

BLYTH TOWN COUNCIL

Governance Committee

Thursday 10 July 2025

Decision Report – Insurance Review

Recommendation

This Committee to consider and recommend to Council their views on how best to provide insurance cover for external assets under the management and responsibility of the Council.

Ward

Not ward specific.

Risk Analysis

The Council must have in place a policy to address replacing assets should the need arise where there is a risk of loss. The Council currently self-insure external assets as opposed to having a policy with an external provider where they would accept the risk of any potential financial loss.

Objective

To promote good governance of the Town Council by adopting transparent practices and promoting public participation.

Report

Officers have been asked by a member to provide an alternative option to the current approach of predominantly self-insuring assets. The current methodology is that the Council insure all artefacts which they have been given, as well as IT related equipment. All our external assets are self-insured e.g. Bus Shelters, Play Areas, Seats etc.

This is achieved by earmarking an amount of reserves to cover 10% of our total liability. This currently is £330k.

For information this is part of the Council's overall balances, and is shown overleaf:

Position at 31 March 2025	£k
Balances	1,100
Recommended Minimum Reserves	373
Self-insurance Fund	330
Available Reserves	*397

* In line with the Council's medium term financial plan, which covers the next 6 years, there are some years where there is greater/lesser expenditure than budgeted in the current (base) year, this reduces to a smaller figure of £139k for this period. For example, that is a one-off commitment of £139k or £23k each year. Officers do however remodel the financial plan in line with objectives should the economic/financial situation changes. See Appendix 1.

An outline review of our external assets has taken place alongside any add on costs, such as any infrastructure required e.g. concrete pads for seats. Although more work needs to be done, the liability is in the order of £3.3m. The insurance rate guide we have been given would mean an additional policy of some £17k, although this would be confirmed in any subsequent detailed conversations with the Insurance Company. Within these conversations they will be encouraging self-insurance as well for the Council, for particular items. As with all insurers the level of claims determines future policy charges.

Should Members wish to pursue this option further then this would result in an additional budget of £17k for this year forward, and a snapshot increase in the available reserves of £330k for this year only. As explained above, this would then increase the available reserves to £469k, i.e. the figure for 2030/31 below plus £330k, which is the **new** lowest balances figure in the financial plan.

Over the length of the current medium-term plan **after allowing** for the annual insurance premiums (£17k for 6 years is £102K) being offset from Reserves, this could reduce to a one-off project of £367k or £61k each year.

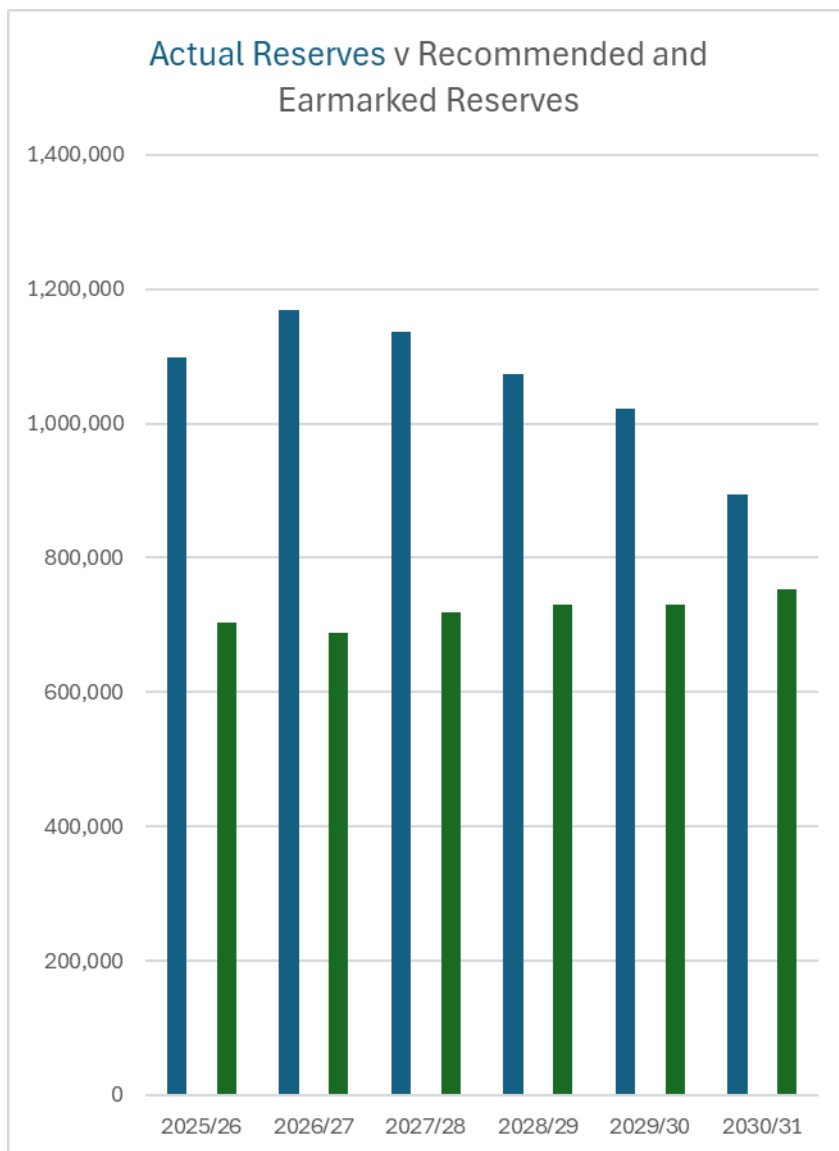
After this period the effect, of utilising reserves above Government recommendations, would be an increased budget, for insurance, not supported by Reserves, e.g. a £1.60 increase on a Band D property each year, as well as leaving the Council with only Government recommended minimum balances.

Malcolm Wilkinson
Town Clerk

19 June 2025

Current Medium Term Financial Plan

(i.e. Without any additional balances from option of insuring assets)



snapshot balances at 31 March	394,324	479,470	418,492	343,851	292,542	139,464
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Note – within each year above, the left-hand column represents the estimated balances figure within the accounts, and the right-hand column represents the available balances after recommended and earmarked balances are deducted.