

South Ayrshire Council

**Report by Head of Legal, HR and Regulatory Services
to Cabinet
of 30 August 2022**

Subject: Risk and Safety – ‘Spend to Save’ Resource Bid

1. Purpose

- 1.1 The purpose of this report is to seek approval to allocate savings achieved through the Corporate Insurance budget for the creation of two permanent posts within the Risk and Safety Service on a ‘spend to save’ basis in order to tackle current staffing capacity issues and focus on reducing future insurance claims and premiums costs.

2. Recommendation

2.1 It is recommended that the Cabinet:

- 2.1.1 notes that a saving of £0.157m has been achieved following an insurance retender exercise;
- 2.1.2 approves the creation of an additional Health and Safety Officer (G10), utilising savings achieved, to support service delivery in key areas relating to organisational compliance;
- 2.1.3 approves the creation of a Claims Support Adviser (G10), utilising savings achieved, in order to implement risk management initiatives targeted to Service areas experiencing significant insurance claim losses; and
- 2.1.4 agrees that an amount of £10,000 from the savings identified be allocated to the re-introduction of a Risk Reductions Budget – for allocation to small projects across Services where budget is not available for targeted risk management initiatives.

3. Background

- 3.1 A report and presentation was provided to CLT on 12 May 2022 outlining the outcome of the Corporate Insurance tender 2022/23. Within this CLT was requested to note recent claims costs and trends in terms of losses and agreed to support a proposal to seek additional resource to target areas where further insurance claims savings could reasonably be realised. Savings of a £157,768, achieved through the tender exercise, were acknowledged; an amount from which these proposals could potentially be funded.

- 3.2 As a result of budget savings exercises over a number of years the Risk and Safety Team has become depleted to such an extent that there is no longer capacity to meet the expectations and demands linked to statutory compliance and best practice. This is impacting on the support available to Services and creating increased financial, statutory and reputational risks which could feasibly be mitigated by replenishing the staffing resource within the Health and Safety function. Further background information on the rationale with regards to the proposal for the Health and Safety Officer post is provided at [Appendix 1](#).
- 3.3 South Ayrshire Council has also sustained significant losses over the last few years through property damage claims and motor fleet incidents which have resulted in a poor claims experience and additional claims costs.
- 3.4 Property losses have been experienced across the Council portfolio, most notably within Housing and the Commercial/ Leased sector.
- 3.5 There has been a steady increase in the cost of Motor Fleet claims with many of these being linked to poor driving practice or driving culture and occur across a range of Service areas.
- 3.6 Employers Liability and Public Liability Claims also contribute substantially to the Council's claims experience.
- 3.7 A Corporate Insurance Report is prepared by the Risk and Safety team on a quarterly basis which provides a financial snapshot of claims information covering a particular timeframe. Costs are broken down by insurance 'class' and analysed by Directorate. Information on identified 'trends' is also provided within each of these reports. The Corporate Insurance Report is provided to CLT on a quarterly basis as part of the overarching quarterly Risk, Safety and Resilience Update Report. The financial year end report showed 'claims cost snapshot' covering a 4-year period (1 April 2018 - 31 March 2022) as follows:

South Ayrshire Council (SAC) Total Claims Costs 1 April 2018 - 31 March 2022 (as at 31/03/22)		
Insurance Class	Paid to Date	Remaining Reserve
Employers' Liability	£118,139	
Public Liability	£98,664	
Motor	£540,644	
Property (costs recovered)	£1,053,250	

- 3.8 All of these costs represent monies paid for avoidable incidents or events. Eliminating these completely is not realistic, but agreeing to the proposal to create the Claims Support Adviser post will assist in tackling the root causes with an aim of fundamentally reducing the outlays required from both SAC and Insurers. Reducing the bill paid by Insurers will, in turn, reduce SAC's premium spend of £1.8m.

3.9 **Premium Costs**

- 3.9.1 In December 2021, SAC retendered all Corporate Insurance Covers in line with the expiry of Long-Term Agreements. There was a real concern that a lack of confidence in the SAC Insurance Portfolio as a result of the claims experience would either limit the number of bids received or result in bids being offered at terms well above current premiums. The outcome of the tender exercise confirmed the position of outgoing insurers who offered property premiums which were more than double the rate they had been for 2021/22, (£1,319,765 versus £558,425). An alternative provider quoted £2,122,862 for the same cover.
- 3.9.2 This costly position was mitigated however, by bids received from a new provider within the property and liability insurance market offering reduced rates to public sector clients. As a result the Council has achieved an overall 8.02% saving (£157,768) on rates applied in 2021/22.
- 3.9.3 It is important to note though, that such 'introductory' offers are often short lived. If the SAC claims experience continues on the current trajectory, costs for 2023/24 could rise sharply.
- 3.9.4 Increasing focus on Risk Management activity and tackling the issues which result in costly claims across all Council Services is considered to be the best means of reversing this trend. The creation of this post of Claims Support Adviser will allow for targeted risk management initiatives to be addressed.
- 3.9.5 Further background information on the rationale with regards to the creation of the Claims Support Adviser is provided at [Appendix 2](#).

4. **Proposals**

- 4.1 The savings of £157,768 achieved for 2022/2023 have prompted an opportunity to take forward 'spend to save' initiatives to address the longer term issue of reversing current claims trends. These would be underpinned by increased focus on specific claims prevention and health and safety programmes to support Council Services. Utilising the savings achieved in the creation of the proposed posts, accompanied by the availability of a small risk reduction budget, would demonstrate a commitment of resources to underpin change that is clearly required.
- 4.2 It can take a number of years to reverse a poor claims culture, but this could feasibly be achieved if additional staffing resource can be targeted at tackling the issues giving rise to losses. Appendices [1](#) and [2](#) provide information including a range of proposals that could be implemented to achieve more positive outcomes in terms of both Health and Safety and Insurance. A major component of this will be targeting the key Council Services who sustain the largest losses with regard to insurance claims.
- 4.3 The longer term aim would be to reach a position where the Council could be confident in an ability to prevent, repudiate and defend claims and seek to increase levels of self-insurance to make way for future premium savings. Most large public bodies endeavour to manage insurance costs in this way and networking information suggests that the deductibles (or excesses) SAC hold are lower in comparison to other Local Authorities. To date, the SAC claims experience is such that there has been little scope to alter this position. The Council may be missing

opportunities for real savings without an available, competent staffing resource to dedicate the time necessary to take these projects forward.

- 4.4 The Service Lead for Risk and Safety is fully committed to achieving a position for the organisation which reduces the burden on the public purse, maximises compliance and protects both service users and the workforce from injury or other harm giving rise to claims. Cabinet is therefore requested to approve the recommendations and seek annual update reports on progress relating to these initiatives.

5. Legal and Procurement Implications

- 5.1 The recommendations in this report are consistent with legal requirements.

- 5.2 There are no procurement implications arising from this report.

6. Financial Implications

- 6.1 It is proposed that the cost of these proposals is funded from the savings achieved in the 2022/23 Corporate Insurance Budget.

Saving identified - **£157,768**

Revenue budget of £53,275 (x2) = **£106,550** would be required to fund the G10 Health and Safety Officer and the G10 Claims Support Adviser posts.

Revenue budget of **£10,000** would meet the cost of a re-introduction of a Risk Reduction Budget to be utilised for allocation to small projects across Services where budget is not available for targeted risk management initiatives.

Total budget required if report recommendations are approved is **£116,550**. The remainder of the savings identified (**£41,218**) being retained corporately.

7. Human Resources Implications

- 7.1 HR implications are set out within this report. There is no impact on other posts within the Risk and Safety Service as a result of creating these roles – they are intended to enhance and support existing service provision.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

- 8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

- 8.2.1 Rejecting the recommendations will have a negative impact on the delivery of the Risk and Safety Service. Workload capacity issues and the impact of ongoing claims are creating, financial, statutory and reputational risks. Rejecting the recommendations may also give rise to external criticism, breach of statute or legal challenge.

9. Equalities

9.1 The proposals in this report allow scrutiny of performance. The report does not involve proposals for policies, strategies, procedures, processes, financial decisions and activities (including service delivery), both new and at review, that affect the Council's communities and employees, therefore an equality impact assessment is not required.

10. Sustainable Development Implications

10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report. The proposed course of action is intended to achieve the most economic, effective and efficient option in relation to these issues.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to the delivery of all Council strategic objectives.

13. Results of Consultation

13.1 Consultation has taken place with Councillor Martin Dowey, Portfolio Holder for Corporate and Strategic, and he has confirmed that he is fully supportive of the recommendations.

13.2 Trade Union colleagues have also indicated their support for this report.

14. Next Steps for Decision Tracking Purposes

14.1 If the recommendations above are approved by Members, the Head of Head of Legal, HR and Regulatory Services will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Cabinet in the 'Council and Cabinet Decision Log' at each of its meetings until such time as the decision is fully implemented:

Implementation	Due date	Managed by
Recruit G10 Health and Safety Adviser and G10 Claims Support Adviser	31 January 2023	Service Lead – Risk and Safety

Background Papers **None**

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Date: **23 August 2022**

Additional background information linked to the proposed Health and Safety Officer role;

- 1.1 Any shortfalls with regard to health and safety compliance are often directly linked to insurance costs. It is failings with regard to health and safety systems, non-compliance with Council policy or statute and a lack of risk assessment or adequate training which leads to the incidents which prompt costly claims. The provision of additional targeted support to Services could therefore improve the current claims position and provide scope for adopting higher levels of self-insurance. Increased support also has the obvious benefit of improved employee and public protection - potentially reducing injury, ill-health and the associated costs of absence as a result of lost time incidents. A former FTE staffing complement in the Health and Safety section of 5 qualified officers has now reduced to FTE of 2 qualified officers. This has inevitably led to reduced ability on the part of the team to support service managers in achieving safe systems of work and safe and healthy workplaces.
- 1.2 The expectations of the Fire and Rescue Service have increased over the years and the statutory obligations placed on the Council as the 'Duty Holder' of premises are greater than ever before. A change to legislation prompted a shift with regard to the Fire Certification of buildings, now replaced by Fire Risk Assessments which are the responsibility of the 'Duty Holder' and Employer. Initially the delivery of these formed part of a 5 year rolling programme – however the frequency of inspection has had to be increased to annually for residential facilities, special schools and large public buildings, bi-annually for other educational establishments and every 3 years for all remaining facilities. Maintaining this programme and the associated Health and Safety Audit programme has become increasingly difficult to achieve as a result of staffing shortages. The Fire Service has also now consulted on and agreed a revised approach to alarm call outs, which – when implemented in April 2023 – creates a need for revised procedures and additional training across all Council Services.
- 1.3 The staffing budget cuts in recent years have also significantly reduced the team's ability to provide a framework around some of the softer and less traditional health and safety issues – such as workplace wellbeing, ergonomics, employee mental health, lone working, personal safety and the pressures associated with the increase of challenging, violent or aggressive behaviour on the part of service users. There is undoubtedly a demand and a need for more to be done in these areas, not least because the nature and context of our working lives has evolved, and these additional risks are more prevalent. It has also been noted at recent Council Panels that Elected Members take an active interest in the types of supports available to staff in these terms. Council Union Representatives are also very keen that wellbeing initiatives are progressed. There is an expectation on the part of Council colleagues that the Risk and Safety team may be best placed to achieve solutions, and this is extremely difficult with current staffing levels.
- 1.4 A recent Internal Audit Review of the Health and Safety support service noted a lack of 'buy-in' from Service leads with regards to Health and Safety Risk Assessment and the subsequent development of safe systems of work. Internal Audit actions to address this have been recorded on Pentana but the full completion of these actions is not realistically achievable without additional support being made available.
- 1.5 The Covid19 pandemic created significant pressures on the health and safety service and served to underline a staffing position that is no longer sustainable

without potential shortfalls in service provision. The existing staff within Risk and Safety demonstrated significant resilience throughout the pandemic and showed commitment and goodwill by working many additional hours to support critical service delivery across the Council. Notwithstanding that, there has been little capacity to address proactive measures that could enhance the risk profile of the organisation and improve the financial position with regard to insurance. Slippage has occurred and a backlog of work requires to be addressed to achieve compliance.

1.6 Creating the proposed additional resource in Health and Safety would ensure the team has the capacity to address the matters outlined above in a more proactive and focussed manner. Objectives include;

- Increased focus on Fire Safety arrangements to manage revised Fire Service 'call out' protocols which are to be implemented by Scottish Fire and Rescue Service in April 2023. Automated alarm activations will no longer prompt Fire Service attendance and duty holders will be required to confirm presence of fire prior to Fire appliances being despatched.
- Realignment of the Fire Risk Assessment programme in order that there can be increased collaboration with the Fire and Rescue Service.
- A refreshed Health and Safety Audit programme to allow for greater emphasis on Service arrangements, additional benchmarking and sharing of best practice across Scottish Local Authorities.
- Additional risk assessment and training support to Duty Holders and Service Leads to target trends and hot spots in terms of incidents and claims.
- Targeted policy and procedural review. As a result of the demands placed on the team throughout the pandemic there has been slippage in this area of work and refresh is required to ensure agreed protocols remain fit for purpose.
- Development of digital system for monitoring statutory engineering inspections.

Additional background Information linked to the proposed Claims Support Adviser role;

- 2.1 The approach to claims litigation has shifted in recent years and the organisation has become exposed to new risks giving rise to more complex and costly claims. New claims litigators continue to emerge, advertising opportunities to win compensation for perceived losses, incidents or breaches of data. Members of the public are bombarded with enticing offers of 'no win, no fee' litigation through well-funded marketing campaigns. Local Authorities are often seen as a 'soft target' with deep pockets. It is therefore essential to ensure that the organisation is in a strong position to prevent incidents or issues giving rise to claims. Furthermore, the availability of evidence based protocols, training provision, inspection procedures and policies are crucial as a means of defending future claims and reducing this burden on the public purse.
- 2.2 The data gathered from the South Ayrshire Council claims experience demonstrates unwelcome trends in terms of property and motor losses. Creating the proposed additional resource of Claims Support Adviser would ensure the team has the capacity to address the matters outlined in this report in a more proactive and focussed manner. Objectives include;
- Working with Housing Services and the Scottish Fire and Rescue Service to provide local support for tenants on fire prevention campaigns.
 - Working with Estates and Legal Services to ensure property leases clearly outline obligations with regard to Fire Risk Assessments. Close Liaison with the Scottish Fire and Rescue Service on targeted fire safety campaigns for SAC Commercial tenants.
 - Addressing gaps in SAC Asset / Infrastructure Inspection & Maintenance Programme – seek to involve existing personnel who already access or utilise assets – set up reporting hub. Support the coordination of additional maintenance / repair projects with ARA.
 - Supporting Education and Estates on measures to enhance vacant property inspections.
 - Improved driver training and assessments across all services, introduce mandatory eye-sight screening for SAC fleet drivers, develop 'Safe driver' incentive programmes. Targeted Driver survey and publicity campaigns.
 - Risk Reductions Budget – for allocation to small projects across Services where budget is not available for targeted risk management initiatives.