

18 November 2019

Agenda Item: 5

REPORT OF SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE & IMPROVEMENT

RISK & INSURANCE UPDATE

Purpose of the Report

1. To provide members with an update on insurance claims experience and on some significant areas of work and development in the Risk & Insurance Team.

Information

2. This report is the latest in a series of six monthly reports to this Committee regarding activities and developments in the Risk & Insurance Team.
3. This update provides the latest information on claims experience, along with additional information concerning recent developments in the Team.

Claim trends

4. **Appendix A** presents two graphs showing a quarter-by-quarter analysis for the current and previous two financial years of:
 - The number of claims received by the County Council
 - The number of claims that remained open (still to be resolved)
 - The number of liability claims where the defence has proceeded to the point of formal court proceedings (litigation)
 - The value of payments made on claims.
5. Some key points and context to note about the trends are the following:
 - The number of claims received in the first two quarters of 2019-20 is significantly lower than in the previous year. In the first quarter of 2018-19 the Council was still receiving an unprecedented number of claims arising from the unusually harsh winter, labelled nationally “the beast from the east”.
 - The value of claims paid in the year to date is lower than in previous years. The value of claim payments is not a linear matter and will fluctuate depending on when certain high value claims conclude. However, the level of payments does reflect the general fall in the number of claims being received and the quality of the claims handling by the Risk and

Insurance Team. Members may recall that the previous update report in April 2019 advised that, during a recent external audit, the claims handling had been described as exemplary.

- Aside from highway claims, the number of historic abuse claims continues to be a priority area for the Team, and for the Council. However, significantly reduced numbers of claims have been received in relation to Employer Liability (EL) and Motor. This largely reflects the shrinking size of the Council and in particular the conversion of schools to academies.

Changes in Staffing and Team Responsibilities

6. The current Risk and Insurance Manager has resigned to take up a post elsewhere. Recruitment has commenced and it is hoped that a suitable candidate can be appointed. There is likely to be a period where there is no-one in post, but the remaining members of the team are experienced and skilled staff who, in the short term, will be able step up and ensure service delivery is maintained.
7. The Risk and Insurance Team has always had responsibility for operational risk management, with the Council's corporate process for strategic risk management being delivered by the Emergency Planning Management & Registration Group in the Place Department. Whilst this has never created a serious issue because the two areas are so linked, it does create an anomalous boundary.
8. In November 2018 when the Chief Executive's Department restructured, the Risk & Insurance Team moved into the newly formed Assurance Group, which also incorporates Internal Audit and Performance. Both of these teams have links to strategic risk and a shared purpose around governance. It was proposed that there are potential benefits by transferring the strategic risk process to a corporately focussed team:
 - a) To more readily strengthen links between strategic risk management and the developments made over recent years to the Council's governance arrangements. In particular, it should prove easier to co-ordinate with the Annual Governance Statement, assurance mapping and quarterly reviews of governance.
 - b) Presenting a co-ordinated and congruent approach to the Governance & Ethics Committee to help the Committee develop the important role it has to play in the Council's strategic risk management arrangements.
 - c) To deliver a joined-up approach to the end-to-end risk management process, linking in with the existing risk management role already carried out by the Risk & Insurance Team.
 - d) Embedding links with the wider Assurance Group, in particular priority assessments for Internal Audit's coverage.
 - e) Driving effective engagement across the Council with the strategic risk management process, utilising in particular the well-established profile the Assurance Group has built with the Governance & Ethics Committee
9. The Corporate Leadership Team has endorsed the proposal and this will be progressed in the forthcoming calendar year once the new Risk & Insurance Manager has been appointed.

Dashboard Reporting

10. The Risk & Insurance Team have been working with the Performance Team to develop interactive dashboard reporting for insurance claim data. It is intended that the enhanced data presentation will allow a more granular understanding of the number, costs and cause of claims and can be used to more effectively drive risk management.
11. The dashboard reports are innovative and we do not know of any other authority with this level of sophistication in reporting. Key officers across the Council and VIA have access to the dashboards.
12. A couple of examples of the dashboards are attached as **Appendix B**.

Insurer Audit of the New Highways Code of Practice

13. Members will be aware that in October 2018 the Council implemented the new 'Well Maintained Highway Infrastructure Code of Practice'. It was a national requirement for Highway authorities to implement the new Code.
14. The quality and content of the Code of Practice will impact on the ability to defend claims for injury or damage resulting from defects on the Highway. As a result the Council's insurers, Zurich Municipal, carried out a mandatory audit of the Council's Code and how it has been embedded within NCC and VIA. The audit was carried out in June 2019.
15. The report covered 25 issues and the Council's score was 'Excellent' or 'Good' for all areas. This reflects the commitment of colleagues in the Highways Client Team and VIA to developing and implementing the new Code.
16. Zurich have not published any benchmarking data but verbal feedback from their Risk Consultant reveals that they have audited 27 authorities and NCC is only one of three authorities to receive an 'Excellent' score.

Risk Improvement – Highways

17. The Risk & Insurance Team has been working with VIA and the Highways Client to devise some formal way of capturing lessons learnt from claims and implementing action which will help prevent future accidents, as well as improving the defence to claims.
18. The process agreed upon is designed to be forward-looking rather than punitive about previous procedures. Lessons learnt from claims which should give rise to a change to VIA's practices will be captured in a log and the new risk mitigation actions that VIA will undertake will be reported to the quarterly strategic highway claims meetings.

Other Options Considered

19. No other options were applicable for this update.

Reason/s for Recommendation/s

20. To provide Members with the opportunity to comment on key information relating to the activities of the Risk & Insurance Team, and to determine the content and frequency of future updates.

Statutory and Policy Implications

21. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

22. A primary aim of the insurance arrangements is to provide a reasonable level of protection against significant and unforeseen liabilities, in the most cost-effective way. A further aim is to ensure claims management processes are robust to protect the Council from unnecessary expenditure.

Implications for Service Users

None.

RECOMMENDATIONS

Members determine whether there are any actions or further information they would like to see arising from the matters raised in this report.

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For any enquiries about this report please contact:

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Constitutional Comments (EP 25/10/2019)

23. The Finance and Major Contracts Management Committee is the appropriate body to consider the content of the report. If the Committee resolves that any actions are required it must be satisfied that such actions are within the Committee's terms of reference.

Financial Comments (RWK 28/10/2019)

24. There are no specific financial implications arising directly from the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All