

<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 9</b>
<b>29 JULY 2021</b>	<b>PUBLIC REPORT</b>

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

**ANNUAL REPORT: INSURANCE AND INSURANCE FUND REPORT 2020 / 2021**

<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 2020 / 2021</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	-
---	-----------	--------------------------	---

**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, Aragon Direct and City Culture Peterborough

#### 4.2 Insurance

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

- In common with all work teams, the effects of Covid-19 have been the dominant issue dealt with by the Insurance Team in 2020/21. Firstly, the team had to adapt to working entirely from home, setting up appropriate workstations at home that were suitable for working there full time and also arranging how to receive post, arrange printing and work in new ways such as using Microsoft Teams for meetings, one to one sessions etc. Maintaining 'business as usual' was definitely more of a challenge.
- The Vivacity service came back to PCC and so the leisure part had to be added to Aragon's insurances and the culture part required new policies setting up for City Culture Peterborough.

#### 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 subsidence 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.
- Claims for damage to fencing and walls caused by overgrown vegetation and tree roots have increased year on year, so again the Insurance Team have been liaising with Trees to find ways to combat this, such as one or two metre clearances of shelter belts back from the boundaries of nearby housing.
- 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 2020/21. 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.
- The Insurance Risk Mitigation Fund has paid for the Highways Inspectors to undertake Arboricultural training, to ensure they meet the higher requirements of the new Code of Practice and also to improve the Council's position by ensuring the Inspectors can recognise a tree near or on the highway in need of work in between the three yearly inspections carried out by the Trees Team.

#### 4.5 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. · Six Academies have remained with PCC 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 2020/21.

#### 4.6 Impact of the Pandemic

- 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 have therefore been considered by analysis of the year 2020/21.
- A Government directive to house rough sleepers during the pandemic meant that three hotels were taken over by PCC to meet this requirement. The hotels required PCC to insure the hotels for this period, so this was put in place. Insurers were very generous and agreed not to charge an additional premium for this.
- Additional advice and support was provided to schools as necessary, including discussing cover for the schools who remained open, risk management advice and cover for the additional duties imposed upon schools, such as lateral flow testing.
- As fewer people were out on the streets or driving during the pandemic, Public Liability claim numbers dropped for 2020/21.
- The biggest area affected was school journey claims, due to all the trips that had to be cancelled. Claim numbers doubled, but the values increased exponentially
- Highways coverage during the pandemic remained high. Many Local Authorities reduced or even stopped their highway inspections during the first and second lockdowns, but in meetings between the Insurance Team, Highways management and the contractor Skanska, it was agreed that our inspections would carry on throughout, with the Inspectors being offered guidance on staying safe and providing letters confirming their role, in case they were challenged. This meant that highway maintenance works could carry on throughout and we were able to defend claims.

4.7 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 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 2020 / 2021