

Report

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	27 November 2019
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	2018/2019 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 2019 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 employer's liability 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 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. 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 overall downward trend in claims numbers, with claims costs initially reducing from 2014/2015 through to 2016/2017 but starting to rise again over the last two years.
- 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 2017/2018 as at 31 March 2018 against incidents reported in 2018/2019, as at 31 March 2019. 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 2018/2019 is 1,032. This is a reduction of 220 claims (18 per cent) on the numbers reported last year for 2017/2018.
- 5.2. The number of claims received for 2018/2019 is below the average for the last five years (1,156).
- 5.3. The total estimated cost of claims for 2018/2019 is £2.113m. At the same time last year, estimated claims costs for 2017/2018 was £1.963m. This is an increase of £0.150m (seven per cent).
- 5.4. The number of claims intimated during 2018/2019 for all classes of claim have reduced, when compared to the previous year. The estimated cost of public liability claims has also reduced, however, estimated costs have increased for property, motor and employer's liability claims.

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. Public liability claims numbers for 2018/2019 have reduced by 26 per cent, with costs down by 27 per cent when compared to the previous year. The main reason for this improvement is that Community and Enterprise Resources has seen a decrease of 154 claims, which is due to less pothole claims and the mainly milder winter.
- 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 the average for the three previous years. This target has been in place for a number of years now.
- 6.4. The number of "at fault" motor incidents has remained on a par with last year, with three fewer claims. The number of "at fault" incidents per vehicle for 2018/2019 has increased from 0.11 to 0.12. This is equal to the average for the previous three years, at 0.12 incidents per vehicle. The target of a five per cent improvement has, therefore, not been achieved. This is the first time since its introduction that the target has not been met.
- 6.5. Proposals to further mitigate road risk within the Council have been developed. This includes refreshing driver related policies and procedures, development of 'Changing Driver Behaviour Training' and use of telematics to review driving performance. Subject to approval, this initiative will be rolled out during 2019/2020.

- 6.6. Slips, trips and falls continue to be the main cause of employer's liability claims, with 11 claims intimated this year.
- 6.7. The number of property claims intimated for 2018/2019 has reduced by 27 per cent from the previous year. The cost of property insurance claims has, however, increased by 40 per cent.
- 6.8. The reason for the increase in costs is that more significant property damage claims have occurred in the last year. These claims include four house fire claims and one flood claim, each valued in excess of £0.030m. A further house fire claim was intimated with an estimated value in excess of £0.100m.
- 6.9. Whilst the overall number of house fires has reduced by 13, from 39 incidents in 2017/2018 to 26 in 2018/2019, more extensive fires have occurred in the last year. During 2017/2018, no house fire claims with remedial costs in excess of £0.030m took place.

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, are summarised below, with full details of these and the resultant positive effects covered in Appendix Three:-
 - Purchase of Body Cams for Housing and Technical Resources Standby Tradesmen to mitigate violent incidents and spurious complaints
 - Replacement fire rated flat entrance doors to improve fire safety within multi storey residential properties
 - Purchase of Video Doorbells to protect vulnerable persons from doorstep criminals
 - Improved security in golf course bothies to mitigate against break ins and theft incidents
- 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 previously undertaken. 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 with Resources and these were reported to the Risk and Audit Scrutiny Forum in the 2016/2017 Year End Insured Risks Report.
- 8.3. Progress made in implementing these actions is noted in Table Three:

Table Three – Progress in completing insurance hot spot actions

	Number of actions	Number of actions completed	Number of actions outstanding	Comments
Community and Enterprise Resources	7	7	0	
Education Resources	9	9	0	
Housing and Technical Resources	12	10	2	<ul style="list-style-type: none"> • Roll out of procedures and guidance developed in respect of fires in council houses, including multi-storey blocks has been delayed to allow any amendments following the Scottish Government's Strengthening Fire Safety for High Rise Domestic Buildings Consultation to be incorporated into the guidance. • In respect of slips, trips and falls, Housing and Technical Resources have been asked to consider a Gallagher Bassett review of Footway Risk Management
Social Work Resources	13	11	2	<ul style="list-style-type: none"> • Two actions are awaiting guidance at a council wide level. Both actions relate to provision of footwear. The footwear provider recently changed and information regarding suitable footwear (slip ratings/sizes) is being produced. Once this has been completed, a pilot of the footwear will take place.

8.4. Work to complete the outstanding actions will be progressed via the Council's Risk Sponsors Group.

8.5. A fresh review of insurance hotspots will be carried out this year.

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 2018/2019, have an estimated self-insured cost of £2.113m. 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. Currently two 2018/2019 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 2018/2019, it is forecast that £2.113m 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 £0.916m.
- 10.3. During 2018/2019, a total of £1.831m was paid out by the Council on all claims, irrespective of their incident date. For claims which occurred between 1 April 2018 and 31 March 2019, £0.383m was paid out by the Council. These costs include claims payments and other associated costs.
- 10.4. The total cost of loss for 2018/2019 was £3.930m. This covers claims costs, insurance premiums, and other costs for contracted insurance services. For 2017/2018, the total cost of loss was £3.659m.
- 10.5. As at 31 March 2019, the balance in the insurance fund was £3.278m, 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 (Including Environmental and Risk Issues)

- 11.1. The cost of insurance claims and premiums is linked to the Council top risk 'Reduction in external funding/income, as well as increased services demands, results in difficulties achieving savings and 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. Consultation has taken place with Resource risk representatives.

Paul Manning
Executive Director (Finance and Corporate Resources)

6 November 2019

Link(s) to Council Values/Ambitions/Objectives

- ◆ Values: Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Report to the Risk and Audit Scrutiny Committee – 2017/2018 Year End Insured Risks - 14 November 2018

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 2019

All claim types

Number of claims	14/15	15/16	16/17	17/18	18/19
Community and Enterprise	693	764	524	766	553
Education	43	44	34	34	35
Finance and Corporate	1	3	5	4	0
Housing and Technical	620	486	477	464	369
Social Work	104	76	84	68	75
Total	1,461	1,373	1,124	1,336	1,032
Reported at individual year end	1,241	1,257	1,001	1,252	1,032

Cost of claims	14/15	15/16	16/17	17/18	18/19
Community and Enterprise	£1,285,806	£850,476	£652,281	£928,459	£971,075
Education	£72,014	£210,256	£168,846	£149,852	£142,871
Finance and Corporate	£101	£1,993	£445	£5,298	£0
Housing and Technical	£1,095,093	£1,025,411	£487,605	£579,683	£753,642
Social Work	£138,519	£91,949	£118,173	£80,312	£245,714
Total	£2,591,533	£2,180,085	£1,427,350	£1,743,604	£2,113,302
Reported at individual year end	£2,344,876	£2,374,025	£1,662,027	£1,962,638	£2,167,802

Public Liability

Number of claims	14/15	15/16	16/17	17/18	18/19
Community and Enterprise	391	421	261	469	287
Education	16	13	8	14	11
Finance and Corporate	1	0	0	1	0
Housing and Technical	381	281	239	240	188
Social Work	7	6	4	5	4
Total	796	721	512	729	490

Cost of claims	14/15	15/16	16/17	17/18	18/19
Community and Enterprise	£504,846	£292,673	£303,657	£376,342	£370,579
Education	£50,797	£42,015	£14,469	£72,507	£39,069
Finance and Corporate	£101	£0	£0	£1,428	£0
Housing and Technical	£308,700	£108,847	£167,612	£158,276	£232,265
Social Work	£2,769	£0	£386	£9,727	£340
Total	£867,213	£443,535	£486,124	£618,280	£642,253

Motor

Number of claims	14/15	15/16	16/17	17/18	18/19
Community and Enterprise	257	283	226	239	225
Education	9	18	9	5	6
Finance and Corporate	0	3	4	1	0
Housing and Technical	184	149	193	167	138
Social Work	86	66	73	56	65
Total	536	519	505	468	434

Cost of claims	14/15	15/16	16/17	17/18	18/19
Community and Enterprise	£284,568	£272,251	£235,110	£345,671	£299,024
Education	£2,344	£15,982	£9,046	£2,716	£7,446
Finance and Corporate	£0	£1,993	£445	£0	£0
Housing and Technical	£75,701	£178,331	£142,553	£167,738	£143,085
Social Work	£82,107	£66,247	£94,952	£49,016	£199,263
Total	£444,720	£534,804	£482,106	£565,141	£648,818

Employer's Liability

Number of claims	14/15	15/16	16/17	17/18	18/19
Community and Enterprise	20	22	9	15	4
Education	3	4	7	6	7
Finance and Corporate	0	0	0	2	0
Housing and Technical	10	3	4	1	2
Social Work	4	2	5	5	5
Total	37	31	25	29	18

Cost of claims	14/15	15/16	16/17	17/18	18/19
Community and Enterprise	£460,905	£227,903	£102,343	£169,103	£271,388
Education	£16,932	£124,222	£94,059	£61,329	£83,151
Finance and Corporate	£0	£0	£0	£3,870	£0
Housing and Technical	£79,128	£116,326	£42,027	£30,000	£11,687
Social Work	£51,245	£12,920	£14,521	£19,388	£42,611
Total	£608,210	£481,371	£252,950	£283,690	£408,837

Property

Number of claims	14/15	15/16	16/17	17/18	18/19
Community and Enterprise	25	38	28	43	37
Education	15	9	10	9	11
Finance and Corporate	0	0	1	0	0
Housing and Technical	45	53	41	56	41
Social Work	7	2	2	2	1
Total	92	102	82	110	90

Cost of claims	14/15	15/16	16/17	17/18	18/19
Community and Enterprise	£35,486	£57,649	£11,171	£37,343	£30,084
Education	£1,941	£28,036	£51,273	£13,301	£13,205
Finance and Corporate	£0	£0	£0	£0	£0
Housing and Technical	£631,564	£621,906	£135,413	£223,669	£366,605
Social Work	£2,398	£12,782	£8,314	£2,181	£3,500
Total	£671,389	£720,373	£206,171	£276,494	£413,394

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	2017/18 as at 31 March 2018	2018/19 as at 31 March 2019	Difference	Difference Percentage
Community and Enterprise	719	553	-166	-23.09%
Education	30	35	5	16.67%
Finance and Corporate	3	0	-3	-100.00%
Housing and Technical	436	369	-67	-15.37%
Social Work	64	75	11	17.19%
Total	1,252	1,032	-220	-17.57%

Cost of claims	2017/18 as at 31 March 2018	2018/19 as at 31 March 2019	Difference	Difference Percentage
Community and Enterprise	£1,002,537	£971,075	-£31,462	-3.14%
Education	£119,036	£142,871	£23,835	20.02%
Finance and Corporate	£5,803	£0	-£5,803	-100.00%
Housing and Technical	£745,413	£753,642	£8,229	1.10%
Social Work	£89,849	£245,714	£155,865	173.47%
Total	£1,962,638	£2,113,302	£150,664	7.68%

Public liability

Number of claims	2017/18 as at 31 March 2018	2018/19 as at 31 March 2019	Difference	Difference Percentage
Community and Enterprise	430	287	-143	-33.26%
Education	12	11	-1	-8.33%
Finance and Corporate	1	0	-1	-100.00%
Housing and Technical	213	188	-25	-11.74%
Social Work	3	4	1	33.33%
Total	659	490	-169	-25.64%

Cost of claims	2017/18 as at 31 March 2018	2018/19 as at 31 March 2019	Difference	Difference Percentage
Community and Enterprise	£496,138	£370,579	-£125,559	-25.31%
Education	£58,177	£39,069	-£19,108	-32.84%
Finance and Corporate	£1,428	£0	-£1,428	-100.00%
Housing and Technical	£321,265	£232,265	-£89,000	-27.70%
Social Work	£5,753	£340	-£5,413	-94.09%
Total	£882,761	£642,253	-£240,508	-27.24%

Employer's liability

Number of claims	2017/18 as at 31 March 2018	2018/19 as at 31 March 2019	Difference	Difference Percentage
Community and Enterprise	9	4	-5	-55.56%
Education	5	7	2	40.00%
Finance and Corporate	1	0	-1	-100.00%
Housing and Technical	1	2	1	100.00%
Social Work	3	5	2	66.67%
Total	19	18	-1	-5.26%

Cost of claims	2017/18 as at 31 March 2018	2018/19 as at 31 March 2019	Difference	Difference Percentage
Community and Enterprise	£82,105	£271,388	£189,283	230.54%
Education	£35,035	£83,151	£48,116	137.34%
Finance and Corporate	£4,275	£0	-£4,275	-100.00%
Housing and Technical	£30,000	£11,687	-£18,313	-61.04%
Social Work	£19,082	£42,611	£23,529	123.30%
Total	£170,497	£408,837	£238,340	139.79%

Motor

Number of claims	2017/18 as at 31 March 2018	2018/19 as at 31 March 2019	Difference	Difference Percentage
Community and Enterprise	237	225	-12	-5.06%
Education	4	6	2	50.00%
Finance and Corporate	1	0	-1	-100.00%
Housing and Technical	166	138	-28	-16.87%
Social Work	56	65	9	16.07%
Total	464	434	-30	-6.47%

Cost of claims	2017/18 as at 31 March 2018	2018/19 as at 31 March 2019	Difference	Difference Percentage
Community and Enterprise	£376,003	£299,024	-£76,979	-20.47%
Education	£5,349	£7,446	£2,097	39.20%
Finance and Corporate	£100	£0	-£100	-100.00%
Housing and Technical	£175,447	£143,085	-£32,362	-18.45%
Social Work	£58,014	£199,263	£141,249	243.47%
Total	£614,913	£648,818	£33,905	5.51%

Property

Number of claims	2017/18 as at 31 March 2018	2018/19 as at 31 March 2019	Difference	Difference Percentage
Community and Enterprise	43	37	-6	-13.95%
Education	9	11	2	22.22%
Finance and Corporate	0	0	0	0.00%
Housing and Technical	56	41	-15	-26.79%
Social Work	2	1	-1	-50.00%
Total	110	90	-20	-18.18%

Cost of claims	2017/18 as at 31 March 2018	2018/19 as at 31 March 2019	Difference	Difference Percentage
Community and Enterprise	£48,291	£30,084	-£18,207	-37.70%
Education	£20,475	£13,205	-£7,270	-35.51%
Finance and Corporate	£0	£0	£0	0.00%
Housing and Technical	£218,701	£366,605	£147,904	67.63%
Social Work	£7,000	£3,500	-£3,500	-50.00%
Total	£294,467	£413,394	£118,927	40.39%

Appendix Three - Successful risk management fund bids

Initiative implemented	Contribution from Risk Management fund	Details/Positive effect
Body Cams – Standby Tradesmen	£8,925	<p>The initiative covered the purchase of 15 Body Cam units to provide some protection to craft operatives who can be called out to attend an emergency repair at any time during the day or night.</p> <p>The anticipated benefits and outcomes for our Operatives are as follows;</p> <ul style="list-style-type: none"> • Safeguarding employees whilst working alone • Attempt to avoid these types of attack from happening and becoming the norm • It contributes to the Council’s Health and Safety vision • Mitigates against any spurious complaints from any member of the public <p>The provision of CCTV technology can ensure that if any incidents do occur, the Council can use any evidence captured at that time.</p>
Multi Stories – flat entrance doors	£20,000	<p>In some instances within our multi storey blocks, private owners have installed their own front doors to their flats, however it cannot be verified if these doors are compliant with Building Control or Fire Regulations.</p> <p>The initiative involved engaging with these private owners to install fire rated flat entrance doors. At present there is a total of 35 doors which require to be replaced across 7 of the Council’s multi storey blocks.</p> <p>The risk also affects communal areas within the blocks, as this could compromise the fire escape routes within the blocks.</p> <p>There is a great reputational benefit from this initiative, given the current focus on the issue of fire safety within multi storey residential properties.</p>
Video Doorbells	£1,957	<p>This initiative aims to protect victims of doorstep crime, especially those who are elderly, are more likely to encounter financial difficulties, suffer stress related illnesses and depression, and are more likely to require specialist help and support from the Council as a result of being a victim of crime.</p> <p>The initiative will use video doorbell technology installed at vulnerable person homes to protect them from doorstep criminals. Family members will</p>

Initiative implemented	Contribution from Risk Management fund	Details/Positive effect
		remotely monitor visitors and alert the police and trading standards if they have any concerns.
Security upgrade – Golf bothies	£20,000	<p>Golf course bothies were identified as locations at high risk of break in/theft (hotspot) due to their remote locations, and the attractive plant/equipment held there.</p> <p>The Councils Security Manager carried out site visits and produced a specification for the security measures to be upgraded.</p> <p>Measures to prevent future criminality included the installation of Intruder alarm systems; door contacts and PIR sensors; very loud sounders within main building and containers; and the installation of CCTV cameras to view the approach to buildings.</p>