

Appendix 4 Comments received during the consultation period with responses

Summary

1. **Councillor George Jeans** - Concerned about uninsured driver risk
Response - Officers will recover losses direct from the Motor Insurance Bureau

2. **Request for call in from Councillors Helena McKeown, David Jenkins and Ian West** - Emails requesting a call in were received before the decision was published.

Response - No questions asked.

3. **Councillor Bill Douglas** - Having read your sensible assessment Jon, I would agree that the risk assessment suggests that it would not be acceptable. I know many city bus services are self insured but, those I know of have far more vehicles on their books and run repair units.

Response - No questions asked.

4. Councillors Glenis Ansell and Jon Hubbard

Notes and responses from a meeting held on 11th March and other emails with questions and answers are shown in the body of this Appendix. A summary email was sent by Councillor Hubbard to Councillor Tonge on 13th March. The issues raised in this email are shown below with a separate response for each;

- 4.1. It was our clear understanding from the meetings that we had that you were anticipating that the total savings that would be achieved over the 5 year period would be £70k (i.e. 14k per year) and that you hoped that this would be increased by the reduction accidents etc that may occur following the introduction of improved driver training etc.

Response - There appears to have been a misunderstanding. The figures in the report show savings over five years of £143,562 (i.e. £29k a year), the £70k was a 5 year saving for the motor policy only. The detail can be seen in part 2 section 4 below.

- 4.2. We cannot see anywhere where the cost of additional training or the implementation of new schemes has been costed into this and are very concerned that the estimated savings are very small compared to the considerable additional risk involved.

Response - Our insurers will work with us to mitigate the risk at minimal costs (circa £4,000 one off fee, which will be paid for out of any savings made.) to improve in all areas of insurance and the work would be by the insurance team and services who have a vested interest in reducing the number of claims and improving driving standards, so the costs would be minimal.

- 4.3. Jon - this gives me even more cause for concern, whilst I appreciate that efforts can be made with council drivers, how are we going to improve the driving of the users of fleet cars.

Response - The statistics show that in the last two years, 70% of accidents are caused by waste vehicles and these have the highest cost overall. In consequence this is where most effort will be applied in the first instance.

- 4.4. Unless there are clear savings to be made from making these changes - and I've yet to see them, I don't believe that the savings warrant the cost and

effort needed to improve driving standards, monitor that improvement and mitigate the increased financial risk.

Response - Given the financial pressures the Council is under the decision gives a huge incentive for management of the programme of risk mitigation professionally and thoroughly. This will include meetings with services every quarter, initially starting with fleet and waste services, where the claims will be monitored and discussed, to: a) Assess the success of measures taken to reduce claims; b) identify further actions to improve quality standards.

4.5. I'm concerned that we're doing this 'because other companies are' and not because we believe there's a clear case for saving money and improving our situation or at least consolidating our position.

Response - The report clearly states the reasons for the proposed action and is not being done because other companies or local authorities are. The recommendation is based on changing the approach to insurance from assessing claims to risk management by working on key areas to reduce the likelihood of receiving claims. Some key areas where we can achieve this are:

1. Meet with our with our insurers every quarter to identify key risk areas and measures we can take to mitigate them
2. Hold meetings every quarter with key services to discuss claims received, develop and roll out improvement plans (for instance driver training); and monitor progress
3. Monitoring claims received to assess the effectiveness of the measures taken to mitigate the risks and report progress to senior management quarterly

We also expect a reduction of 'pothole' claims due to the increased capital expenditure on roads agreed by cabinet and confirmed in the Council budget meeting on 24th February 2015

All Comments received during consultation period – Part 2 Detailed

Please see below for a full list of all comments / questions and observations received during the 5 day consultation period.

1. 06/03/2015 – Councillor George Jeans

“An observation from insuring our own vans and cars. Some or all comprehensive vehicle insurance can fight uninsured risk and certain claims which third party fire and theft does not.”

Response: Darren Law 11/03/2015

“Dear Cllr Jeans, Cllr Tonge has forwarded you email onto me. Thanks for your observation. Yes you are right the change to third party fire and theft would mean that our insurers would not apply for compensation for losses on our behalf as a result of an uninsured driver. Therefore with this change, officers in my insurance team will recover the losses direct from the Motor Insurance Bureau.”

2. 06/03/2015 - Councillor Jon Hubbard

“I refer to the proposed decision that has been published today. I have some concerns about this proposed change and would appreciate the opportunity to discuss this with you prior to you making your decisions, hopefully thus avoiding the necessity of my group calling the decision in to scrutiny. I note that we will all probably in be County Hall a lot Mon-Wed next week and wonder if it might be possible to arrange a short meeting of Glenis and myself with you and any appropriate officers to discuss the proposal.”

Response: Cllr Tonge and Darren Law (Head of Business Services Finance) met with Cllr Glenis Ansell and Jon Hubbard on 11/03/2015 to discuss this in detail.

3. 09/03/2015 – Councillor Glenis Ansell

“Could you please advise what prompted this course of action, what savings are being realised and what additional regulations have been put in place to support the decision”.

Response: These items are covered in the cabinet report. Cllr Tonge and Darren Law (Head of Business Services Finance) met with Cllr Glenis Ansell and Jon Hubbard on 11/03/2015 to discuss this in detail.

4. 11/03/2015 – Meeting with Councillor Jon Hubbard, Councillor Glenis Ansell, Councillor Richard Tonge and Darren Law – 1pm Cabinet Members Room. The main points discussed were as follows:

Darren gave a brief overview of the report and the appendices including the tender process and the planned change to levels of cover. Darren gave an overview of appendix 3, which details the financial analysis carried out to inform the decision on changing the level of cover. Based on analysis, for the four items identified in the report, the following savings would have been made over the last 5 years:

Item	5 year premium saving	5 year claim costs (based on last 5 years)	(Cost) / Saving	5 year Average (Cost) / Saving
General properties	£117,213	£150,000	(£32,787)	-£6,557
Employers Liability	£62,435	£0.00	£62,435	£12,487
Public and Products Liability	£262,825	£219,510.51	£43,314	£8,663
Motor	£428,145	£357,455	£70,690	£14,138
Total	£870,617.90	£726,965.76	£143,652.14	£28,730

We have an opportunity to increase the savings, by working with services to reduce the likelihood of claims occurring and reducing the likelihood that the Council will be found liable if claims are received.

Q. What are we going to do to mitigate the risks?

A. As shown in the report the insurance team will work with services to draw up an action plan, actions include:

- Motor - Working with fleet services and services where driving is a key part of delivery (such as refuse collection) to improve driver awareness and training – This will include working with our insurers to identify the key risk areas; delivering courses for staff; monitoring the causes of accidents; working with services to ensure incidents are followed up with staff including lessons learnt;
- Working with property services to ensure we have adequate procedures for areas such as closed sites and fire safety inspections - our insurers inspect a selection of properties each year and make recommendations to property services which are followed up. We will continue to work in this way.
- Working with highways services to increase awareness of the consequences of not following the procedures and recording data correctly. We are also part of the highways inspection and repair process review. We will work with our insurers to identify the key risk areas; deliver courses for staff; monitoring the causes of accidents; working with services to ensure incidents are followed up with staff including lessons learnt. The Council is investing in the roads, which will reduce the number of potholes and the number of claims.

Q. How will you measure how successful the actions taken have been?

A. We meet with our insurers every 3 months and go through the larger claims that have been received. We will also meet with service departments every 3 months to analyse claims and the effectiveness of the actions taken to reduce claims, including further actions to improve. We log all claims on our insurance database and provide high level reporting on overall claims received, but this will be analysed at a more detailed level. The plan is to move the work of the

insurance team away from solely dealing with claims processing to more value added activities with the aim of identifying the causes of claims and work with our insurers and services to reduce risk. We will also meet with service departments

Q. Assuming that we do make savings as a result of this measure, will any of the savings go to the insurance reserve?

A. Yes. The reserve is looked at each year to assess if it is at the right level.

Q. Please confirm if there is insurance cover where the Council may be found legally liable for losses incurred by a third party during the planning process.

A. (emailed after meeting by email Darren Law 11/03/2015) “Hi Councillors Hubbard and Ansell, following on from our meeting earlier on the Newly published decision: F-01-15 - Intention - Insurance Services Tender - Contract Award, I have checked the cover for losses suffered by a third party as a result of our negligence during the planning process. This is to confirm that any claims would be covered under our professional negligence policy. As discussed there are no plans to change the level of excess on the policy, which stands at £50,000.”

As the report makes clear the level of cover is only changing for the four types of insurance mentioned in the cabinet report. Appendix 2 of the cabinet report shows a list of the types of cover currently taken and the excesses.

5. 12/03/2015 – Councillor Glenis Ansell – in response to receiving a copy of our motor claims history with our current insurer
“ I note there are 153 incidents totalling £124,527.26 attributed to 'other'. I appreciate that it isn't possible to categorise everything but can you advise what the bulk of this relates to?”

Response: Darren Law 11/03/2015 “Hi Cllr Ansell, I have contacted our solicitors to ask them for a breakdown so I can check, but I suspect this to be vehicles in our general fleet (for instance lease cars) which are not specifically allocated to a service. Anyway I will give you more info when I receive”

Response: Darren Law 13/03/2015 – “Hi Cllr Ansell, our insurers have come back with an answer but it does not throw any more light on the category of 'other' I'm afraid as this is how it has been entered on their system and the only way to categorise this data would be to look at each claim individually. This could be done, but it would take some time and I would rather concentrate on the more recent claims history when looking at improving our claims experience with services. I have run the claims list for the last 2 financial years and provided the analysis in the table below, which provides better data and shows clearly the area to concentrate on is in waste service.

Department Name	Total
Admin Buildings	1
DEPARTMENT INSERTED BY JCAD	3
DEPARTMENT OF CHILDREN AND EDUCATION	3
DEPARTMENT OF COMMUNITY SERVICES	4
DEPARTMENT OF NEIGHBOURHOOD AND PLANNING	8
DEPARTMENT OF RESOURCES	3
ECONOMIC DEVELOPMENT PLANNING & HOUSING	2
General	3
Highways & Streetscene East	1
Highways & Streetscene West	1
Housing	4
Libraries And Heritage	4
Not Specified	5
Other Establishment	5
Primary Schools	1
Public Health And Wellbeing	3
SCHOOLS	5
Secondary Schools	1
Special Schools	5
Waste/streetscene	161
X Highways Area Central 4 X	1
X Highways Area Southern 7 X	1
Youth & Community	4
Grand Total	229

6. 13/03/2015 – email from Councillor Glenis Ansell to Councillor Jon Hubbard – (in response to Darren law’s emailed response receiving a copy of our motor claims history with our current insurer)

“Jon - this gives me even more cause for concern, whilst I appreciate that efforts can be made with council drivers, how are we going to improve the driving of the users of fleet cars.

Unless there are clear savings to be made from making these changes - and I've yet to see them, I don't believe that the savings warrant the cost and effort needed to improve driving standards, monitor that improvement and mitigate the increased financial risk.

I'm concerned that we're doing this 'because other companies are' and not because we believe there's a clear case for saving money and improving our situation or at least consolidating our position.

On balance I don't believe this is a good move. “

13/03/2015 – email from Councillor Jon Hubbard to Councillor Dick Tonge

“As you will see from the email below Glenis and I have continued to discuss and consider this matter and have looked very carefully at the information you supplied us with. It was our clear understanding from the meetings that we had that you were anticipating that the total savings that would be achieved over the

5 year period would be £70k (i.e. 14k per year) and that you hoped that this would be increased by the reduction accidents etc that may occur following the introduction of improved driver training etc. We cannot see anywhere where the cost off additional training or the implementation of new schemes has been costed into this and are very concerned that the estimated savings are very small compared to the considerable additional risk involved. I must therefore inform you that should you be minded to make this decision then I will be instigating a call-in of the decision and asking the Overview and Scrutiny Management Committee to consider asking you to think again.”

Response Darren Law 16/03/2015 – “Dear Councillors Ansell and Hubbard, Cllr Tonge has forwarded your emails below onto me for comment and we have discussed the points you have raised today.

There appears to have been a misunderstanding at the meeting. The savings for motor and all proposed changes are identified in Appendix 3 of the report and show that if we carried out no changes to mitigate risk we would still achieve a saving of £70,000 over 5 years for motor alone. The total net savings over the five year period for all insurance types, based on our current level of claims costs, would be £143,000 (i.e. £29k a year), so even if we could not improve our claims experience a saving would still be made. The levels of financial risks are capped at the excess and the ‘stop loss’, which puts a limit on the amount of money we have to pay in excesses in any one insurance year. This limit ranges from £0.650m to £1.5 million depending on insurance type. If we reach our ‘stop loss’, our insurers will pay the full cost of claims, including our excess from that point on. We also have the insurance reserve should it be needed.

Our insurers would work with us to mitigate the risk at minimal costs (circa £4,000 one off fee, which will be paid out of savings made) to improve in all areas of insurance and the work would be by the insurance team and services who have a vested interest in reducing the number of claims and improving driving standards, so the costs would be minimal.

The report clearly states the reasons for the proposed action and is not being done because other companies or local authorities are.”