

# Gloucester City Council

## INDIVIDUAL OFFICER DECISION DECISION RECORD FORM

<b>Date of Decision</b>	30 March 2020
<b>Subject</b>	Housing Transfer Environmental Insurance Extension
<b>Wards affected</b>	All Wards
<b>Officer taking decision</b>	Jon Topping – Section 151 Officer
<b>Decision taken</b>	To take up option to extend Housing Transfer Environmental Insurance Extension by a further period of 5 year
<b>Delegated power used</b>	Scheme of Sub Delegation – Head of Policy & Resources
<b>Reason for decision</b>	<p>Gloucester City Council purchased the environmental insurance policy with the preferred insurer, Chubb at the time of the Housing Transfer to address a significant element of GCC's risk and liabilities under the environmental warranties given to Gloucester City Homes ("GCH") as part of the Housing Transfer 2015;</p> <ul style="list-style-type: none"><li>- The environmental warranties were for up to £100m for 30 years to 2045;</li><li>- The available insurance purchased was for up to £20m for 10 years to 2025;</li><li>- The insurance has a facility to extend at year 5 for a further 5 years i.e. to 2030; and</li><li>- The 2015 OJEU tender process was designed so as to enable the Council, if it so chose, to exercise this facility without triggering a new OJEU procurement process;</li></ul> <p>Chubb has agreed to offer terms on the basis of no material change of use, which on all the information the Council has provided Chubb appears to accept and has offered the following terms and insurance cover that is on essentially the same basis as that provided in 2015 - and thereby achieve an extension of the insurance for a further net 5 years i.e. until 2030, halfway through the environmental warranty period.</p> <p>The net additional cost of this 5 year extension premium offered at net additional premium is as anticipated £85,115.00+IPT= £100,435.70.</p> <p>The premium excluding IPT (Insurance Premium Tax) is <i>pro-rata</i> the same as in 2015. The only reason the cash cost to the Council is higher than 50% of the 2015 premium is the increase in Insurance Premium Tax from 5% in 2015 to today's rate of 12%.</p> <p>At the time of the original transfer the Council provided a contingency reserve to cover</p>

the risks arising to the Council from the Housing Transfer Agreement of £1 million. It is proposed that the cost of the insurance is met from that reserve, as was envisaged in 2015.

As the insurance terms offered continues the Council's current cover for a further net 5 years this represents good value to the Council. The financing of the purchase from the Housing Transfer reserve means there are no budget implications of this decision. The recommendation is that the Council purchases the insurance on the terms offered.

**Alternative options considered**

N/A

**Consultation Undertaken and Results of Consultation**

Consultaion with Managing Director, and Cabinet Member for Performance & Resources

**People Impact Assessment (PIA)**

Screening Stage completed: No

Full PIA required, completed and attached: No

**Any Conflicts of Interest**

N/A

**Declarations of Interest (including any dispensations granted):**

N/A

**Background documents:**

None

**Confidential or Exempt Information:** No

**Decision Maker:**

**Date:**



Jon Topping  
Section 151 Officer

30 March 2020