

DMPC Decision – PCD 607**Title: Insurance Strategy****Executive Summary:**

Under the Scheme of Delegation and Consent there is a requirement to annually approve the insurance strategy to ensure it remains fit for purpose. This paper seeks authority for a three year insurance strategy, including the necessary procurements.

Recommendation:


The Deputy Mayor for Policing and Crime is recommended to:

1. Approve the proposed new 3 year Insurance Strategy effective from the 2019 insurance policy renewals at 01/10/19, with the proviso that any significant change will seek the approval of the DMPC on an annual basis.
2. To note that the cost of insurance premiums covered by the proposed Insurance Strategy will be met from the Finance Services Revenue Budget

Deputy Mayor for Policing and Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature**Date**

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

1. Introduction and background

- 1.1. This is a new three-year insurance strategy, following the imminent completion of the 2016 strategy.
- 1.2. The use of insurance enables MOPAC/MPS to transfer the financial risk of uninsured damage to property and uninsured legal claims for general liability to an insurance company, thus avoiding the need to fund this cost from the MPS's own resources.
- 1.3. As part of the strategy there are regular procurements of insurance.

2. Issues for consideration

- 2.1. MOPAC/MPS is exposed to certain insurable financial risks that are large enough to be prejudicial to the execution of the Police and Crime Plan. An example would be the risk of destruction of a major building within the Estate through fire.
- 2.2. The Scheme of Delegation and Consent requires the Deputy Mayor for Policing and Crime to review the insurance strategy on an annual basis. As part of the approval of this three year strategy the MPS is required to review the insurance strategy on an annual basis to ensure it is still fit for purpose, and to report significant changes to MOPAC.
- 2.3. See attached and the Part 2 for further details.

3. Financial Comments

- 3.1. The cost of the insurance renewals is provided for within existing resources.

4. Legal Comments

- 4.1. The MOPAC Scheme of Consent and Delegation (4.7) requires the approval of the annual insurance strategy. As all functions which can be delegated to the DMPC have been delegated the DMPC may approve this multi-year strategy. Any significant changes to the strategy will be reported on an annual basis.
- 4.2. As the value of the proposed procurements over the life of the strategy are in excess of £500,000 MOPAC approval [SoC&D 4.13] is also required.

5. Commercial Issues

- 5.1. Procurement activity arising from approving the Insurance Strategy will be conducted in accordance with the Public Contract Regulations 2015, EU law and MOPAC Scheme of Consent and Delegation.

6. GDPR and Data Privacy

- 6.1. The Insurance Strategy itself does not use personally identifiable data of members of the public. Very limited private data is provided to insurers, in the course of handling claims from third parties. Insurers are aware of their obligations in relation to data privacy.

7. Equality Comments

- 7.1. There are no direct equality or diversity implications arising from this report.

8. Background/supporting papers

- 8.1. MPS Report

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, for what reason:

Until what date:

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form – YES

ORIGINATING OFFICER DECLARATION

Tick to confirm statement (✓)

Financial Advice

The Strategic Finance and Resource Management Team has been consulted on this proposal.

✓

Legal Advice

The MPS legal team has been consulted on the proposal.

✓

Equalities Advice:

Equality and diversity issues are covered in the body of the report.

✓

Commercial Issues

Commercial issues are covered in the body of the report.

✓

GDPR/Data Privacy

GDPR compliance issues are covered in the body of the report

✓

Director/Head of Service

The MOPAC CFO has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.

✓

Chief Executive Officer

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature

R. Lawrence

Date

18/7/19



Approve a new 3 Year Insurance Strategy from the 2019 Policy Renewals

**MPS Portfolio & Investment Board (PIB) meeting 11th June 2019
then**

MOPAC Investment Advisory & Monitoring meeting 27th June 2019

**Report by the Head of Insurance and Claims Services on behalf of the Deputy
Commissioner**

**Part 1 – This section of the report will be published by MOPAC. It is
classified as OFFICIAL – PUBLIC**

EXECUTIVE SUMMARY

The MPS/MOPAC Insurance Strategy requires to be reviewed annually by MOPAC in accordance with the Scheme of Consent and Delegation.

The existing 3 year Insurance Strategy was approved by MOPAC in 2016 and comes to an end this year. This paper recommends a new 3 year Insurance Strategy, which requires to be approved by the Deputy Mayor of Policing and Crime.

Recommendations

The Deputy Mayor for Policing and Crime, via the Investment Advisory and Monitoring meeting (IAM), is asked to:

1. **Approve the proposed new 3 year Insurance Strategy effective from the 2019 insurance policy renewals at 01/10/19, with the proviso that any significant change will seek the approval of the DMPC on an annual basis.**
2. **To note that the cost of insurance premiums covered by the proposed Insurance Strategy will be met from the Finance Services Revenue Budget.**

Time sensitivity

A decision is required from the Deputy Mayor by 17/07/19. This is because the Insurance Strategy needs to be used in the process of renewing the insurance programme to ensure continuation of cover before expiry of the current insurance arrangements on 01/10/19.

Non-confidential facts and advice to the Deputy Mayor for Policing and Crime

Introduction and background

1. MPS/MOPAC is exposed to certain insurable financial risks, including those that are large enough to be prejudicial to the effective execution of the Police and Crime Plan.
2. MPS/MOPAC seeks to transfer such financial risks through insurance arrangements.
3. These insurance arrangements are directed by an Insurance Strategy. The Insurance Strategy is the over-arching document that drives the purchase of the MPS/MOPAC insurance policies. On agreement to implement the new three year Insurance Strategy, we will renew insurance policies using authorities already held by MPS, either under the MOPAC Scheme of Consent and Delegation or obtained separately by previous proper governance
4. The existing MPS/MOPAC Insurance Strategy, which is in its third year of a three year strategy that was approved by the MPS/MOPAC Board Process in 2016 and affirmed annually since.
5. This paper recommends a new three year Insurance Strategy, which builds on the previous Strategy, but includes certain enhancements, as outlined fully in Part 2 of this paper

Issues for consideration

6. This proposal needs to be considered because MPS/MOPAC purchases insurance cover that expires and needs to be considered for renewal annually on 1st October.
7. The MOPAC Scheme of Consent and Delegation reserves to the DMPC the 'approval of the annual Insurance Strategy', which is the reason for this paper
8. The main insurance policies that form part of the programme are:
 - a. Property Insurance, including property in the course of construction/alteration;
 - b. Employers Liability: legal liabilities for injuries as an Employer;
 - c. Public Liability; legal liabilities to the public for injuries and damages to property; and
 - d. Motor Insurance; legal liabilities to the public for injuries and damages to property arising out of the use of motor vehicles.

9. The benefits, costs and risks of the recommendations:

- a. The benefit of implementing the recommendation is the continued transfer of the financial risk, plus additional operational benefits of having insurance cover;
- b. There are no substantive risks arising from following the recommendation; the recommendation is itself a transfer of risk;
- c. The risk of not agreeing a new 3 year Insurance Strategy to direct the renewal of our insurance programme, is the financial risk that significant potential future losses that are currently insured, for damage to assets and for legal claims from third parties, would need to be paid from MPS/MOPAC funds.

10. The Insurance Strategy has delivered and will continue to deliver value for money critical financial risk transfer through a programme of insurance policies, covering a range of potential legal liabilities that may be faced by MPS/MOPAC and in protection of the physical assets and cash of MPS/MOPAC

11. Insurance premium cost will be managed within the budget that already exists. This information is contained in the restricted section of the report.

Contributes to the MOPAC Police & Crime Plan 2017-2021¹

12. The MPS/MOPAC is exposed to certain insurable financial risks that are large enough to be prejudicial to the execution of the Police and Crime Plan. An example would be the risk of destruction of a major building within the Estate through fire.

Financial, Commercial and Procurement Comments

13. Details of the current premiums and the estimated renewal premiums for these insurances are contained in the restricted section of the report as they are commercially sensitive.

- a. The revenue budget is adequate to reflect the expenditure expected and insurance premiums will be paid from that revenue budget.
- b. Applying the proposed new 3 year Insurance Strategy will mean that we will continue to buy insurance cover suitable for the needs of the MPS/MOPAC at the best possible terms available from the insurance market.
- c. The procurement route used to buy insurance cover will be compliant with the MOPAC Scheme of Consent and Delegation and the procurement regulations for the public sector
- d. Applying the proposed 3 year Insurance Strategy will optimise value for money by:
 - i. Periodically tendering (typically every 3 to 5 years) each significant cover as broadly as possible, typically by an Office of the European Union ('OJEU') compliant open tender process. Careful analysis of the market responses and selection of the best option for MPS/MOPAC is carried out within each tender process

¹ [Police and crime plan: a safer city for all Londoners | London City Hall](#)

- ii. Selecting an appropriate level of policy excess and dealing with legal liability claims from the classes of insurance that could otherwise be transferred via insurance

Legal Comments

14. Section 6 of the Police Reform and Social Responsibility Act 2011 ("the Act") provides the MOPAC must secure the maintenance of the Metropolitan Police Service, and secure that the Metropolitan Police is efficient and effective.

In carrying out its functions, the MOPAC may, under paragraph 7, Schedule 3 of "the Act" do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of the functions of the Office.

Under Section 4.7 of the MOPAC Scheme of Consent and Delegation, the DMPC has reserved to herself the approval of the annual Insurance Strategy. This paper seeks the approval of a proposed new 3 year Insurance Strategy effective from the 2019 insurance policy renewals, with the proviso that any significant change will seek the approval of the DMPC on an annual basis.

Procurement activity arising from approving the new 3 year Insurance Strategy will be conducted in accordance with the Public Contract Regulations 2015, EU Law and MOPAC's Scheme of Consent and Delegation. MPS Commercial Services are engaged in the process.

Equality Comments

15. This business case has undergone initial equality screening. Due regard has been given to the Equality Act's Public Sector Equality Duty. Real consideration has been taken to assess equality impact caused by the proposed business changes. As a result no positive or negative impact has been identified to any individual and/or group safeguarded by a protected characteristic and those who are not.

Privacy Comments

16. The MPS is subject to the requirements and conditions placed on it as a 'State' body to comply with the European Convention of Human Rights and the Data Protection Act (DPA) 2018. Both legislative requirements place an obligation on the MPS to process personal data fairly and lawfully in order to safeguard the rights and freedoms of individuals.

Under Article 35 of the General Data Protection Regulation (GDPR) and Section 57 of the DPA 2018, Data Protection Impact Assessments (DPIA) become mandatory for organisations with technologies and processes that are likely to result in a high risk to the rights of the data subjects.

The Information Assurance and Information Rights units within MPS will be consulted at all stages to ensure the Insurance Strategy meets its compliance requirements.

The Insurance Strategy itself does not use personally identifiable data of members of the public.

Very limited private data is provided to insurers, in the course of handling claims from third parties. Insurers are aware of their obligations in relation to data privacy.

The Insurance Strategy is not a new project or involve new ways of working, but is rather business as usual.

Real Estate Implications

17. There are no changes to the MPS/MOPAC estate associated with this report.

Environmental Implications

18. There are no known negative environmental implications.

Background/supporting papers

19. The supporting Part 2 accompanies this report and is exempt from publication.

Report author: Gary McCulloch, Head of Insurance and Claims Services, Tel 0207 161 2944

Part 2 – This section refers to the details of the Part 2 business case which is NOT SUITABLE for MOPAC Publication.

The Government Security Classification marking for Part 2 is:
OFFICIAL-SENSITIVE [COMMERCIAL]

Part 2 of this report title 'Approve a New 3 Year Insurance Strategy from the 2019 Policy Renewals' is exempt from publication for the following reasons:

- Exempt under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011 (Data Protection Section 43 – Commercial Interests).
- The relevant sections under the FOIA that would exempt this information from disclosure, for example:
 - Commercial Interest Section 43

The paper will cease to be exempt from 01/10/2029.

