
From: Anthony Rush [rush_aj@cqm.co.uk]
Sent: 21 August 2010 14:03
To: Lynn McMath
Cc: Mandy Haeburn-Little
Subject: RE: First go at Ministerial letter

Lynn

When does the Leader want to send this?

What she is looking for is cost overrun insurance- in principle the insurance market has offered such cover at premiums which reflect the risk of course. The form of contract and its terms applying to risk transfer would be important factors insurers would take into account. And, they would only cover residual loss.

Insurance covers loss – a loss has to properly crystallise for cover to become effective. The cause of that loss has to be clearly specified. I have to say it is unlikely that insurers would cover against loss arising from a “problematic” contractor. In any case there may be some truth in thinking that you cannot have a “problematic contractor” without having a “problematic contract”

Professional Indemnity Insurance will cover for losses arising from mistaken technical and professional advice (including by direct employees) – I would have to look at tie’s policy to see how far the cover goes.

If what you have drafted reflects the Leader’s intention I am afraid that she will get the answer, “the problem is caused by poor procurement practice” any residual risk should have been identified and if appropriate insurance cover obtained. The solution to the issue she raises is intrinsically more than insurance cover – but it does include a better understanding and use of insurance cover – albeit the public sector self-insures many risks.

If my CBI paper passes their Council meeting on September 14 it deals with some of these issues. If the Leader can wait until after then I would be happy to work with her on this on a “pro-bono” basis as it is a subject I am very much concerned about. In the meantime I would be happy to meet her and exchange ideas.

Let me know – in the meantime I will think about the letter some more – but I would advise against the current draft.

Tony

PS – also advice against using the term “mature divorce” – we are covered by EU Rules and mature divorce isn’t a concept they recognise.

From: Lynn McMath [mailto:Lynn.McMath@tie.ltd.uk]
Sent: 20 August 2010 11:10
To: rush_aj@cqm.co.uk
Subject: FW: First go at Ministerial letter

From: Lynn McMath
Sent: 20 August 2010 10:38
To: Lynn McMath
Subject: RE: First go at Ministerial letter

Apologies, attached this time.

I should also have said that it's with him for comment and he's going to make a few changes then discuss with Cllr Dawe.

From: Lynn McMath
Sent: 20 August 2010 10:37
To: 'rush_aj@cqm.co.uk'
Subject: FW: First go at Ministerial letter

Hi Tony,

This is the letter Mandy was referring to for Cllr Mackenzie. The aim is to encourage the Scottish Secretary to meet the Council leader to discuss how public bodies can insure themselves against risk when undertaking large infrastructure projects.

Regards,
Lynn

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