

Purpose: Noted

Date: 13 February 2018

Title: An update on the Authority's Risk Protection and Insurance Arrangements



**HAMPSHIRE  
FIRE AND  
RESCUE  
AUTHORITY**

Report of Chief Officer

## EXECUTIVE SUMMARY

1. This report provides an update on the arrangements for the provision of risk protection and insurance cover for the Authority, which have been in place since September 2015. The protection has been arranged on a comprehensive basis which is equivalent, and in some areas superior, to the conventional insurance. The cover provided is defined as:
  - Motor
  - Casualty (Employer's Liability, Officials' indemnity and Libel/Slander)
  - Property (business interruption, money, theft, material damage) and
  - additional covers such as computer, travel and fidelity.
2. It is pleasing to note that our 2017/18 contribution was less than the previous two years. This was partly due to our claims experience and the ability to evidence good controls over the management of risk relating to our activities.

## BACKGROUND

3. Since November 2015, the Authority has procured risk protection as a member of the Fire and Rescue Indemnity Consortium Ltd (FRIC). FRIC is made up of a group of nine Fire and Rescue Authorities.
4. As a mutual, FRIC is owned by and operated for the benefit of its Members, (all UK Fire & Rescue Authorities), sharing and managing risk in a diligent and consistent manner. When an Authority joins the Mutual it does so as both an owner of the Mutual and a customer. Its affairs are run by a Board of Directors elected by the Membership, from the Membership. Geoff Howsego, the Director of Professional Services is a newly appointed Director.
5. The Mutual is a risk-pooling mechanism whereby Members pool their contributions to the mutual common fund to meet claims and pay overheads and supporting insurance premiums.
6. The Authority has a Member's Voting Representative (MVR), Nicki Whitehouse, the Head of Knowledge Management, who plays a key role in engagement with the Mutual. The MVR is a formal position under the Mutual's constitution that permits them to be heard and vote at the AGM on behalf of the Authority and to:
  - scrutinise the performance of the Mutual
  - exercise the member's vote on its behalf

7. The Consortium has a risk management group, Fire and Rescue Risk Group (FARRG). FARRG is made up of representatives of the Fire and Rescue Authorities (including non-members of the Mutual) to work collaboratively to improve the risk management and controls within its member Fire and Rescue Services (FRSs). This work is primarily in respect of insurable risks, but also relates to the wider risk management arena. Members are encouraged to support the Mutual and maximise the potential surplus each year by adopting the risk management practices recommended by FARRG into their day-to-day operations. All group members sign an agreement to share information and to respect the confidentiality of the group.
8. By operating effective risk management practices, Members aim to maximise the potential surplus each year in addition to reducing incidents of damage and injury and the associated reputational and financial impacts.

#### CLAIMS EXPERIENCE AND MANAGEMENT

9. Claims management is handled by Regis Mutual Management Limited. We have direct access to the claims processing software system which is used to manage the claims. All claims are recorded, including those below the Authority deductible level (policy excess). There is a single database with the claims experience for each Authority. This enables the ability to report on our own claim statistics against those of the other Authorities.
10. The number of employee/public liability claims remains consistent with previous years' figures. Employee liability claims can be quite complex and take many years to settle. This is where the importance of robust risk assessments and accident reporting and investigation are essential in managing the claim.
11. Our motor claims experience continues to improve, however there remain a number of reversing and slow speed manoeuvring collisions, some of which involve damage to HFRS property. Such incidents incur additional costs and have the potential to cause operational disruption. We also see a high number of collisions with stationary objects such as kerbs, gate posts and bollards. This issue is experienced to a similar extent by other Authorities within the Consortium and we continue to aim to reduce these.
12. Our property claims are minimal. However, last year we suffered a fire at Alresford Fire Station. The claim currently has a reserve (estimated value of a claim) of £162,000 (building and contents). The main direct fire damage was near the drying cupboard in the entrance hallway. This area was severely damaged, and repairs required to plasterwork, the main pedestrian entrance door and the adjacent kitchen area, which was heavily smoke-logged and damaged by heat and water.
13. Claims activity is closely monitored and analysed so that any emerging trends can be identified and addressed where possible. Vehicle incidents are discussed at our Road Risk Management Group and liability claims are discussed with the Health & Safety team.

## RENEWAL

14. We recently completed the member renewal process which is carried out over several weeks to allow us to review, update and validate the data we provide. From this information draft contributions are calculated and submitted to FRIC Board for approval. This year's contribution (November 2017 to October 2018) is less than the previous two years. This is partly due to our ability to evidence our activities in reducing our risk. Examples of these are the rollout of 'Dashcams' into the light fleet vehicles and the use of telematics in vehicles.

## CONSULTATION

15. Internal consultation is continuous with teams developing new activities. Service Management Team have endorsed the need to engage with Knowledge Management in the design stage of new activities (including those in partnerships) to ensure that adequate protection can be provided for new risks.

## COLLABORATION

16. The Consortium is a collaboration between nine Fire and Rescue Authorities. When it was formed, it received Fire Transformation funding of £220k from DCLG to contribute to its initial set up.

## RESOURCE IMPLICATIONS

17. The management of the Authority's risk protection cover is undertaken within the existing establishment in Knowledge Management by the Performance Review Manager and the Assurance and Compliance Officer. The Assurance and Compliance Officer deals with the day-to-day information relating to existing claims, potential claims and advice. The post is concerned with the administration of the risk protection, including contracts and policies, as well as risk management, and works closely with the Road Risk Management Group, the Fleet Department, Occupational Health, Human Resources and the Health and Safety Manager. The Assurance and Compliance Officer is part of the Road Risk Management Group and the Health and Safety Committee.
18. The cost of the contributions to the Consortium, and additional covers referred to in paragraph 1, was £549k for 2018/19, and £529k for 2017/18. This does not include engineering inspections, or costs relating to separate small covers such as motor legal expense protection.

## LEGAL IMPLICATIONS

19. There are no legal implications of the contents of this report.

## PEOPLE IMPACT ASSESSMENT

20. The contents in this report are considered compatible with the provisions of equality and human rights legislation.

## RISK ANALYSIS

21. Risk protection and insurance exists to help mitigate financial loss after an event has occurred, and is a risk treatment. It is important that we continue to place an emphasis on preventative risk management strategies like road risk management, health and safety, the security and use of facilities to ensure that, where possible, health and safety events are minimised.
22. Risk assessments and their related risk prevention measures should always apply when considering new activities to prevent foreseeable injury or damage to third parties, the Authority or its people and property.
23. Regular contact is maintained with the Health and Safety Department to discuss safety events and potential claims. The aim is to identify and highlight issues and trends with a view to reducing risks.
24. The aim of the Road Risk Management Group (RRMG) is to identify, assess and evaluate potential road risks, and identify suitable control measures. The RRMG reports to the Health & Safety Committee on a quarterly basis. The risks identified are addressed by the implementation of control measures. Identified owners are recorded, along with strategies for action and timescales.

## CONCLUSION

25. This report provides a summary of the Service's risk protection arrangements and the continued work by the Service to provide high quality risk protection in an efficient and effective way.

## RECOMMENDATION

26. That the update on Risk protection and Insurance Arrangements be noted by Hampshire Fire and Rescue Authority.

Contact: Nicki Whitehouse, Head of Knowledge Management,  
[nicki.whitehouse@hantsfire.gov.uk](mailto:nicki.whitehouse@hantsfire.gov.uk), telephone number 07918 887541