

INSURANCE: ANNUAL REPORT 2019 / 2020

1...Introduction

- 1.1 This report documents the Council's approach to managing the insurance requirements for the Council and is presented to Audit Committee in order to discharge its responsibility in "*overseeing risk management and corporate governance arrangements*" as outlined in its Terms of Reference.
- 1.2 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...Insurance Team Activities

- 2.1 The Insurance Team 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 and Aragon Direct
- 2.2 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. We are now into the second year of arranging insurance and handling claims for Aragon and this is going well. Bespoke claims report forms and procedure notes for operatives were provided at the outset, which has led to claims being reported promptly and in the required format. Regular meetings are

undertaken with Aragon staff to check progress, identify any issues and keep the relationship running smoothly.

- The new Well Managed Highway Infrastructure Code of Practice has now been in place for over a year. The steps taken to ensure the service was ready to meet the new Code have been entirely successful: the Highways Inspectors have all received either first-time or refresher Lantra training and will shortly be undergoing a further tree-related training course (subject to lockdown measures). The highways service was audited by insurers last year and was rated 'excellent'. Because of this, insurers chose our Highways service to be involved in a training exercise for all local authorities, where our Highways Plan was examined by a barrister and our key personnel 'cross-examined' by the barrister to see if our Plan is robust. This went extremely well and there were very few recommendations for change.
- Subsidence claims have risen sharply as 2018 was an 'event year' due to the hot, dry summer. A great deal of work has been undertaken in partnership with the Natural & Historic Environment Manager and the Aragon tree team to put in place streamlined procedures for investigating these claims, carrying out any mitigation works identified quickly and putting together a defence to these claims.

3...Claims Review

3.1 Analysis of the claims history reveal the following details:

Claim numbers received over past 5 years, broken down by claim type (PCC only)

	2015/16	2016/17	2017/18	2018/19	2019/20
Employers Liability	5	5	3	5	2
Motor	17	19	12	14	8
Other	4	7	2	1	17
Property	27	25	23	24	13
Public Liability	103	149	145	135	119
Total	156	205	185	179	159

- 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 2018/19 and particularly 2019/20 are likely to increase slightly over the next year or two. The two most frequent claims types are Highways and Trees.

Claims values over past 5 years, broken down by claim type (PCC only)

	2015/16	2016/17	2017/18	2018/19	2019/20
Employers Liability	21,971	35,500	0	40,385	32,782
Motor	34,025	37,596	24,518	8,124	7,247
Other	641	670	283	0	149,398
Property	76,715	35,939	84,147	643,270	121,185
Public Liability	111,428	371,687	333,128	686,553	341,871
Total (£)	244,780	481,392	442,076	1,378,332	652,483

- 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 figures for 2018/19 and 2019/20 are 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. Therefore, the figures will not be accurate until the insurance year matures.
- 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 figures are high due to a number of outstanding subsidence claims. These have mostly been repudiated and so the reserves will reduce once the claims are closed. The 2018/19 and 2019/20 figures are not representative. Full reserves are maintained on all claims, even those that have been repudiated, until the claims are closed. There are 41 open claims in 2018/19 and 44 in 2019/20. The claims figures will reduce once these claims are closed.

3.2 Public Liability repudiation rate (PCC only)

	2015/16	2016/17	2017/18	2018/19	2019/20
PL repudiation rate	90%	85%	81%	93%	91%

- The Highways repudiation rates are 99% for 2018/19, 100% for 2017/18, 98% in 2016/17, and 100% in 2015/16. 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.

3.3 Aragon Direct Claims 2019 / 2020

	Grounds Maintenance	Refuse Collection	Passenger Transport	Street Cleaning	Waste Management
Public Liability	17	4	0	0	0
Motor	3	23	12	6	2
Property	0	0	0	0	0
Employers Liability	0	0	0	0	0

- The Grounds Maintenance PL claims all involve windows being broken by stones flicked up by strimmers and mowers. All but one have been successfully defended due to the robust processes in place to guard against such incidents.
- The Refuse Collection PL claims are all refuse operatives scraping bins against vehicles. The numbers are low compared to the overall number of bins emptied, but the Insurance Team will be recommending that operatives are reminded to take care, as such incidents should be avoidable.
- The Grounds Maintenance motor claims were all fault accidents.
- The Passenger Transport motor claims were 10 fault and two non-fault. It will be suggested at the next Aragon meeting that drivers are issued reminders about driving carefully.
- The Refuse Collection motor claims were 13 fault, 2 non-fault and 8 where the circumstances are disputed. These figures will be discussed at the next Aragon meeting.
- The Waste Management motor claims are one fault and one non-fault.

- It was anticipated that EL claims would come in, however none have as yet. This positive result will be discussed at the next Aragon meeting, to identify areas of particularly good practice and look to maintain this position.

4...Risk Mitigation

4.1 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.

4.2 A breakdown of the Public Liability insurance claims received by PCC is as set out below:

	2015/16	2016/17	2017/18	2018/19	2019/20
Highways	49	65	70	54	55
School	8	6	3	5	2
Subsidence	13	24	17	42	11
Trees Direct Damage	10	29	22	12	25
Estate Services	2	2	8	3	4
Street Lighting	2	2	3	3	2
Miscellaneous	19	21	22	16	20
TOTAL	103	149	145	135	119

4.3 These figures show that the most claims are received in the areas of Highways and Trees / Subsidence. The Insurance Risk Mitigation Fund is used to promote actions or works that will reduce insurance risk and so for this year the Fund has concentrated mostly on Highways and Trees, as below:

- Lantra training for Highways Inspectors: a new Code of Practice came into effect from October 2018, which changes the basis of highway repairs from an intervention level to an investigatory level i.e. moves from a fixed criteria to a risk-based approach. It was therefore necessary for the Inspectors to have either refresher or first time training to the Lantra accreditation, to prove they are working to the new Code and meet the required standard.
- Arboricultural training for Highways Inspectors: the new Code places higher duties upon Inspectors to identify problems with street trees. This training again demonstrates the Inspectors meet the requirements of the Code, enabling PCC to defend claims.
- Subsidence risk tree felling and replanting schemes: claims data is used to map out subsidence risk 'hot spots' within the city and schemes of targeted felling are carried out to reduce this risk as far as possible. It is difficult to

quantify the savings this generates as the outcome is less claims received, or the ability to defend claims that do arise, but the average cost of a subsidence claim in the last 3 years is £16,588. The IRMF funding of £25,000 per year will probably prevent at least 10 claims from arising, likely more, so the savings per year this funding generates is estimated at least £140,000 per year.

- In keeping with PCC's agenda for climate risk control and tree canopy cover, replanting schemes are also then carried out to replace the trees removed, either with a more appropriate species for the location, or in another location where it is too high risk to replant at the original location.
- Other areas of risk are also considered where there would be a benefit, for example anti-theft bars to be placed on a window at the Regional Pool, which has been a targeted entry point for thieves.

5...Future Risks and Workstreams

- 5.1 It is anticipated that Trees/Subsidence and Highways claims will continue to form the bulk of the claims work carried out by the Team over the next 12 months. Joint working with these Departments to reduce these risks as far as is possible are already well established.
- 5.2 The services currently being provided by Vivacity coming back to the Council will generate additional work both to put the appropriate insurance policies in place and to deal with claims arising from these services going forward.
- 5.3 It was considered likely that the Whiplash Reform Programme would lead to Solicitors pursuing more unusual types of claim to offset their income loss when the small claims limit is raised, meaning only fixed costs can be recovered by them. As the Reforms have been delayed until at least next year due in part to Covid-19, this is no longer considered to be on the immediate horizon.
- 5.4 The Government's RPA scheme has been extended to include LA maintained schools and therefore our schools will have this additional choice, further to their existing right to insure with any provider of their choosing. It is therefore possible we will lose some schools at next renewal. We will therefore be carrying out additional work to remind the schools of the benefits of remaining with us, alongside the work we are doing to retain Academy schools.
- 5.5 It is possible the Council may receive Covid-related claims. We will liaise with market experts to establish what may be expected and how best to deal with any that arise.

6...Effects of Covid-19

- 6.1 The lockdown commenced in the final month of 2019/20 and therefore there was no significant impact for that financial year. The impact in terms of claims numbers and costs of additional insurances will therefore be considered in the report for 2020/21.