

<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 6</b>
<b>14 SEPTEMBER 2020</b>	<b>PUBLIC REPORT</b>

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

**ANNUAL REPORT: INSURANCE AND INSURANCE FUND REPORT 2019 / 2020**

<b>R E C O M M E N D A T I O N S</b>	
<b>FROM :</b> Steve Crabtree, Chief Internal Auditor	<b>Deadline date :</b> N / A
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> <li>1. Receive, consider and endorse the attached annual report on the provision of the Insurance Service during 2019 / 2020.</li> </ol>	

**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

2.2.1.12: 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?	<b>NO</b>	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 and 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, creating bespoke claim report forms and holding regular meetings with Aragon to ensure the insurance service meets their needs.
- Preparing Highways to ensure they meet the requirements of the new Well Managed Highway Infrastructure Code of Practice by arranging further training for the Inspectors, arranging a mock trial with insurers for the Inspectors to attend and holding meetings with Highways management to discuss best practice and ensure systems are robust.
- Fully embedding agile working within the team to allow working from home or other non-office locations. This ensured we were in a position to carry on nearly as normal with no break in service when the Covid-19 lockdown commenced in March.

#### 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 and meetings with / seminars for the Tree Team, to aid their understanding of the insurance position.
- The Risk Mitigation Fund paid for GIS software to allow subsidence claims data to be plotted on a map and capturing all works done in relation to each claim. This has greatly assisted the programme of targeted tree works, for example it highlighted a tree belt between two estates of houses, claims had been presented for one of the streets, but the visual representation highlighted the potential for the others along the line of the trees and allowed works to be carried out before further claims were received.
- Highways risk has been reduced as far as is possible: 100% of inspections are being carried out on the highway network and only one very low-value claim has been paid in 2019/20. 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.
- The Government's RPA scheme has been extended to include LA-maintained schools, so our schools now have this additional choice. None of our schools chose to leave our insurance scheme for the RPA in 2019/20.

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

