

Report

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	21 September 2020
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	2019/2020 Year End Insured Risks Report
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ highlight trends on an annual basis, for insurance claims against the Council.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the Insured Risks Report for year ended 31 March 2020 is noted
- (2) that ongoing work to identify and mitigate insurance hotspots is noted

3. Background

- 3.1. The Council has in place insurance policies for employers' liability, public liability, motor, property and other miscellaneous risks.
- 3.2. The Council's employers' liability (EL) policy covers employee injury, disease and death, where the Council is deemed to be negligent. The current self-insured excess for this policy is £0.250million.
- 3.3. The public liability (PL) policy covers the Council's legal liability to pay claims for death, injury and disease to third parties, as well as third party property damage, where the Council is found to be responsible for such losses. The current self-insured excess for this policy is £0.250m.
- 3.4. Motor insurance provides comprehensive cover for all Council vehicles and injuries resulting from motor incidents. The current self-insured excess for this policy is £0.150m.
- 3.5. The property insurance policy covers damage/loss to Council buildings and assets. The current self-insured excess for this policy is £0.100m.

4. Overview and analysis of data

- 4.1. Claims which fall under the main policies are handled by the Council's Risk Management section and external claims handlers, Gallagher Bassett for EL and PL claims, and TopMark for motor claims. The number and cost of these claims form the basis of this report which compares like years.
- 4.2. Claims will continue to be intimated beyond the financial year end, with numbers increasing by approximately 20 per cent on average. Up to date annual comparisons for the last five years are included at Appendix 1. The comparison shows an overall

downward trend in claims numbers, with 2019/2020 being the lowest number of claims received during the last five years. Claims costs have fluctuated over the last five years. On average, over that period, the self-insured cost of claims per annum is £2.012m, with 2019/2020 costs below average at £1.947m.

- 4.3. In addition, to allow comparison of the position as at the year-end for the last two years, Appendix 2 compares the claim numbers and costs for incidents reported in 2018/2019 as at 31 March 2019 against incidents reported in 2019/2020, as at 31 March 2020. In effect, this compares the equivalent position and removes the impact of late claims notification for both years.

5. Insurance – Total Losses Reported as at 31 March Each Year

- 5.1. Based on the comparisons in Appendix 2, the overall number of claims received, to date, for incidents occurring during 2019/2020 is 996. This is a reduction of 36 claims (3.49 per cent) on the numbers reported last year for 2018/2019.
- 5.2. The number of claims received for 2019/2020 is below the average for the last five years (1,108).
- 5.3. The total self-insured estimated cost of claims for 2019/2020 is £1.947m. At the same time last year, estimated claims costs for 2018/2019 was £2.113m. This is a reduction of £0.167m (7.89 per cent).
- 5.4. The number of claims intimated during 2019/2020 for motor and property claims have reduced; employers' liability has remained the same; and public liability has increased when compared to the previous year. The estimated cost of public liability and property claims has increased, however, estimated costs have fallen for motor and employers' claims.
- 5.5. Based upon Appendix 2, sections six to nine detail some of the key findings from the analysis of 2019/2020 claims.

6. Public Liability Claims

- 6.1. Five hundred and eighteen claims have been received for 2019/2020, with an estimated value of £0.662m
- 6.2. The number of claims received for 2018/2019 was 490, and the estimated settlement value of these claims was £0.642m. The 2019/2020 figures represent a six per cent increase in claims numbers and a three per cent increase in claims costs.
- 6.3. The main area where an increase in claims has been seen is in Community and Enterprise Resources where an additional 44 claims have been received, mainly for alleged footway and carriageway defects.

7. Motor Claims

- 7.1. Three hundred and eighty one claims have been received for 2019/2020, with an estimated value of £0.568m.
- 7.2. At the same time last year, 434 motor claims had been received for incidents during 2018/2019, with an estimated settlement value of £0.649m. This equates to a 12 per cent reduction in numbers and a 12 per cent reduction in costs.
- 7.3. The Driver Safety Group set a target of a five per cent reduction in the number of "at fault" incidents, when compared to the average for the three previous years. Table One compares the number and cost of "at fault" incidents for the last five years.

Table One – Comparison of “at fault” incidents

	Number of vehicles on fleet	Number of incidents	Cost of incidents	Number of Accidents per vehicle	Average cost per incident
2015/2016	1,774	231	£360,588	0.13	£1,561
2016/2017	1,644	182	£324,152	0.11	£1,781
2017/2018	1,697	183	£341,220	0.11	£1,865
2018/2019	1,556	180	£347,275	0.12	£1,929
2019/2020	1,588	145	£367,909	0.09	£2,537

- 7.4. The number of “at fault” incidents has improved significantly on the previous year, with 35 fewer, when compared to the previous year. With 145 “at fault” incidents having occurred during 2019/2020, this is the lowest level reported over the last five years.
- 7.5. The number of “at fault” incidents per vehicle for 2019/2020 has reduced from 0.12 to 0.09. This is an 18 per cent reduction compared to the average for the previous three years, at 0.12 incidents per vehicle. The target of a five per cent improvement has, therefore, been exceeded.
- 7.6. Measures to enhance current occupational road risk arrangements were rolled out in March 2020. The key changes are summarised below:
- Updated driving at work guidance based around a set of golden rules on the main responsibilities for drivers
 - A group has been established to review motor incidents
 - Fact finding investigations being undertaken for serious incidents, multiple incidents and incidents where road safety has been compromised.
 - Development of ‘Changing Driver Behaviour’ training
 - Better use of telematics systems to improve road safety and locate stolen vehicles
- 7.7. The roll out of the Changing Driver Behaviour training programme has been affected by the Covid-19 pandemic. A revised programme for the delivery of this training will now be developed in conjunction with Employee Development.

8. Employers’ Liability Claims

- 8.1. Eighteen claims have been received for 2019/2020, with an estimated value of £0.189m.
- 8.2. At the same time last year, the same number of claims, 18, had been received for 2018/2019 with an estimated value of £0.409m.
- 8.3. The main reason for the reduction in value of estimated claims is due to less serious incidents having occurred in 2019/20 when compared to the previous year.
- 8.4. Slips trips and falls continue to be the main cause of claims, with eight claims intimated this year.

9. Property Claims

- 9.1. Seventy nine claims have been received for 2019/2020, with an estimated value of £0.527m.
- 9.2. The overall number of claims intimated for 2019/2020 has reduced by 11 from the previous year. This equates to a 12 per cent reduction. The value of claims intimated during 2018/2019 was £0.413m, which represents a 28 per cent increase.
- 9.3. The reason for the increase in costs is that more significant house fire claims have occurred in the last year.
- 9.4. The overall number of house fires resulting in insurance claims has increased by nine, from 26 incidents in 2018/2019 to 35 in 2019/2020.
- 9.5. As detailed in Appendix 3, two bids have been supported by the risk management fund to mitigate the risk of fire and improve security at higher risk housing properties through the installation of fire doors and controlled entry systems.

10. Risk Management Fund

- 10.1. A central fund is held by Risk Management to assist Resources in funding for specific risk management initiatives. A bidding process is in place for the limited funds. All bids are considered on their individual merits against set criteria.
- 10.2. Examples of successful bids over the last 12 months, are summarised below, with full details of these and the resultant positive effects covered in Appendix 3:-
 - Burnbank community safety project
 - Installation of metal doors and screens for Council flats at various locations
 - Vehicle telematics (Social Work Resources)
 - Relocation of bin stores (children's units)
 - Welders fume extraction equipment
 - Property CCTV IT integration
- 10.3. Resources are encouraged to implement spend to save initiatives where potential savings are likely to outweigh initial outlay costs.

11. Insurance Hotspots

- 11.1. The council's insurers were recently asked to carry out an analysis of the Council's claims experience for the last five years for PL, EL, motor and property claims, with a view to identifying areas where a number of similar types of claim or high value claims were originating, through claims leakage reports.
- 11.2. The first stage of the analysis has been completed, and insurers have now been asked to provide their opinion on mitigating measures that can be implemented by the council to prevent future reoccurrence of the identified insurance hotspot areas.

12. Employee Implications

- 12.1. Time and effort will continue to be required by Resource personnel to implement initiatives to mitigate insurance hotspots.

13. Financial Implications

- 13.1. Claims received to date, for incidents which occurred during 2019/2020 have an estimated self-insured cost of £1.947m. It is reasonable to expect this value to increase due to incidents that have taken place but claims have not yet been received.
- 13.2. Currently, two 2019/2020 claims have estimated reserves which are likely to breach the Council's uninsured excess limits. Therefore, based on claims intimated to date for incidents which occurred during 2019/2020, it is forecast that the current estimated cost of claims of £1.947m will require to be met from the Council's self-insurance fund, with insurers picking up any costs above the uninsured excess limits. It is currently estimated that insurers will require to meet costs of £0.060m.
- 13.3. During 2019/2020, a total of £2.124m was paid out by the Council on all claims, irrespective of their incident date. For claims which occurred between 1 April 2019 and 31 March 2020, £0.458m was paid out by the Council. These costs include claims payments and other associated costs.
- 13.4. The total cost of loss for 2019/2020 was £3.494m. This covers claims costs, insurance premiums, and other costs for contracted insurance services. For 2018/2019, the total cost of loss was £3.930m.
- 13.5. As at 31 March 2020, the balance in the insurance fund was £2.053m with current contributions from Resources at £2.556m per annum.
- 13.6. The balance in the insurance fund will require to be closely monitored to ensure adequate funds are available to meet known liabilities.
- 13.7. The next Actuarial Review of the Council's insurance fund is due to be undertaken as at 31 March 2021. The outcome this review will be reported to Committee in due course.

14. Climate Change, Sustainability and Environmental Implications

- 14.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

15. Other Implications

- 15.1. The cost of insurance claims and premiums is linked to the Council top risk 'Reduction in Council funding/income, as well as increased service demands, results in difficulties achieving savings and maintaining frontline services'.
- 15.2. Failure to adequately manage insurance hotspots is likely to lead to increased claims numbers, self-insurance costs and insurance premiums. This risk is mitigated through insurance hotspots work and other risk management initiatives implemented by Resources and through the risk management bidding process.

16. Equality Impact Assessment and Consultation Arrangements

- 16.1. There is no requirement to carry out an impact assessment in terms of the proposals contained within this report.
- 16.2. Consultation has taken place with Resource risk representatives.

Paul Manning
Executive Director (Finance and Corporate Resources)

24 August 2020

Link(s) to Council Values/Ambitions/Objectives

- ◆ Values: Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Report to the Risk and Audit Scrutiny Committee – 2018/2019 Year End Insured Risks - 27 November 2019

List of Background Papers

- ◆ None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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Appendix One

Full year claims numbers and values by Resource as at 31 March 2020

All claim types

Number of claims	15/16	16/17	17/18	18/19	19/20
Community and Enterprise	761	521	762	575	562
Education	42	33	34	40	30
Finance and Corporate	3	5	4	0	2
Housing and Technical	486	479	468	400	344
Social Work	76	84	70	79	58
Total	1,368	1,122	1,338	1,094	996
Reported at individual year end	1,257	1,001	1,252	1,031	996

Cost of claims	15/16	16/17	17/18	18/19	19/20
Community and Enterprise	£841,026	£877,149	£916,117	£810,759	£807,528
Education	£204,905	£231,484	£129,667	£121,765	£98,264
Finance and Corporate	£1,993	£445	£5,023	£0	£50
Housing and Technical	£985,565	£512,708	£585,411	£650,137	£955,150
Social Work	£96,759	£151,934	£92,814	£256,281	£85,641
Total	£2,130,249	£1,773,719	£1,729,032	£1,838,942	£1,946,633
Reported at individual year end	£2,374,025	£1,662,027	£1,962,638	£2,113,302	£1,946,633

Public Liability

Number of claims	15/16	16/17	17/18	18/19	19/20
Community and Enterprise	422	260	471	308	331
Education	13	9	14	13	12
Finance and Corporate	0	0	1	0	1
Housing and Technical	281	241	245	218	173
Social Work	6	4	6	6	1
Total	722	514	737	545	518

Cost of claims	15/16	16/17	17/18	18/19	19/20
Community and Enterprise	£264,525	£387,937	£278,636	£187,985	£382,170
Education	£42,015	£19,469	£28,054	£28,029	£50,375
Finance and Corporate	£0	£0	£1,428	£0	£50
Housing and Technical	£91,448	£192,265	£169,725	£155,981	£229,517
Social Work	£3,000	£386	£12,263	£165	£0
Total	£400,988	£600,056	£490,106	£372,160	£662,112

Motor

Number of claims	15/16	16/17	17/18	18/19	19/20
Community and Enterprise	283	226	239	225	200
Education	18	9	4	6	6
Finance and Corporate	3	4	1	0	1
Housing and Technical	149	193	167	138	121
Social Work	66	73	56	65	53
Total	519	505	467	434	381

Cost of claims	15/16	16/17	17/18	18/19	19/20
Community and Enterprise	£273,100	£235,775	£376,978	£297,753	£319,570
Education	£15,982	£9,046	£2,716	£6,946	£4,895
Finance and Corporate	£1,993	£445	£0	£0	£0
Housing and Technical	£178,331	£142,553	£161,220	£110,264	£185,433
Social Work	£68,057	£94,952	£51,140	£211,247	£58,547
Total	£537,463	£482,771	£592,054	£626,210	£568,445

Employer's Liability

Number of claims	15/16	16/17	17/18	18/19	19/20
Community and Enterprise	22	10	15	6	6
Education	4	7	7	10	3
Finance and Corporate	0	0	2	0	0
Housing and Technical	3	4	2	3	6
Social Work	2	5	6	7	3
Total	31	26	32	26	18

Cost of claims	15/16	16/17	17/18	18/19	19/20
Community and Enterprise	£244,952	£240,471	£229,896	£300,273	£58,225
Education	£118,222	£149,157	£85,597	£74,411	£28,455
Finance and Corporate	£0	£0	£3,595	£0	£0
Housing and Technical	£93,880	£42,027	£37,559	£19,999	£75,116
Social Work	£12,920	£48,282	£27,230	£41,808	£27,094
Total	£469,974	£479,937	£383,876	£436,491	£188,890

Property

Number of claims	15/16	16/17	17/18	18/19	19/20
Community and Enterprise	34	25	37	36	25
Education	7	8	9	11	9
Finance and Corporate	0	1	0	0	0
Housing and Technical	53	41	54	41	44
Social Work	2	2	2	1	1
Total	96	77	102	89	79

Cost of claims	15/16	16/17	17/18	18/19	19/20
Community and Enterprise	£58,450	£12,966	£30,607	£24,748	£47,563
Education	£28,686	£53,812	£13,301	£12,379	£14,539
Finance and Corporate	£0	£0	£0	£0	£0
Housing and Technical	£621,906	£135,863	£216,907	£363,893	£465,084
Social Work	£12,782	£8,314	£2,181	£3,061	£0
Total	£721,824	£210,955	£262,996	£404,081	£527,186

Appendix Two

Comparison of claims costs and numbers for claims occurring during the last two years as at their respective year ends

All claim types

Number of claims	2018/19 as at 31 March 2019	2019/20 as at 31 March 2020	Difference	Difference Percentage
Community and Enterprise	553	562	9	1.63%
Education	35	30	-5	-14.29%
Finance and Corporate	0	2	2	-
Housing and Technical	369	344	-25	-6.78%
Social Work	75	58	-17	-22.67%
Total	1032	996	-36	-3.49%

Cost of claims	2018/19 as at 31 March 2019	2019/20 as at 31 March 2020	Difference	Difference Percentage
Community and Enterprise	£971,075	£807,528	-£163,547	-16.84%
Education	£142,871	£98,264	-£44,607	-31.22%
Finance and Corporate	£0	£50	£50	-
Housing and Technical	£753,642	£955,160	£201,518	26.74%
Social Work	£245,714	£85,641	-£160,073	-65.15%
Total	£2,113,302	£1,946,633	-£166,669	-7.89%

Public liability

Number of claims	2018/19 as at 31 March 2019	2019/20 as at 31 March 2020	Difference	Difference Percentage
Community and Enterprise	287	331	44	15.33%
Education	11	12	1	9.09%
Finance and Corporate	0	1	1	-
Housing and Technical	188	173	-15	-7.98%
Social Work	4	1	-3	-75.00%
Total	490	518	28	5.71%

Cost of claims	2018/19 as at 31 March 2019	2019/20 as at 31 March 2020	Difference	Difference Percentage
Community and Enterprise	£370,579	£382,170	£11,591	3.13%
Education	£39,069	£50,375	£11,306	28.94%
Finance and Corporate	£0	£50	£50	-
Housing and Technical	£232,265	£229,517	-£2,748	-1.18%
Social Work	£340	£0	-£340	-100.00%
Total	£642,253	£662,112	£19,859	3.09%

Employer's liability

Number of claims	2018/19 as at 31 March 2019	2019/20 as at 31 March 2020	Difference	Difference Percentage
Community and Enterprise	4	6	2	50.00%
Education	7	3	-4	-57.14%
Finance and Corporate	0	0	0	-
Housing and Technical	2	6	4	200.00%
Social Work	5	3	-2	-40.00%
Total	18	18	0	0.00%

Cost of claims	2018/19 as at 31 March 2019	2019/20 as at 31 March 2020	Difference	Difference Percentage
Community and Enterprise	£271,388	£58,225	£-213,163	-78.55%
Education	£83,151	£28,455	£-54,696	-65.78%
Finance and Corporate	£0	£0	£0	-
Housing and Technical	£11,687	£75,116	£63,429	542.73%
Social Work	£42,611	£27,094	£-15,517	-36.42%
Total	£408,837	£188,890	£-219,947	-53.80%

Motor

Number of claims	2018/19 as at 31 March 2019	2019/20 as at 31 March 2020	Difference	Difference Percentage
Community and Enterprise	225	200	-25	-11.11%
Education	6	6	0	-
Finance and Corporate	0	1	1	-
Housing and Technical	138	121	-17	-12.32%
Social Work	65	53	-12	-18.46%
Total	434	381	-53	-12.21%

Cost of claims	2018/19 as at 31 March 2019	2019/20 as at 31 March 2020	Difference	Difference Percentage
Community and Enterprise	£299,024	£319,570	£20,546	6.87%
Education	£7,446	£4,895	£-2,551	-34.26%
Finance and Corporate	£0	£0	£0	-
Housing and Technical	£143,085	£185,443	£42,358	29.60%
Social Work	£199,263	£58,547	£-140,716	-70.62%
Total	£648,818	£568,456	£-80,362	-12.39%

Property

Number of claims	2018/19 as at 31 March 2019	2019/20 as at 31 March 2020	Difference	Difference Percentage
Community and Enterprise	37	25	-12	-32.43%
Education	11	9	-2	-18.18%
Finance and Corporate	0	0	0	-
Housing and Technical	41	44	3	7.32%
Social Work	1	1	0	-
Total	90	79	-11	-12.22%

Cost of claims	2018/19 as at 31 March 2019	2019/20 as at 31 March 2020	Difference	Difference Percentage
Community and Enterprise	£30,084	£47,563	£17,479	58.10%
Education	£13,205	£14,539	£1,334	10.10%
Finance and Corporate	0	£0	£0	-
Housing and Technical	£366,605	£465,084	£98,479	26.86%
Social Work	£3,500	£0	£-3,500	-100.00%
Total	£413,394	£527,186	£113,792	27.53%

Appendix Three - Successful risk management fund bids

Initiative implemented	Contribution from Risk Management fund	Details/Positive effect
Property CCTV Systems Integration	£9,500	Completion of this initiative allow 206 Council properties CCTV systems to be integrated to the one system, and therefore allow these to be connected to the 24 hour control centre for monitoring. This will help maintain the low level of criminality currently being seen at council buildings.
Fume Extraction - Welders	£4,700	The funding allowed purchase of equipment to comply with new health & safety legislation regarding protection of welding operatives from carcinogenic fumes from welding rods.
Installation of metal doors and screens – Housing - Various locations	£20,000	The installation of door entry systems in all of these blocks has offered security and peace of mind to the residents, reduction of ASB behaviour, more secure and safe environment for residents in relation to reduction of vandalism, increased security, less risk of loitering and fire raising and a general feeling for tenants and resident of feeling safe in their homes. In some blocks there were incidents of fire raising, therefore to reduce this risk has had a positive impact on the health and wellbeing of the residents, as well as increasing our ability to let the properties in these blocks as they are more attractive to prospective tenants as they note the security and improved appearance of the block.
Burnbank - Community Safety Initiative	£17,800	
Langlands Grounds Depot – Security Gates	£6,500	This site has been subject to a number of thefts. This initiative is to install a sliding security gate operated by fobs that ensures that access to the depot is prevented during the working day. It is hoped that this will reduce the number of incidents seen at this location.
Telematics (Social Work)	£15,200	The council recently invested heavily in a new vehicle telematics contract. By providing funding to Social Work Resources this ensured that all of their vehicles had this system installed. The benefits include improved service and fuel efficiency, tracking driving hours, improved safety habits and enhanced vehicle security. The vast majority of the council's fleet now have telematics installed.
Hillhouse children's unit - Relocation of Bins	£1,900	The bins at these locations were stored next to the building which created a fire risk. Funding allowed new bin stores to be erected 10 metres away from the building therefore eliminating the risk of fire spreading from the bin store to the building.
Bardykes children's unit - Relocation of bins	£2,000	