

# Report

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Report to:	<b>Risk and Audit Scrutiny Forum</b>
Date of Meeting:	<b>13 November 2012</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Outcome of Insurance Hotspots Review</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Advise on outcome of review of insurance hotspots and actions planned to address issues arising therefrom.

## 2. Recommendation(s)

2.1. The Risk and Audit Scrutiny Forum (RASf) is asked to approve the following recommendation(s):-

- (1) that insurance hotspots are noted
- (2) that it be noted that Resource Risk Sponsors would implement actions to mitigate insurance hotspots and monitor progress

## 3. Background

- 3.1. The cost of self insured claims and insurance premiums is approximately £4million per annum.
- 3.2. Regular reports are presented to the Forum on the number and cost of various categories of insurance claims across Resources. These reports are also issued to Risk Sponsors in each Resource. Resource risk workgroups are tasked with managing both insured and uninsured risks.
- 3.3. The analysis of claims enables the identification of insurance hotspots. An insurance hotspot is an identified area with potential for further claims to be intimated, which requires some attention.
- 3.4. Progress on managing insurance hotspots was last reported to the Forum on 3 November 2011. That report followed a review on hotspot mitigation on by Gallagher Bassett, the Council's claims handling agent. The hotspot areas identified at that time was based on claims data from 1 April 2007 to 31 March 2009.
- 3.5. A number of areas of work have been progressed to manage hotspots. These include implementation of a footway inspection programme within Housing and Technical Resources; a review of the Occupational Road Risk Policy and development of road risk training; ongoing management of property security risks with improved CCTV remote monitoring, perimeter intruder detection systems and improved security at new schools. Risk assessments have been implemented for school playgrounds; remedial actions taken to address roads and footway defects

following incidents and a joint initiative with Strathclyde Fire and Rescue is currently underway to raise awareness of house fires.

#### **4. Current Position**

- 4.1. To ensure the ongoing identification and management of insurance hotspots, a review of claims for an up to date analysis period was required.
- 4.2. The Risk Control Consultant from Gallagher Bassett was asked to undertake a review of all claims that were intimated to the Council for incidents that occurred during the period 1 April 2010 to 31 March 2012. The Consultant was asked to identify the claims trends for this period, to highlight any new emerging areas of risk and give consideration to additional control measures required to mitigate against future losses.
- 4.3. A comparison of the results of this review, against the last review was undertaken. Despite implementing a previous action plan, the hotspots identified by Gallagher Bassett for the 2010-2012 claims review are broadly similar to those identified during the previous review. However, the incident locations and specific circumstances vary significantly.

#### **5. Issues Arising**

- 5.1. There was one new main area of emerging risk for the Council highlighted in the report, which was the theft of metals, particularly lead, from roofs.
- 5.2. Injuries to Social Work home carers were also noted during the review as an area where further claims could potentially be intimated against the Council.
- 5.3. Table One below provides headline detail of the claim causes identified as hotspots for each class of insurance for all Resources:

**Table One**

	<b>Education Resources</b>	<b>Social Work Resources</b>	<b>Housing and Technical Resources</b>	<b>Community and Enterprise Resources</b>
<b>Public Liability</b>	▪ Pupil injury	▪ N/A	▪ Water ingress ▪ Burst pipes ▪ Dampness ▪ Slips, trips and falls	▪ Grass cutting ▪ Damage to property
<b>Employers' Liability</b>	▪ N/A	▪ Home Carer injury	▪ Exertion	▪ Slips, trips and falls ▪ Working with machinery
<b>Motor</b>	▪ N/A	▪ At fault collisions	▪ At fault collisions	▪ At fault collisions ▪ Glass damage
<b>Property</b>	▪ Break in and theft ▪ Vandalism	▪ N/A	▪ Council house fires ▪ Vandalism	▪ Break in and theft

- 5.4. Full details for each of the identified hotspots, split by Resource, is available as a background paper.
- 5.5. Due to the low level of claims received, Finance and Corporate Resources were not part of this review.

- 5.6. The hotspots highlighted in the report for South Lanarkshire Leisure and Culture properties will be reviewed separately with the Trust's Company Secretary.

## **6. Summary of Actions Planned**

- 6.1. Following receipt of the Gallagher Bassett report, the central Risk Management team met with Resource Risk sponsors to discuss the hotspots identified and to identify mitigating actions intended to reduce reoccurrences.
- 6.2. Given that low value incidents of damage to vehicles are not dealt with as insurance claims, these did not form part of the review carried out by Gallagher Bassett. However, the cost of repair for low value minor damage incidents handled by Fleet Services for 2011/2012 was £81,000. Due to the increasing costs in this area, these incidents have also been identified as a hotspot area requiring further attention.
- 6.3. All actions, responsible persons and target dates have now been agreed with Resource Risk Sponsors. A detailed action plan including timescales is available as a background paper.
- 6.4. Table Two below provides an overview of the more strategic level actions which will be implemented. Where the action is relevant to a particular Resource, this has been noted:

**Table Two**

	<b>Actions</b>
<b>Employers' Liability</b>	<ul style="list-style-type: none"> <li>▪ Monitoring claims trends and implementation of further actions as required</li> <li>▪ Employers' Liability claims settlement protocol to be implemented, including lessons learnt process</li> <li>▪ Review of health and safety incidents within Community and Enterprise Resources, to ensure these inform safe systems of work and risk assessments.</li> <li>▪ Social Work staff training to reinforce responsibilities for identifying and reporting risks whilst attending client properties</li> </ul>
<b>Public Liability</b>	<ul style="list-style-type: none"> <li>▪ Monitoring claims trends and implementation of further actions as required</li> <li>▪ Education Resources to review guidance for janitors regarding school playground checks</li> <li>▪ Awareness raising for Council tenants re prevention of burst pipes via Housing News and tenancy sign up discussions</li> <li>▪ Review effectiveness of Housing and Technical Resources cyclical inspection programme</li> <li>▪ Community and Enterprise Resources to review in house claims to identify common areas for action</li> </ul>
<b>Motor</b>	<ul style="list-style-type: none"> <li>▪ Implementation of Occupational Road Risk Policy points system and delivery of interviews, assessments and training for drivers</li> <li>▪ Improved access to claims information for Resources</li> <li>▪ Dissemination of information on accidents and points awarded to drivers within Resources</li> <li>▪ Monitoring claims trends and implementation of further actions as required</li> <li>▪ Checks that safety procedures are being adhered to and safety aids implemented</li> <li>▪ Finalise review of low value claims process</li> </ul>
<b>Property</b>	<ul style="list-style-type: none"> <li>▪ Council-wide identification of high risk properties</li> </ul>

	<b>Actions</b>
	<ul style="list-style-type: none"> <li>▪ Participation in National Policing Strategy for theft of metal via Property Security Group</li> <li>▪ Continued monitoring of claims trends and implementation of further actions as required</li> <li>▪ Council wide security surveys undertaken by Security Manager and increased security measures implemented as required</li> <li>▪ Review of safes in schools and reinforcement of cash handling arrangements within Education Resources</li> <li>▪ Implementation of centrally monitored CCTV for high risk properties</li> <li>▪ Revise and reissue security guidance within Education Resources</li> <li>▪ Forensic chemical marking system to be adopted in all secondary schools for high value equipment</li> <li>▪ Review house fire awareness campaign to gauge effectiveness</li> <li>▪ Continued articles in Housing News re fire risks</li> <li>▪ Advice on fire safety provided to new Council tenants at sign up</li> <li>▪ Housing and Technical Resources to consider providing guidance to Council tenants re Common area health and safety issues</li> <li>▪ Review of plant and tool theft incidences within Community and Enterprise Resources and consider implementation of actions to prevent reoccurrences</li> </ul>

- 6.5. All actions will be recorded on Figtree, the Council's risk profiling system, to ensure that progress towards completion is monitored. Reminders will be sent to the appropriate Risk Sponsor and person responsible for implementing the action when the target date for completion is approaching.
- 6.6. Risk Workgroups will monitor progress with actions for each Resource and the Risk Sponsors Group will provide an overview at a strategic level.
- 6.7. An update on progress with the management of hotspots will be reported to RASF in the annual insurance report.

## **7. Employee Implications**

- 7.1. Time and effort will continue to be required by Resource personnel to implement the action plan. Further time may be required by Officers if any new risk initiatives are implemented to reduce the impact and likelihood of insurance hotspots.

## **8. Financial Implications**

- 8.1. Sound management of insured risks reduces the cost of self insurance and helps to restrain increases in insurance premiums.
- 8.2. The cost of insurance claims is an area with potential for significant savings to be made. Some initiatives will require up front spending to enable these savings to be recognised. Resources will be required, in the main, to fund such initiatives within existing budgets.
- 8.3. Resources are encouraged to implement these spend to save initiatives where potential savings are likely to outweigh initial outlay costs. Limited Funds are available from the risk management budget and Resource Risk Sponsors can provide advice on how to submit bids for assistance with risk initiatives.

## **9. Other Implications**

- 9.1. Failure to adequately manage known insurance hotspots is likely to lead to increased claims numbers, self insurance costs and insurance premiums. In certain cases the Council may also be subject to Health and Safety prosecutions, where risks are not managed effectively.
- 9.2. There are no implications for sustainability in terms of the information contained in this report.

## **10. Equality Impact Assessment and Consultation Arrangements**

- 10.1. There is no requirement to carry out an impact assessment in terms of the proposals contained within this report.
- 10.2. Resource Risk Sponsors have been consulted on the content of this report.

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

15 October 2012

### **Link(s) to Council Values and Objectives**

- ◆ Values: Accountable Effective and Efficient

### **Previous References**

- ◆ Report to RASF - Year end insurance claims, 4 September 2012

### **List of Background Papers**

- ◆ Insurance Hotspots list and full action plan – Claims period 2010/2012

### **Contact for Further Information**

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

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