

AUDIT COMMITTEE	AGENDA ITEM No. 9
15 JULY 2019	PUBLIC REPORT

Report of:	Pete Carpenter, Acting Corporate Director of Resources	
Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Finance	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384 557

INSURANCE SERVICE AND INSURANCE FUND ANNUAL REPORT 2018 / 2019

R E C O M M E N D A T I O N S	
FROM : Steve Crabtree, Chief Internal Auditor	Deadline date : N / A
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> 1. Receive, consider and endorse the attached annual report on the provision of the Insurance Service and the Insurance Fund during 2018 / 2019. 	

1. ORIGIN OF REPORT

1.1 This report is submitted to Audit Committee as a scheduled report on the provision of Insurance Services to Peterborough City Council and other third parties. It is in line with the established Work Programme.

2. PURPOSE AND REASON FOR REPORT

2.1 The Terms of Reference for the Audit Committee (agreed at Full Council) set out the key roles of the Committee including the following

2.2.1.14: To monitor the effective development and operation of risk management and corporate governance in the Council.

2.2 The purpose of this report is to present the work carried out during the past year to provide an effective insurance function which provides cover for all aspects of the Council whilst minimising the cost.

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet	-
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4. BACKGROUND AND KEY ISSUES

4.1 The Insurance Team now form part of the wider Audit, Insurance and Investigations Team and provide the following main services:

- Assess the insurance needs of Peterborough City Council and put in place an insurance programme that best reflects these needs, through a mixture of external insurance and use of the Insurance Fund;
- Handle all insurance claims pursued against Peterborough City Council up to the insurance deductible and liaise with insurers concerning all claims over the deductible;
- Evaluate insurance claims to identify both individual areas of risk mitigation and general risk trends, then implement strategies to reduce these; and
- Provide insurance services to other bodies, such as schools including academies, Vivacity, the Cambridgeshire and Peterborough Combined Authority and now Aragon Direct

The key issues dealt with by the Insurance Team over the past year are as follows:

4.2 Insurance

- Arranging the insurances for Aragon Direct and putting in place procedures for claims handling
- Preparing Highways to ensure they meet the requirements of the new Well Managed Highway Infrastructure Code of Practice
- Moving to Sand Martin House, upgrading software and hardware to facilitate new agile working and embedding this within team
- Carrying out claims handling for other authorities
- Review of sums insured, starting with Museum exhibits

4.3 Risk Mitigation

The two main risks faced by Peterborough City Council presently are Highways and tree-related subsidence. The following actions have been taken in connection with these:

- The Insurance Team have been working with the Natural and Historic Environment Manager to reduce the Council's liabilities for such claims, through targeted tree works in higher-risk areas, better recording of tree stock and inspections, a review of the Tree Management Strategy to take into account subsidence risk and meetings with/seminars for the Tree Team, to aid their understanding of the insurance position.
- Highways risk has been reduced as far as is possible: 100% of inspections are being carried out on the highway network and no claims have been paid in 2018. This is a result of excellent hard work on the part of the Inspectors and the close working relationship between Highways and the Insurance Team. Risk mitigation work will not cease, it is important to ensure that this position does not slip.

4.4 Working with schools

- Schools are not obliged to arrange their insurance through the Local Authority and so for the past 20 years the Insurance Team have been offering the bespoke 'Choice' service, which allows schools to choose from a range of insurances they may need, including specialist schemes for school journeys, Governors and legal expenses, as well as the usual buildings, contents, liabilities and motor covers.
- The schools can choose the level of excess they are comfortable with and receive claims handling, insurance advice and risk management support from the Insurance Team.
- Many schools are now converting to Academy status and so can no longer remain as part of the Council's schools policy. The Insurance Team have therefore been working with our insurers to make an offering to schools on a standalone basis that can rival the Risk Protection Agreement, which allows the school to remain with a commercial insurer and also retain the services of the Insurance Team.
- Seven Academies have remained so far and the scheme is being offered to all schools at the point they are looking to convert and also, if they have already

converted, on the approach to their renewal, so they have an option to return to an insurance model.

- 4.5 The attached report (**Appendix A**) provides more detail on the points above, including a breakdown of claims received and provides an insight into how this service will continue to operate, the insurance challenges facing the Council and how these will be mitigated.

5. CONSULTATION

- 5.1 This report has been issued to the Acting Corporate Director of Resources for consideration.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 That the Audit Committee is informed of the proactive measures taken across the Council to reduce the impact of insurance claims both from a financial and reputational perspective.

7. REASON FOR THE RECOMMENDATION

- 7.1 To enable the Audit Committee to continue to monitor the Council's approach to the areas dealt with by the team

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The option is not to present a report on the insurance function and the activities undertaken. This is not in line with open and transparent corporate governance and could result in a lack of awareness.

9. IMPLICATIONS

Financial Implications

- 9.1 The Council will become more aware and will continue to consider the insurable risks and potential consequences. Every effort is undertaken across the Council to reduce the insurance need and mitigate for potential claims in the first place but where it occurs, robust processes will be in place to ensure high service standards are maintained.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1 None

11. APPENDICES

- 11.1 Appendix A: Insurance Report 2018 / 2019

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