agreement. For example, a hardening insurance market that increases the cost of external insurance or an Insurance Premium Tax increase.

Regardless of the cause, both parties may withdraw from the agreement if any of the following situations arise:

1. Sutton's self-insured losses exceed 150% of the total internal funding requirement for the current or preceding periods of insurance, giving six months' notice.
2. The annual charge to Rushmoor exceeds 120% of the preceding charge, giving three months' notice.
3. Either party materially breaches its obligations under the agreement and fails to rectify the breach within a reasonable time.

This proposal is for an initial term until **31 March 2030**. Following that minimum period, the agreement will continue until either party withdraws or formally extends the minimum term. The collaboration agreement will follow the basis used for Sutton's existing borough and district council agreements. Any request for significant changes to the agreement must be resolved prior to the service commencing. The agreement will detail the service standards both parties are required to uphold. Sutton will ensure that all claims correspondence is processed/responded to within seven working days and that all claims are handled in accordance with the civil procedure rules, including the pre-action protocols. If there is not a relevant protocol, the claim will be handled in accordance with the timescales contained in the pre-action protocol for personal injury claims. Technical-based correspondence or any other queries will be dealt with according to the urgency of the matter.

Rushmoor will be responsible for immediately passing all correspondence regarding actual or potential insurance claims unanswered to Sutton. In addition, Rushmoor must respond to all reasonable requests for information in defence of insurance claims within 15 days (5 days for motor) of the request. If required, Rushmoor's officers may be required to provide witness evidence and those officers must assist the investigation and be made available to attend court service to give evidence if so requested. Rushmoor is recommended to retain some internal resources to act as key contact and conduit for information that Sutton cannot source directly and to undertake certain annual and other tasks such as recharging and being the contract manager. How this element is provided is at Rushmoor's sole discretion.

Rushmoor will benefit from:

- A more robust in-house claims handling service that may improve its claims experience.
- Economies of scale when purchasing external insurance policies (Sutton currently procures via joint exercises on behalf of ten local authorities);
- Increased resilience to provide the insurance services.
- A joined-up approach to risk management across Sutton and all the other councils.
- Higher insurance policy limits and best in market policy wordings.

Sutton will benefit from:

- Sharing its service costs and external insurance premiums across a wider base;
- Diversifying the risks covered by its self-insurance fund;
- Increased resilience to provide the insurance services.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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