

Waverley Borough Council

Report to: Executive

Date: 6 February 2024

Ward(s) affected: All.

Report of Director: Community Wellbeing

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Report Status: Open

Key Decision: Yes

Leaseholder Building Insurance Cover 2024 / 25.

1. Executive Summary

The Council is responsible under the standard lease for providing building insurance for the 480 Right to Buy leaseholders who are recharged by the Council for the service.

The current policy with Protector Insurance needs to be renewed by the Council for the year commencing April 2024. Officers have been advised by Marsh, the Council's insurance broker, that the leasehold property market is proving particularly challenging with the departure of insurance providers meaning there is no longer a guaranteed competitive marketplace for

leasehold right to buy risks. Members are asked to consider this Officer recommendation that the Policy with Proctor Insurance is extended for a further year on the same terms as the 2023/24 policy with the intention of tendering for insurance cover commencing April 2025 for a period to be determined nearer the time.

2. Recommendation to Executive

That the Executive:

Approves the renewal of the right to buy leasehold insurance policy with Proctor Insurance for one year (April 2024 – March 2025) at the estimated value of £105K.

3. Reason(s) for Recommendation:

- 3.1 The Council is responsible for providing building insurance for the 480 right to buy leaseholders who are recharged for the service.
- 3.2 The provision of the right to buy leasehold building insurance is not included in the collaboration insurance agreement with the LB Sutton and the Council must arrange this separately.
- 3.3 The current policy with Protector Insurance needs to be renewed for April 2024. Officers have been advised by Marsh, the insurance broker, that the leasehold property market is proving very challenging with the departure of providers meaning there is no longer a guaranteed competitive marketplace for leasehold right to buy risks. Considering this it is recommended by Officers, as advised by Marsh, that the Policy with Proctor Insurance is extended for a further year on the same terms as the 2023/24 policy with the intention of tendering the insurance service for April 2025.
- 3.4 The estimated premium quoted by Proctor Insurance is £105K. The final quote will not be known until March 2024. The premium for 23/24 was £99K.

- 3.5 The premium delivers good value for money in the current leasehold market.

4. Exemption from publication

Not Exempt from publication.

5. Purpose of Report

- 5.1 To seek authority to award the leasehold building insurance cover for the financial year 24 /25 (12 months) to Protector Insurance for an estimated premium of £105K.

6. Strategic Priorities

- 6.1 This report supports the strategic priority – “Good quality housing for all income levels and age groups”.

7. Background

- 7.1 The Council is responsible for providing building insurance for the 480 right to buy leaseholder who are recharged for the service.
- 7.2 The current policy with Protector Insurance needs to be renewed for April 2024. Officers have been advised by Marsh, the Council’s insurance broker, that the leasehold property market is proving incredibly challenging with the departure of providers meaning there is no longer a guaranteed competitive marketplace for leasehold right to buy risks.
- 7.3 Our insurance broker has just completed evaluating a leasehold building tender for another local authority outside of London in the same position as Waverley. They tendered for their insurances which renew on 1st April 2024 and Protector Insurance was the only Insurer to respond to the tender.

- 7.4 Protector Insurance have offered a further year's cover on the same terms as financial year 23 /24 (with an inflation uplift).
- 7.5 Accepting the Protector offer allows the tender of the service to be delayed for a year in anticipation of the insurance market improving.
- 7.6 Moreover the leaseholders are spared the cost of a procurement which would have unlikely delivered any cost savings in relation to the premium.

8. Consultations

- 8.1 The Commonhold and Leasehold Reform Act 2002, section 151 requires landlords to formally consult leaseholders before entering into an agreement over 12 months. As the agreement proposed is not over 12 months the Leaseholders will not be formally consulted.
- 8.2 Marsh, the Council's insurance broker, have advised on the recommendation in this report.

9. Key Risks

- 9.1 The recommendation ensures that leaseholder building insurance is in place at a time when the leasehold building insurance market is in a very challenging position.
- 9.2 The recommendation allows the tender of the service to be delayed in anticipation of the insurance market improving in 2025.

10. Financial Implications

- 10.1 There are no direct financial implications for the Council as the leaseholders are recharged for the cost of the insurance premium.

11. Legal Implications

- 11.1 The report is seeking authority to award a contract for insurance to Proctor for a period of 12 months. The value of the proposed contract is estimated at circa £105,000. This value places the proposed contract out of scope of Part 2 Public Contracts Regulations 2015 (PCR 2015). There is however, an obligation to comply with Chapter 8 PCR 2015. This obligation can be complied by following the procedure set out in the Council's Contract Procurement Rules.
- 11.2 It is proposed that given the market conditions, a waiver be granted so that the contract can be directly awarded to Proctor. The award of contract for 12 months allows the Council the opportunity and time to plan for long term provision. Paragraph 13.3 of the Council's Contract Procurement Regulations provides that the CPRs may be waived only in exceptional circumstances where:
- there is a demonstrable and justifiable need to waive or vary one or more of the CPRs on the grounds of urgency; and
 - if the estimated value of the Contract falls below the PCR threshold the prior written approval of the S151 Officer has been obtained.
- 11.3 Officers must therefore obtain such a waiver before proceeding with the award.
- 11.4 The Council has power under section 1 Localism Act 2011 (the general power of competence) to undertake the proposed activity.
- 11.5 Given the estimated value of the proposed contract, legal must be consulted for the purposes of engrossment and sealing of the contract.

12. Human Resource Implications

- 12.1 N/A

13. Equality and Diversity Implications

13.1 Protector Insurance have an Equality and Diversity Policy and a Framework to ensure that the Policy is delivered (Protector Insurance's Sustainability Report 2022).

14. Climate Change/Sustainability Implications

14.1 Protector Insurance are committed to enabling and motivating their clients to choose climate efficient solutions. (Protector Insurance's Sustainability Report 2022).

15. Summary of Options

15.1 The leasehold building insurance could be procured at a cost to the leaseholders but because of the leasehold insurance market Protector Insurance may be the only insurer to return a tender. The outcome of a procurement being financially beneficial to the leaseholders may be minimal.

15.2 The practical option with minimal risk is the offer of Protector Insurance to provide the cover for 12 months and for the Council to tender the long term provision from 2025.

16. Conclusion

16.1 To approve the recommendation.

17. Background Papers

17.1 N/A

Please ensure the following service areas have signed off your report.
Please complete this box, and do not delete.

Service	Sign off date
Finance / S.151 Officer	4 January 2024
Legal / Governance	4 January 2024
HR	N/A
Equalities	N/A
Lead Councillor	10 January 2024
CMB	16 January 2024
Executive Briefing/Liaison	23 January 2024
Committee Services	19/1/23