

## INSURANCE: ANNUAL REPORT 2020 / 2021

### 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; and
  - 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, City Culture Peterborough and Aragon Direct
- 2.2 The key issues dealt with by the Insurance Team over the past year are as follows:
- **Covid-19.** 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.

- **Returning Services.** 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.

### 3...INSURANCE CLAIMS REVIEW

#### 3.1 Analysis of claims history (by number of claims and value)

##### 3.1.1 PCC Claim Numbers Received Over 5 Years (By Claim Type)

	2016/17	2017/18	2018/19	2019/20	2020/21
Employers Liability	5	4	5	2	3
Motor	19	12	14	8	4
Other	6	2	-	11	6
Property	26	22	27	14	15
Public Liability	141	139	131	112	101
<b>TOTAL</b>	<b>197</b>	<b>179</b>	<b>177</b>	<b>147</b>	<b>129</b>

- **Low Claim numbers.** Claim numbers are very low for an Authority of this size and have stabilised over the last few years.
- **Low liability claims.** 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 and Safety and risk management across the Council. This will be monitored as services return in-house.
- **Low motoring claims.** Motor claims remain low and continue to reduce. Of the 8 claims in 2019/2020, 6 were fault and 2 non-fault (claims for 2020/21 have yet to be concluded). 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.
- **Low numbers of property claims.** Property claim numbers are reducing. The top two claims causes currently are vandalism and break in / theft, which has been consistent for the last few years.

- **Minimal public liability claims.** Public liability claims figures are very low. As claimants have 3 years in which to pursue personal injury claims, the numbers for 2019/20 and particularly 2020/21 are likely to increase slightly over the next year or two. The two most frequent claims types are Highways and tree-related property damage.

### 3.1.2 PCC Claims values over past 5 years, broken down by claim type

	2016/17	2017/18	2018/19	2019/20	2020/21
Employers Liability	38,578	22,000	36,873	-	41,500
Motor	37,596	33,623	8,534	9,979	2,965
Other	625	283	200	346	47,190
Property	35,134	82,647	627,561	240,995	98,501
Public Liability	233,887	418,025	671,194	163,819	337,117
<b>Total £</b>	<b>345,820</b>	<b>556,578</b>	<b>1,344,362</b>	<b>415,139</b>	<b>527,273</b>

- **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 2019/20 and 2020/21 are not representative:** motor claims are handled by insurers rather than the Insurance Team and the values are only provided by insurers once the claims are completed. Therefore, the figures will not be accurate until the insurance year matures.
- **Whilst Property claim numbers are reducing, there has been a significant increase in the values.** This is due to one very large claim in 2018/19 and one large claim in 2019/20. Both are mostly funded by the insurance company and so there is not such an impact upon the Council's Insurance Fund. However, this has had an effect upon the Property insurance premium.
- **Public Liability - the year 2016/17 is now nearly mature with only three Public Liability claims remaining open and the figures are therefore now reasonably accurate.** 2017/18 still has 8 Public Liability claims still open, the majority of which are higher-valued subsidence claims and therefore the figures may still reduce. The figure for 2018/19 is so high because there was a very dry summer, leading to a large number of subsidence claims which remain outstanding. The year 2019/20 still has many outstanding claims and so the figures should reduce as files are closed off, however claims are still coming in for 2020/21 and therefore this figure may increase. This should also then start to reduce in the future, as repudiated claims are closed off. Full reserves are maintained upon each claim until they are closed, at the point where a repudiation has been accepted or a period of months have passed showing the claim will not be pursued further.

### 3.2 PCC Public Liability repudiation rate

	2016/17	2017/18	2018/19	2019/20	2020/21
PL repudiation rate	82%	81%	92%	88%	95%

- The Highways repudiation rates are 100% for 2020/21, 98% for 2019/18, 98% in 2018/19, 100% in 2017/18 and 99% in 2016/17. 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. One and two metre wide clearance strips are being carried out to shelterbelts that run along the rear of housing estates where necessary and shrub beds are being cut back where they grow against fences, where possible.

### 3.3 Aragon Direct claims 2020/21

	Grounds Maintenance	Refuse Collection	Passenger Transport	Street Cleaning	Waste Management
Public Liability	11	6	-	-	-
Motor	6	33	2	4	2
Property	1	-	-	-	-
Employers Liability	-	-	-	-	-

- The Grounds Maintenance PL claims in the main 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. Other claims arise where an operative accidentally cuts down private plants during shrub bed pruning.
- The Refuse Collection PL claims are all either refuse operatives scraping bins against vehicles, or leaving oil stains when emptying bins. Only one of the former have resulted in a claim payment. 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 one fault and one non-fault.
- The Refuse Collection motor claims were 20 fault, 2 non-fault and 10 where the circumstances are disputed. There were 10 more claims involving Refuse vehicles

in 20/21 than in 19/20, however the total number of motor claims has only gone up by one. These figures will be discussed at the next Aragon meeting.

- The Waste Management motor claims were both fault accidents.
- It was anticipated that EL claims would come in, however none have as yet (as was in 2019/20). Areas of good practice are discussed at Aragon meetings 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. A breakdown of the Public Liability insurance claims received by PCC is as set out below:

	2016/17	2017/18	2018/19	2019/20	2020/21
Highways	67	71	55	57	50
Schools	6	3	6	2	2
Subsidence	21	16	41	12	3
Trees Direct Damage	31	23	13	24	27
Estate Services	2	8	3	4	4
Street Lighting	2	3	3	2	1
Miscellaneous	12	15	10	15	14
<b>TOTAL</b>	<b>141</b>	<b>139</b>	<b>131</b>	<b>116</b>	<b>101</b>

4.2 These figures show that the most claims are received in the areas of Highways and Trees/Subsidence and direct tree damage.

4.3 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:

- Arboricultural training for Highways Inspectors: the new CIHT Code of Practice (Well-Managed Highway Infrastructure) places higher duties upon Inspectors to identify problems with street trees. This Lantra training 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 creating 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 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.
- Whilst low value individually, the number of claims arising from direct damage caused by trees and shrubs is now very high, with the potential to keep rising, so solutions to this are being investigated with the Head of Environmental Partnerships.
- Other areas of risk are also considered where there would be a benefit, for example CCTV in schools.

## **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 previously being provided by Vivacity have come back to the Council and are being managed by Aragon and City Culture Peterborough, which will generate additional work both in renewing the appropriate insurance policies put 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. To date we have not lost any school to the RPA scheme.
- 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. None have been forthcoming so far.

## 6...EFFECTS OF COVID-19 PANDEMIC ON INSURANCE

- 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 have therefore been considered by analysis of the year 2020/21.
- 6.2 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.
- 6.3 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.
- 6.4 An upside is that the new pattern of working has meant that nearly all correspondence is now sent via email, which both makes the claims process quicker and saves PCC the cost of postage.
- 6.5 As fewer people were out on the streets or driving during the pandemic, Public Liability claim numbers dropped for 2020/21.
- 6.6 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, as shown below:

	No of claims	Value £
2017/18	8	14,477
2018/19	6	1,453
2019/20	18	61,222
2020/21	12	81,137

- 6.7 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.

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