
From: Brian Collins – Deputy Leader of Kent County Council

Dave Shipton – Acting S151 Officer

To: Policy & Resources Cabinet Committee – 11 March 2026

Subject: Extension of Kent County Council's insurance arrangements

Decision no: 26/00002

Key Decision: It involves expenditure or savings of maximum £1m

Classification: Unrestricted report with exempt appendix B, C and D, not for publication under paragraph 3 of part 1 of Schedule 12A of the Local Government Act 1972 refers - information relating to the financial or business affairs of any particular person (including the authority holding that information)

Future pathway of report: Cabinet member Decision

Electoral Division: All

Summary:

This report seeks endorsement and/or comments on the Key Decision to be taken in relation to the extension for the Council's insurance programme.

Recommendation(s):

The Policy and Resources Cabinet Committee is asked to CONSIDER and ENDORSE or MAKE RECOMMENDATIONS to the Deputy Leader of Kent County Council in relation to the proposed decision as detailed in the attached Proposed Record of Decision document (Appendix A).

1. Introduction

- 1.1 The Council's insurance programme is extensive and designed to protect its financial position in respect of losses it may suffer when undertaking the diverse nature of activities required to meet statutory duties and general business functions and income generating operations.
- 1.2 The current programme is held under a 5-year Long Term Agreement. This agreement will end on 31st December 2026, and a new programme is due to be tendered for 2027 onwards. Due to the impending changes arising from Local Government Reorganisation (LGR), it is anticipated that a tender would not attract competitive prices and a 2-year extension should be sought. This extension would not alter the nature of the contract and would provide the

Council with continued insurance cover through to 31st December 2028 and therefore past the anticipated LGR implementation date (April 2028).

- 1.3 This report outlines the availability of an extension and seeks endorsement for the proposed decision to be taken by the Deputy Leader of Kent County Council.

2. Key Considerations

- 2.1 The main objectives of the Council's insurance programme are to:

- Provide financial certainty in relation to the Council's maximum exposure to individual high value claims and overall cost of claims in any one year.
- Provide financial certainty for claims that have been incurred but may not be reported for many years in the future.
- Comply with the terms and conditions of contracts / agreements entered into by the Council.

It should be noted that in the absence of an appropriate insurance programme, the Council will be a risk of significant financial loss. The Council's current programme ends on 31st December 2026. In considering future arrangements, an assessment was undertaken to either go out to full tender or agree a 2-year extension. Following the evaluation, the 2-year extension is the proposal being taken forward, as tendering at this point in time would be unlikely to attract competitive pricing due to the uncertainties associated with the Local Government Reorganisation (LGR).

3. Background

- 3.1 The Council's current 5-year Long Term Agreement is shared across multiple insurers. The main policies are held with Risk Management Partners (RMP). The agreement requires RMP to provide the Council's insurance programme via insurers within their portfolio. The total premium for 2026 is approximately £6m. This cost is met from the Kent Insurance Fund which is financed from corporate contributions and a school recharge programme.
- 3.2 The cost of premiums is controlled by the Council retaining the first part of any loss through variable levels of self-insurance. This is currently £500k across the main policies. There will be an opportunity to consider excess levels as part of the extension process.
- 3.3 The Council currently holds a range of specific cover for matters including, but not limited to; Material Damage, Combined Liability, Officials Indemnity, Staff Travel, Motor, Crime, Terrorism, and Professional Indemnity.

4. Options considered and dismissed, and associated risk

- 4.1 The Council has two options to ensure insurance cover continues after 31st December 2026:

1. To undertake a full tender exercise to procure a new insurance programme.
2. To agree a 2-year extension to provide cover through to 31st December 2028.

A 2-year extension is recommended under PCR 2015 regulation 72. Whilst it would be possible to undertake a full tender exercise, it is anticipated that insurers would offer higher premiums or even choose not to bid, due to the likely short timeframe of the arrangement.

The Council's broker has indicated that this would be the recommended approach.

5. Financial Implications

- 5.1 The total premium cost for 2026 is approximately £6m. The 2-year extension value is therefore approximately £12m but with the benefit of discounted premiums. This saving is ringfenced to the insurance fund and will not impact the corporate position. The premium cost will not impact the MTFP as these are funded from the insurance fund and are already account for.

Further financial information is set out in the Exempt Appendix C.

6. Legal implications

- 6.1 The proposal is to extend the current insurance arrangements for an additional two years in line with PCR 2015, regulation 72, which sets out that a contract may be amended due to unforeseen circumstances by no more than 50% of the original value. LGR could not have been foreseen at the time of the Council agreeing its current 5-year agreement on 1st January 2022. The current agreement has a contract value of approximately £25m and therefore the cost of the extension will meet the 50% requirement. The proposed approach has been reviewed and is in accordance with KCC Procurement arrangements and Spending the Council's Money policies.

Further information is set out in the Exempt Appendix D.

7. Equalities implications

- 7.1 An Equalities Impact Assessment has been carried out, and no adverse impacts have been identified.

8. Data Protection Implications

- 8.1 Given the nature of the proposed decision, there are not considered to be any data protection implications.

9. Other corporate implications

9.1 There are not considered to be any other corporate implications.

10. Governance

10.1 A Key Decision is required due to the level of spend involved, as per the Constitution and the Council's governance processes.

Delegated authority is to be given to the Corporate Director Finance, in consultation with the Deputy Leader to take the required actions to implement the Key Decision.

11. Conclusions

11.1 The Council's main insurance programme is held under a 5-year Long Term Agreement that is due to end on 31st December 2026. Due to impending changes arising from Local Government Reorganisation (LGR), it is anticipated that a tender would not attract competitive prices and a 2-year extension should be sought.

11.2 A 2-year extension is recommended under PCR 2015 regulation 72. Whilst it would be possible to undertake a full tender exercise, it is anticipated that insurers would offer higher premiums or even choose not to bid, due to the likely short timeframe of the arrangement.

11.3 Consideration has been given to undertaking a full tender exercise, however this does not offer significant benefits to the Council in the current circumstances, particularly in relation to the future uncertainty around LGR.

11.4 In conclusion, a 2-year extension is recommended under PCR 2015 regulation 72.

Recommendation(s):

The Policy and Resources Cabinet Committee is asked to CONSIDER and ENDORSE, or MAKE RECOMMENDATIONS to the Deputy Leader of Kent County Council in relation to the proposed decision as detailed in the attached Proposed Record of Decision document (Appendix A).

12. Background Documents

Equality Impact Assessment

13. Appendices

Appendix A - Proposed Record of Decision

Appendix B – Exempt commercial business case
Appendix C – Exempt additional information
Appendix D – Exempt legal advice
Appendix E - EQIA

14. Contact details

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