

# Report

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Report to:	<b>Risk and Audit Scrutiny Forum</b>
Date of Meeting:	<b>3 November 2011</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>External Review of Management of Insured Risks</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide the Risk and Audit Scrutiny Forum (RASF) with the results of external review on the implementation of the initiatives and actions associated with the management of insured risks.

## 2. Recommendation(s)

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

- (1) note the progress made to complete mitigating actions and initiatives
- (2) note the recommendations resulting from the external review
- (3) note that risk sponsors/risk workgroups have been tasked with implementing the outstanding actions within the agreed timescales

## 3. Background

- 3.1. Regular reports, highlighting the number and cost of insurance claims are provided to Risk Sponsors in each Resource. Resource Risk Workgroups are tasked with managing both insured and uninsured risks.
- 3.2. A detailed analysis of insurance claims which occurred between 1 April 2007 and 31 March 2009 was undertaken by the Risk Section. Specific areas for future potential action were identified and agreed with Resource Risk Sponsors. These hotspots were reported to RASF on 25 February 2010.
- 3.3. Following the report of 25 February 2010, Resource Risk Sponsors agreed actions to mitigate the identified hotspot areas. The actions were reported to RASF on 23 September 2010.
- 3.4. The Corporate Management Team subsequently agreed that external reviews should be undertaken to evaluate progress made with the management of Insurance Hotspots, and of Footway/Footpath Inspection. As a result Gallagher Bassett, the Council's Claims Handling agent, was asked to undertake these reviews which would focus on the progress Resources were making in implementing agreed mitigating actions.
- 3.5. As part of the Council's insurance contract arrangements, loss control days are provided by Gallagher Bassett. These days were used to facilitate these external reviews. Therefore, there was no direct cost to the Council.

#### 4. External review – Insurance Hotspots

- 4.1. Gallagher Bassett held meetings with the relevant Resource Risk Sponsors along with other key officers, which informed their 'Insurance Hotspot Review' report.
- 4.2. The report highlighted that considerable effort has been made by Resources to reduce the risks from the identified insurance hotspots, with the majority of actions being completed. Table 1 below summarises the progress made in completing actions.

Table1 – Progress made by Resources in completing insurance hotspot actions

Actions	Number	%
Completed	26	79
Partially complete by due date	5	15
Not complete by due date	2	6
<b>Sub-total</b>	<b>33</b>	<b>100</b>
Not yet due for completion	3	
No longer relevant	4	
<b>Total</b>	<b>40</b>	

- 4.3. Table 1 shows that of the 33 actions due for completion, 94% are either fully or partially completed. In respect of the 2 actions which were not completed by the due date, these are both currently underway. Outstanding actions are summarised at Appendix 1 and include note of responsible officer and timescale. The RASF is asked to note the progress made by Resources in completing the mitigating actions and initiatives.
- 4.4. Risk sponsors/risk workgroups have been tasked with implementing the outstanding actions, within the agreed timescales. Progress in completing these and other actions will also be reported to the Corporate Improvement Advisory Board.
- 4.5. As part of the review, Resources were asked to comment on the usefulness of the insurance hotspots report and for any areas to be considered for further reports. In general, Resources find the report useful.

#### 5. Insurance Hotspot Review - recommendations

- 5.1. The recommendations made by Gallagher Bassett, following completion of their review, are noted below together with reference to responsible officer and target date.

Recommendation	Responsibility	Target date
Carry out ad hoc sample checks of roads and footway claims (Enterprise Resources) to ensure that the repairs have been undertaken or that the area of road or footway has been included in future programmes of work.	Risk Management Adviser (Finance and Corporate Resources)	30 June 2012
Community Resources to further analyse claims data from the Risk Management Section in relation to grass cutting.	Head of Facilities, Fleet and Grounds Services (Community Resources)	31 December 2011
Produce a shortened version of the hotspots action plan showing only the outstanding hotspot actions including	Risk Management Officer (Finance and Corporate Resources)	30 September 2011

those with future target dates to ensure that the opportunity to reduce the risk is not lost. This should include details of the responsible person and reviewed target dates.		
<p>The Council should continue to have a process for identifying insurance hotspots. As many of the actions have only recently been put in place it would be worthwhile comparing future insurance hotspots to the data used for identification of the current insurance hotspots (1 April 2007 to 31 March 2009).</p> <p>Review to cover claims data for the period 1 April 2010 to 31 March 2012.</p>	Risk Management Adviser (Finance and Corporate Resources)	30 June 2012

5.2. Progress being made on the recommendations above will be tracked by the central Risk Management Team in conjunction with the Risk Sponsors Group.

5.3. The RASF is asked to note the recommendations and actions identified above.

## 6. External Review - Footway/Footpath Inspection

6.1. This review looked at the procedures that were in place within Enterprise Resources, Community Resources, and Housing and Technical Resources in respect of inspection and maintenance of footways/footpaths which fall under their responsibility. Meetings were also held with key officers to obtain further evidence.

6.2. The review found that:

- Enterprise Resources have a structured and detailed approach to the inspection and repair of footways in line with the code of practice.
- Housing and Technical Resources have formalised journey cycle inspections in place, with procedures for repairing footpaths.
- Community Resources do not have a formalised procedure for inspecting footpaths. However, defects are reported by Community Resources employees who are regularly using the footpaths as part of their duties.

6.3. A number of recommendations resulted from this review and are listed in Appendix 2. Community Resources and Housing and Technical Resources are currently considering the operational requirements in implementing these.

## 7. Property Surveys

7.1. As well as the external reviews referred to above, it is also of interest for the RASF to be informed of the property survey work carried out in relation to Council properties, as another example of an initiative associated with the management of insured risks.

7.2. The Council's property insurer (Chartis) have now completed the property survey programme for 2010/2011 and 2011/2012. The surveys focus mainly on security and fire risks. The following properties were surveyed:

- Civic Centre, East Kilbride
- Dollan Aqua Centre, East Kilbride
- Carluke Integrated Facility
- Montrose House, Hamilton
- South Vennel, Lanark

- St Joseph's Primary School, Blantyre
- South Lanarkshire Lifestyles, Rutherglen
- Blantyre Sports Centre
- The Water Palace, Hamilton
- Castlefield Primary school, East Kilbride

7.3. As part of a separate exercise to review fire risks in high rise residential blocks, surveys were also carried out by Chartis at Lister Tower, East Kilbride and Wyler Tower, Hamilton.

7.4. All insurer requirements detailed in the survey reports have now been implemented by Resources.

7.5. Now that the requirements specified by the insurers have been implemented, the properties surveyed now pose a lower level of risk in terms of fire and security.

## **8. Employee implications**

8.1. Time will be required by Risk Sponsors and employees from each Resource to implement the actions noted within this report.

## **9. Financial implications**

9.1. Sound management of insured risks reduces the cost of self insurance and helps to restrain increases in insurance premiums.

9.2. In the current financial climate, the cost of insurance claims is an area with potential for significant savings to be made. Some initiatives will require up front spending to make savings further down the line. Resources will be required in the main to fund such initiatives within existing budgets.

9.3. Funds are available from the risk management budget and Resource Risk Sponsors are encouraged to submit bids for assistance with their initiatives.

## **10. Other implications**

10.1. Failure to properly manage insurance hotspot areas could result in claims continuing to be intimated for areas where it is known by the Council that a problem may exist and no mitigating actions have been taken. This in turn could lead to an increase in claims settlement amounts and insurance premium costs.

## **11. Equality impact assessment and consultation arrangements**

11.1. There are no requirements to carry out an impact assessment in terms of the proposals contained within this report.

11.2. Risk sponsors were consulted during the review by Gallagher Bassett.

**Paul Manning**

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

17 October 2011

## **Link(s) to Council Objectives, Improvement Themes, Values**

- ◆ Improvement Theme: Governance and accountability
- ◆ Value: Accountable effective and efficient

**Previous References**

- ◆ Report to RASF on 25 February 2010 – Management of insured risks
- ◆ Report to RASF on 23 September 2010 – Management of insured risks update

**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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## Insurance Hotspot Review

Action number	Action	Responsibility	Target date
AC/4626	Progress meetings between Corporate Resources, Risk Management and trade unions are ongoing to rectify issues with points being issued for at fault accidents not being intimated to drivers,	Risk Management Adviser (Finance and Corporate Resources)	31 December 2011
AC/4138	Provide an annual update on the progress being made in preparing the full museums inventory (completion date for inventory – 31 March 2023)	Head of Facilities, Fleet and Grounds Services (Community Resources)	31 March 2012
AC/4140	Museum security improvements implemented as required	Head of Facilities, Fleet and Grounds Services (Community Resources)	30 September 2012
AC/4135	Complete security training for venue staff and hall keepers	Training Manager (South Lanarkshire Leisure and Culture)	31 March 2012
AC/4627	Complete work with Corporate Health and Safety to develop a bank of generic and specific risk assessments. Risk assessments to be made available on the intranet or Education Resources' GLOW	Support Services Co-ordinator ( Education Resources)	31 March 2012
AC/4156	Pilot of reversing sensors	Fleet Manager, (Community Resources)	31 December 2011
AC/4157	Post permanent notices in closes raising awareness that fire destroys lives, advising not to leave flammables in close and providing telephone number for special uplifts	Head of Property Services (Housing and Technical Resources)	31 March 2012
AC/4158	Explore potential for alternative non-combustible wheelie bins	Head of Support Services (Housing and Technical Resources)	31 December 2011
AC/4161	Hard wiring of smoke alarms in Council houses programme to be completed	Head of Property Services (Housing and Technical Resources)	31 December 2012
AC/4628	Continue to review the number of disposals arranged by Housing and Technical Resources for items left in closes/communal areas	Head of Support Services (Housing and Technical Resources)	31 March 2012

## Footway/footpath Inspection - Risk management review

Action number	Recommendation/action	Responsibility	Target date
AC/4552	Community Resources should review their guidance for footpaths and roads to reflect the safety inspection procedures and guidance for roads inspectors i.e. the type of defect and degree of deficiency.	Head of Facilities, Fleet and Grounds Services (Community Resources)	31 March 2012
AC/4553	To assist Housing Inspectors in the inspection of footpaths we would recommend that training is provided in line with the training provided to roads inspectors.	Head of Property Services (Housing and Technical Resources)	31 March 2012
AC/4554	Extend play parks inspections to cover the footpaths accessing the play park. Provide guidance to Play Park Inspectors in line with the safety inspection procedures and guidance for roads inspectors i.e. the type of defect and degree of deficiency.	Head of Facilities, Fleet and Grounds Services (Community Resources)	31 March 2012
AC/4555 and AC/4556	Response categories used by Enterprise Resources should be adopted by Housing and Technical and Community Resources.	Head of Property Services (Housing and Technical Resources)  Head of Facilities, Fleet and Grounds Services (Community Resources)	31 March 2012
AC/4557	Community Resources should introduce a procedure for recording all defect repairs. It is appreciated that repairs may be carried out as part of other duties we would suggest that a defect repair book could be introduced whereby the employee records the details and date of the repair and that the record is maintained by the Resource.	Head of Facilities, Fleet and Grounds Services (Community Resources)	31 March 2012
AC/4558 and AC/4559	Housing and Play Park Inspectors should receive formal training on footpath inspections covering the type of defect and degree of deficiency in line with the training provided to Road Inspectors.	Head of Property Services (Housing and Technical Resources)  Head of Facilities, Fleet and Grounds Services	31 March 2012

		(Community Resources)	
AC/4560	Community Resources should carryout refresher training for employees through Tool Box Talks specifically covering footpath inspections using information from the training provided to road Inspectors.	Head of Facilities, Fleet and Grounds Services (Community Resources)	31 March 2012
AC/4561 and AC/4562	All Resources should ensure that once they have been informed of a defect or a claim that there are procedures in place to ensure that the appropriate action has been taken, ie defect repaired	Head of Property Services (Housing and Technical Resources)	31 March 2012