



# Annual Insurance Report 2018/19

## 1...INTRODUCTION

1.1 This report seeks to:

- provide an update on insurance activities within Peterborough City Council over the past financial year
- look at claims received over the past financial year
- provide a comparison with claims received in previous years and identify trends and the reasons for them
- set out the proactive risk mitigation work being carried out by the Insurance Team
- forecast likely future risks and the work proposed for the next financial year and beyond

## 2...CLAIMS REVIEW

### 2.1 Claims received over 5 Years (Broken Down By Claim Type)

	2014/15	2015/16	2016/17	2017/18	2018/19
<b>Employers Liability</b>	3	5	5	3	3
<b>Motor</b>	15	18	19	12	14
<b>Other</b>	7	5	7	3	1
<b>Property</b>	27	29	25	21	25
<b>Public Liability</b>	134	117	157	153	108
<b>Total</b>	186	174	213	192	151

- Claim numbers are very low for an Authority of this size and have stabilised over the last few years.
- Employers Liability claim numbers remain particularly low. This is likely to be partially due to the outsourcing of the higher-risk manual operations 8 years ago and partially due to the strong commitment to Health & Safety and risk management across the Council.
- Motor claims have also remained consistent and low. Of the 14 claims in 2018/19, 7 were fault and 7 non-fault. The fault accidents were mostly low speed misjudgements when parking or reversing. There is not considered to be any need for driver training at present, but this will be monitored and reviewed in future if the statistics deteriorate significantly.
- Property claim numbers are stable in the 20s. The top two claims causes currently are vandalism and break in/theft.
- Public liability claims figures are very low. As claimants have 3 years in which to pursue personal injury claims, the numbers for 2017/18 and particularly 2018/19 are likely to increase slightly over the next year or two. The two most frequent claims types are Highways and Trees.

## 2.2 Claims values over past 5 years (Broken Down By Claim Type)

	2014/15	2015/16	2016/17	2017/18	2018/19
<b>Employers Liability</b>	0	35,000.00	21,500.00	31,000.00	15,500.00
<b>Motor</b>	33,700.83	40,629.55	37,595.71	24,518.40	3,638.44
<b>Other</b>	3,281.99	660.99	670.11	308.45	200.00
<b>Property</b>	51,211.04	78,658.15	37,275.63	71,339.80	805,605.70
<b>Public Liability</b>	165,695.54	171,988.90	317,652.77	365,144.91	397,581.16
<b>Total</b>	253,889.40	326,937.59	414,694.22	492,311.56	1,222,525.30

- Employers Liability claim numbers have been very low over the past 5 years and have in the main been successfully defended. There have been no high-value, serious claims in this period.
- The Motor figure for 2018/19 is not representative. Motor claims are handled by insurers rather than the Insurance Team and so the values are only provided by insurers once the claims are completed.
- The large increase in value between 2015/16 and 2016/17 on Public Liability claims relates to one large-value claim. The majority of any settlement paid on this claim will be made by insurers and not from internal funds. The 2017/18 and 2018/19 figures are not representative. Full reserves are maintained on all claims, even those that have been repudiated, until the claims are closed. There are 21 open claims in 2017/18 and 49 in 2018/19. The claims figures will reduce once these claims are closed.

## 2.3 Public Liability Repudiation Rate

	2014/15	2015/16	2016/17	2017/18	2018/19
<b>PL repudiation rate</b>	82%	92%	89%	86%	94%

- The Highways repudiation rates are 100% for 2018/19, 100% for 2017/18, 98% in 2016/17, 100% in 2015/16 and 92% in 2014/15. These are excellent rates.
- The majority of claims payments now being made relate to direct damage to walls and fences caused by trees/other vegetation and tree-related subsidence to property. Work is being done to reduce this risk: the entirety of the Council's tree stock has been listed and is regularly inspected and maintained.

## 2.4 Average Public Liability Claim Cost

	2014/15	2015/16	2016/17	2017/18	2018/19
<b>Average PL claim cost</b>	1,236.53	1,469.99	2,023.27	2,386.57	3,681.31

- The claims years 2014/15 and 2015/16 are nearing maturity and show a slight increase in the average claim cost. It is too early to tell with the following three years, as their figures are being skewed by the number of claims still open, which are holding full reserves: 2016/17 has £218,726 of outstanding reserves, 2017/18 has £314,367 and 2018/19 has £391,638. So the average figures will come down as these claims reach conclusion.

## 3...INSURANCE TEAM WORK

3.1 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
- Provide insurance services to other bodies, such as schools including academies, Vivacity, the Cambridgeshire and Peterborough Combined Authority and now Aragon Direct

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

- PCC's waste collection, grounds maintenance and associated services have transferred to a new wholly-owned trading company, Aragon Direct. The Insurance Team have undertaken an exercise to review the insurance needs of Aragon Direct and put these insurances in place. Claims handling is also being undertaken and procedures have been put in place to facilitate this, including the creation of bespoke claims report forms and procedure notes for operatives. Meetings with key staff at Aragon Direct to build a close working relationship have taken place and are diarised to continue, to make the start up as smooth as possible on the insurance side.
- The new Well Managed Highway Infrastructure Code of Practice came into effect from October 2018. To prepare for this, the Insurance Team have arranged training for the Highway Inspectors, including a mock trial and a Lantra-accredited course to update their skills. Changes to the Highways software system have also been made to allow more flexibility over inspection frequencies, in keeping with the new Code. Insurers undertook an audit of the Highway function and its readiness for the new Code and scored it as 'Excellent'.
- The move to Sand Martin House in August 2018 and the change to agile working required a lot of preparation, including an upgrade of the insurance software to

be cloud-compatible, obtaining laptops and mobile telephones to allow working from non-office locations, a review of all paperwork to streamline this as much as possible to account for the smaller storage allocation at SMH and a full review and update of the insurance archives, which had to be moved. All of this was completed in time and the move went very smoothly and agile working has been fully embraced and embedded, with the ratio of office work to other locations being 60/40% currently.

- Claims handling was undertaken for other authorities, which was positive both for the income generated and for the opportunity to compare our practices against others and share what we feel are examples of good practice, for example our template Highways report form that the Inspectors complete on each claim to provide all the information necessary to reach a decision on liability. We also provided training on running reports for one Authority's Highways Officer, as the system used is the same at both authorities.
- A review of sums insured has commenced, starting with the Museum exhibits, which have not been revalued since 1998. This was completed May/June and the results should be available shortly. This work will continue over the coming year for other Council assets.

**3.3 Risk Mitigation.** The Insurance Team do not only handle insurance claims made against the Council, this data is also analysed to identify the greatest risks and claims trends. Actions are then taken to reduce these risks. 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 long dry spell last summer has led to a rise in tree-induced subsidence claims against the Council. 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. This strategy has started to pay off, with tree mitigation works being completed early, allowing PCC to defend the majority of claims where there was no foreseeability of damage and limit costs on cases that cannot be defended by preventing damage worsening. For example, the cost of claims in the last 'event year' of 2006 was just over £258k. The reserve figures for the event year of 2018 are currently £181k, which is a reduction of 30% and this should reduce further as repudiated claims are closed.
- 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. As set out in section 3.2, Lantra-accredited training has been arranged for the Highways Inspectors to demonstrate their compliance with the new Code of Practice and regular meetings will continue to discuss any issues arising, as well as regular claims figures being provided to show the current position and trends.

**3.4 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.

- 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.
- For example, if there is a claim at a school and the investigation shows that risk assessments are either not in place or are not sufficient, this can demonstrate a potential problem with risk management at the school which could lead to future claims, so the Insurance Team will work with the school and on occasion involve the Council's Health & Safety Team to improve the risk assessments, put in place policies to support risk improvement and provide match funding for risk improvement initiatives.
- 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...FUTURE WORKSTREAMS**

4.1 In addition to the general, ongoing work set out in the previous section, the Insurance Team will be working on the following over the next year:

- The LATCo, Aragon Direct, is now fully operational and the Insurance Team will handle all claims on their behalf, as well as arranging the insurance renewals and advising on risk management issues arising through claims trends. This may create a resources issue, as the mainly manual nature of many of the services may lead to increased Employers Liability claims and there has already been a significant increase in motor claims.
- The Insurance Team has worked with insurers to provide a suitable alternative to the RPA for Academy schools when they have to leave the Council's blanket policy. This is being offered to all converting schools going forward and also to schools who have already become Academies, to offer them the choice to revert to traditional insurance. Early indications on the scheme are positive.
- Claims handling assistance has been provided to other Local Authorities and this will continue to be offered for as long as resources allow.
- Further work will be undertaken with the Natural & Historic Environment Manager to reduce tree-related risks. Specific arboricultural training is also being arranged for the Highways Inspectors in relation to highway trees.
- An exercise will be undertaken to review all Vivacity claims and provide risk management advice where trends are identified.