

Report

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	14 November 2018
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	2017/2018 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 2018 is noted
- (2) that progress made in implementing actions to 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 policy covers employee injury, disease and death, where the Council is deemed to be negligent.
- 3.3. The public liability 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.
- 3.4. Motor insurance provides comprehensive cover for all Council vehicles and injuries resulting from motor incidents.
- 3.5. The property insurance policy covers damage/loss to Council buildings and assets.

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. The number and cost of these claims form the basis of this report and 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 One. The comparison shows an increase in the last year.
- 4.3. In addition, to allow comparison of the position as at the year end for the last two years, Appendix Two compares the claim numbers and costs for incidents reported in

2016/2017 as at 31 March 2017 against incidents reported in 2017/2018, as at 31 March 2018. 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 Two, the overall number of claims received to date for incidents occurring during 2017/2018 is 1,252. This is an increase of 251 claims (25 per cent) on the numbers reported last year for 2016/2017.
- 5.2. The number of claims received for 2017/2018 are in line with the average for the last five years (1,240).
- 5.3. The total estimated cost of claims for 2017/2018 is £1.963million. At the same time last year, estimated claims costs for 2016/2017 was £1.662m. This is an increase of £0.301m (18 per cent).
- 5.4. The estimated cost of claims for 2017/2018 is below the average for the last five years (£2.228m)
- 5.5. When comparing the last two years, the number and cost has increased for liability and property claims. The number of claims received has reduced for motor claims, however, the cost of motor claims has increased.

6. Claim Highlights

- 6.1. A summary of claim highlights for the year and details of positive risk management activity aimed at reducing the number and cost of claims intimated are noted below.
- 6.2. The severe winter weather, including the 'Beast from the East' caused significant damage to the Council's road network and this contributed to an increase in the number of public liability claims intimated, compared to the previous year.
- 6.3. The Driver Safety Group set a target of a five per cent reduction in the number of "at fault" motor incidents, when compared to the average for the three previous years.
- 6.4. The number of "at fault" incidents per vehicle for 2017/2018 was the same as 2016/2017 at 0.11 per vehicle. This is a 15 per cent improvement on the average for the previous three years, at 0.13 incidents per vehicle. The target of a five per cent improvement has, therefore, been exceeded.
- 6.5. Initiatives to further mitigate occupational road risk are being progressed, including development of updated road risk guidance, training and fact finding/incident investigation.
- 6.6. A number of actions are being progressed in respect of the winter weather slips risk. This includes preparation of a winter weather guidance note which will cover training, footwear, gritting arrangements and updating risk assessments/safe systems of work. An information sheet for employees has been subject to consultation and will be included within the new guidance.
- 6.7. Work is also ongoing within Resources to mitigate against violent incidents including updating safe systems of work/risk assessments, training and purchase of body cams.
- 6.8. A total of 38 claims for council house fires were intimated during 2017/2018. This is an increase of 14, when compared to the previous year.
- 6.9. The majority of fire claims intimated are for wilful fire raising (15 during 2017/2018).

- 6.10. As reported previously to the Risk and Audit Scrutiny Forum, a number of initiatives have been implemented aimed at reducing fires in council properties. It may take time for the benefits of some of these measures to come to fruition.

7. Risk Management Fund

- 7.1. 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.
- 7.2. Examples of successful bids over the last 12 months, and the resultant positive effects of these measures are detailed in Table One below.

Table One – Successful risk management fund bids

Initiative implemented	Contribution from Risk Management fund	Details/Positive effect
Security Upgrade - Auchentibber	£20,000	<p>There had been a number of incidents of vandalism, break-in and thefts at this location.</p> <p>Upgrades to security have seen the levels of criminality reduce.</p>
Security Upgrade - Phase One Schools	£20,000	<p>Phase One schools security measures were designed prior to the Council adopting the principles of Secured by Design. As such, measures were less robust than the later schools.</p> <p>The upgraded security measures implemented at these early schools should help the Council to maintain the low level of criminality seen within education establishments and the associated current low number and cost of claims.</p> <p>The security measures implemented in post Phase One schools have been proven to be effective with the cost of criminality reducing significantly. The upgrades required at Phase One schools will supplement the good work that has been undertaken.</p> <p>When this project is completed it will ensure that high security standards are consistent across the full estate.</p>
Security Upgrade - Door Entry Systems	£22,500	<p>Anti-social behaviour has been witnessed within various communities.</p> <p>By installing metal screens and doors along with door entry systems this has alleviated the issue by preventing access to the common close areas.</p> <p>The installation of these security measures also reduces the ongoing costs faced by the council to rectify the damage caused by unwanted visitors and damage to the Council's reputation.</p>

Initiative implemented	Contribution from Risk Management fund	Details/Positive effect
Fly-tipping - CCTV	£5,000	<p>There is the potential for items that have been fly-tipped to be set on fire and cause greater damage to council property and its surroundings. It is also an eye-sore in communities.</p> <p>There is an associated financial cost with the removal of these items.</p> <p>This initiative allowed a moveable CCTV camera to be positioned in known hot spot fly tipping areas to identify perpetrators and to take the appropriate action, which includes fixed penalty notices or prosecutions.</p> <p>Householders in the hot spot areas were also sent leaflets on the correct disposal methods for waste and bulk uplifts.</p> <p>Following the introduction of the CCTV, along with the other Common Sense initiatives, Housing and Technical Resources costs have fallen by £57,000.</p>

- 7.3. Resources are encouraged to implement spend to save initiatives where potential savings are likely to outweigh initial outlay costs.

8. Insurance Hotspots

- 8.1. A review of all claims that were intimated to the Council for incidents that occurred during the period 1 April 2014 to 31 December 2016 was undertaken previously. The review identified claims trends for this period and highlighted new emerging areas of risk.
- 8.2. Forty one actions to mitigate the identified hotspot areas were agreed. To date, 26 actions have been successfully implemented. Work to complete the outstanding actions will be progressed.

9. Employee Implications

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

10. Financial Implications

- 10.1. Claims received to date, for incidents which occurred during 2017/2018, are estimated to cost £1.963m. It is reasonable to expect this value to increase due to incidents that have taken place but for which claims have not yet been received.
- 10.2. All claims costs and estimates for 2017/2018 are currently within uninsured excess limits. Therefore, based on claims intimated to date for incidents which occurred during 2017/2018, it is forecast that the current estimated cost of claims at £1.963m will require to be met from the Council's self-insurance fund.
- 10.3. During 2017/2018, a total of £1.746m was paid out by the Council on all claims, irrespective of their incident date. For claims which occurred between 1 April 2017

and 31 March 2018, £0.668m was paid out by the Council. These costs include claims payments and other associated costs.

- 10.4. The total cost of loss for 2017/2018 was £3.6m. This covers claims costs, insurance premiums and other costs for contracted insurance services. For 2016/2017, the total cost of loss was the same, at £3.6m.
- 10.5. As at 31 March 2018, the balance in the insurance fund was £4.517m, with current contributions from Resources at £2.672m per annum.
- 10.6. The balance in the insurance fund will require to be monitored to ensure adequate funds are available to meet known liabilities.

11. Other Implications

- 11.1. The cost of insurance claims and premiums is linked to the Council top risk 'Reduction in Council funding, resulting in difficulties maintaining front line services'.
- 11.2. 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 the insurance hotspots action plan and other risk management initiatives implemented by Resources or through the risk management bidding process.
- 11.3. There are no implications for sustainability in terms of the information contained in this report.

12. Equality Impact Assessment and Consultation Arrangements

- 12.1. There is no requirement to carry out an impact assessment in terms of the proposals contained within this report.
- 12.2. Copies of this report have been passed to the Resource Risk Sponsors.

Paul Manning
Executive Director (Finance and Corporate Resources)

5 October 2018

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Report to the Risk and Audit Scrutiny Forum – 2016/2017 Year End Insured Risks - 1 November 2017

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 2018

All claim types

Number of claims

Resource	2013/14	2014/15	2015/16	2016/17	2017/18
Community and Enterprise	754	694	763	522	719
Education	37	42	44	32	30
Finance and Corporate	1	1	3	5	3
Housing and Technical	699	620	482	473	436
Social Work	97	104	76	83	64
Total	1,588	1,461	1,368	1,115	1,252
Reported at individual year end	1,449	1,241	1,257	1,001	1,252

Cost of claims

Resource	2013/14	2014/15	2015/16	2016/17	2017/18
Community and Enterprise	£1,333,974	£1,154,258	£745,322	£732,932	£1,002,537
Education	£82,827	£39,413	£161,187	£130,837	£119,036
Finance and Corporate	0	£101	£1,993	£445	£5,803
Housing and Technical	£1,251,341	£1,109,300	£1,005,220	£484,244	£745,413
Social Work	£241,464	£134,569	£91,949	£108,709	£89,849
Total	£2,909,606	£2,437,641	£2,005,671	£1,457,167	£1,962,638
Reported at individual year end	£2,795,303	£2,344,876	£2,374,025	£1,662,025	£1,962,638

Public Liability Claims

Number of claims

Resource	2013/14	2014/15	2015/16	2016/17	2017/18
Community and Enterprise	452	392	422	258	430
Education	8	15	13	7	12
Finance and Corporate	0	1	0	0	1
Housing and Technical	469	381	277	235	213
Social Work	8	7	6	4	3
Total	937	796	718	504	659

Cost of claims

Resource	2013/14	2014/15	2015/16	2016/17	2017/18
Community and Enterprise	£902,216	£602,168	£265,610	£418,878	£496,138
Education	£22,976	£18,196	£42,015	£3,157	£58,177
Finance and Corporate	£0	£101	£0	£0	£1,428
Housing and Technical	£432,215	£307,365	£124,130	£165,109	£321,265
Social Work	£158,490	£2,769	£0	£386	£5,753
Total	£1,515,897	£930,599	£431,755	£587,530	£882,761

Motor

Number of claims

Resource	2013/14	2014/15	2015/16	2016/17	2017/18
Community and Enterprise	244	257	283	226	237
Education	13	9	18	9	4
Finance and Corporate	1	0	3	4	1
Housing and Technical	167	184	149	193	166
Social Work	71	86	66	73	56
Total	496	536	519	505	464

Cost of claims

Resource	2013/14	2014/15	2015/16	2016/17	2017/18
Community and Enterprise	£204,413	£317,562	£284,711	£221,305	£376,003
Education	£13,601	£2,344	£15,982	£10,022	£5,349
Finance and Corporate	£0	£0	£1,993	£445	£100
Housing and Technical	£94,480	£75,701	£172,918	£143,470	£175,447
Social Work	£36,347	£78,157	£66,247	£85,086	£58,014
Total	£348,841	£473,764	£541,852	£460,327	£614,913

Employer's Liability Claims

Number of claims

Resource	2013/14	2014/15	2015/16	2016/17	2017/18
Community and Enterprise	13	20	20	10	9
Education	3	3	4	6	5
Finance and Corporate	0	0	0	0	1
Housing and Technical	1	10	3	4	1
Social Work	8	4	2	4	3
Total	25	37	29	24	19

Cost of claims

Resource	2013/14	2014/15	2015/16	2016/17	2017/18
Community and Enterprise	£107,520	£199,042	£137,352	£79,452	£82,105
Education	£15,541	£16,932	£75,154	£65,271	£35,035
Finance and Corporate	£0	£0	£0	£0	£4,275
Housing and Technical	£4,709	£94,670	£86,266	£38,152	£30,000
Social Work	£46,137	£51,245	£12,920	£14,923	£19,082
Total	£173,907	£361,889	£311,692	£197,798	£170,497

Property

Number of claims

Resource	2013/14	2014/15	2015/16	2016/17	2017/18
Community and Enterprise	45	25	38	28	43
Education	13	15	9	10	9
Finance and Corporate	0	0	0	1	0
Housing and Technical	62	45	53	41	56
Social Work	10	7	2	2	2
Total	130	92	102	82	110

Cost of claims

Resource	2013/14	2014/15	2015/16	2016/17	2017/18
Community and Enterprise	£119,825	£35,486	£57,649	£13,297	£48,291
Education	£30,709	£1,941	£28,036	£52,387	£20,475
Finance and Corporate	0	0	0	0	0
Housing and Technical	£719,937	£631,564	£621,906	£137,513	£218,701
Social Work	£490	£2,398	£12,782	£8,314	£7,000
Total	£870,961	£671,389	£720,373	£211,511	£294,467

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

Resource	2016/17 as at 31 March 2017	2017/18 as at 31 March 2018	Difference	Difference Percentage
Community and Enterprise	453	719	266	58.7%
Education	27	30	3	11.1%
Finance and Corporate	5	3	-2	-40%
Housing and Technical	436	436	0	0%
Social Work	80	64	-16	-20%
Total	1,001	1252	251	25.1%

Cost of claims

Resource	2016/17 as at 31 March 2017	2017/18 as at 31 March 2018	Difference	Difference Percentage
Community and Enterprise	£779,968	£1,002,537	£222,569	28.5%
Education	£158,444	£119,036	£-39,408	-24.8%
Finance and Corporate	£16,766	£5,803	£-10,963	-65.4%
Housing and Technical	£566,577	£745,413	£178,836	31.6%
Social Work	£140,272	£89,849	£-50,423	-35.9%
Total	£1,662,027	£1,962,638	£300,611	18.1%

Public liability

Number of claims

Resource	2016/17 as at 31 March 2017	2017/18 as at 31 March 2018	Difference	Difference Percentage
Community and Enterprise	198	430	232	117%
Education	7	12	5	71%
Finance and Corporate	0	1	1	100%
Housing and Technical	204	213	9	4%
Social Work	4	3	-1	-25%
Total	413	659	246	60%

Cost of claims

Resource	2016/17 as at 31 March 2017	2017/18 as at 31 March 2018	Difference	Difference Percentage
Community and Enterprise	£478,502	£496,138	£17,636	4%
Education	£39,027	£58,177	£19,150	49.1%
Finance and Corporate	£0	£1,428	£1,428	1428%
Housing and Technical	£218,929	£321,265	£102,336	47%
Social Work	£266	£5,753	£5,487	2063%
Total	£736,724	£882,761	£146,037	20%

Employer's liability

Number of claims

Resource	2016/17 as at 31 March 2017	2017/18 as at 31 March 2018	Difference	Difference Percentage
Community and Enterprise	5	9	4	80%
Education	2	5	3	150%
Finance and Corporate	0	1	1	100%
Housing and Technical	1	1	0	0%
Social Work	3	3	0	0%
Total	11	19	8	72.7%

Cost of claims

Resource	2016/17 as at 31 March 2017	2017/18 as at 31 March 2018	Difference	Difference Percentage
Community and Enterprise	£42,977	£82,105	£39,128	91%
Education	£28,984	£35,035	£6,051	20.9%
Finance and Corporate	£0	£4,275	£4,275	4275%
Housing and Technical	£8,439	£30,000	£21,561	255.5%
Social Work	£17,500	£19,082	£1,582	9%
Total	£97,900	£170,497	£72,597	74.2%

Motor

Number of claims

Resource	2016/17 as at 31 March 2017	2017/18 as at 31 March 2018	Difference	Difference Percentage
Community and Enterprise	224	237	13	6%
Education	9	4	-5	-56%
Finance and Corporate	4	1	-3	-75%
Housing and Technical	192	166	-26	-14%
Social Work	71	56	-15	-21%
Total	500	464	-36	-7%

Cost of claims

Resource	2016/17 as at 31 March 2017	2017/18 as at 31 March 2018	Difference	Difference Percentage
Community and Enterprise	£235,256	£376,003	£140,747	60%
Education	£12,001	£5,349	-£6,652	-55%
Finance and Corporate	£6,266	£100	-£6,166	-98%
Housing and Technical	£185,524	£175,447	-£10,077	-5%
Social Work	£111,006	£58,014	-£52,992	-48%
Total	£550,052	£614,913	-£64,861	12%

Property

Number of claims

Resource	2016/17 as at 31 March 2017	2017/18 as at 31 March 2018	Difference	Difference Percentage
Community and Enterprise	26	43	17	65.3%
Education	9	9	0	0%
Finance and Corporate	1	0	-1	-100%
Housing and Technical	39	56	17	43.6%
Social Work	2	2	0	0%
Total	77	110	33	42.9%

Cost of claims

Resource	2016/17 as at 31 March 2017	2017/18 as at 31 March 2018	Difference	Difference Percentage
Community and Enterprise	£23,233	£48,291	£25,058	107.9%
Education	£78,432	£20,475	-£57,957	-73.9%
Finance and Corporate	£10,500	£0	-£10,500	-100%
Housing and Technical	£153,685	£218,701	£65,016	42.3%
Social Work	£11,500	£7,000	-£4,500	-39.1%
Total	£277,350	£294,467	£20,117	7.3%