

Regeneration & Transport Select Committee

A meeting of Regeneration & Transport Select Committee was held on Monday, 22nd September, 2008.

Present: Cllr Maurice Perry (Chairman), Cllr Kevin Faulks, Cllr John Fletcher, Cllr Paul Kirton, Cllr Bill Noble, Cllr Fred Salt, Cllr Michael Smith.

Officers: Steve Keetley (DNS), Jim Bell, Paul Saunders (RES) Roy MacGregor, Sarah Connolly, Peter Bell, Kirsty Wannop (LD).

Also in attendance: None

Apologies: Cllr Dick Cains, Cllr Steve Walmsley.

RTS 20/08 Declarations of Interest

RTS 21/08 Minutes of the meeting held on 30th June 2008 to be signed by the Chair as a correct record

Minutes of the meeting held on 30th June 2008 were signed by the Chair as a correct record.

RTS 22/08 Minutes of the meeting held on 11th August 2008 - For Approval

Consideration was given to the content of the draft minutes of the meeting held on 11th August 2008.

CONCLUDED that the minutes of the meeting held on 11th August 2008 be forwarded to Council for consideration.

RTS 23/08 Scrutiny review: Highway Network Management

The Committee received a report from the Corporate Risk and Insurance Manager on insurance claims and their connection with highways. Following the demise of the Municipal Mutual Insurance Company in 1992 'ground up' insurance cover (i.e. all potential losses being fully covered by insurance) was no longer available to local authorities. Councils were forced to turn to the commercial insurance market, and to accept that future insurance protection for legal liability type risks would invariably be subject to compulsory deductibles/excesses.

The payment of claims falling within the amount of the deductible could be made from the revenue budgets of the individual services on a pay-as you-go basis. However, in view of the unpredictability of the number and costs of claims in any one year, Stockton's robust approach has been to establish a central self-insurance fund for retained legal liability risks, and this has been in place as part its insurance programme strategy since 1992.

Although the imposition of an insurance deductible was unavoidable, the level at which this was set to apply in respect of each and every claim was open to negotiation with the insurance company concerned. The decision in that regard was made on economic grounds to achieve an acceptable balance and

combination between external insurance and self-insurance coverage suited to the Council's resources and in-house risk management capability. Also taken into account were the benefits which accrue from self-funding which was shown in the following:

- Profits were retained and investment income earned on the self funding provision.
- Lower administrative expenses than those incurred by the Authority and insurer combined.
- Higher self-retention levels reduce external insurance renewal premiums.
- Saving on payment of Insurance Premium Tax (currently 5%)

Taking all of the factors into account the Council's self-insures up to a limit of £100,000 for each and every legal liability claim, and the exposure of the self-insurance fund to individual claims was protected by an aggregate monetary limit to ensure that the total payments made by the Authority in any one year did not exceed a predetermined sum. Stockton had just recently undertaken a successful Consortia tender for Insurance, in conjunction with Darlington. The impact of that was being analysed in readiness for the 2009/10 budget cycle and would feed into the overall budget process.

It could be seen that there had been a marginal drop in the total highway claims numbers year on year but those for footways continued to fluctuate and there was no discernible trend from which to draw any reliable conclusions and spending the money saved up on repairs could not prove that it would make the numbers in claims drop, also that a claimants had 3 years to make a claim for a personal injury and if it were a minor had 3 years after their eighteenth birthday to make a claim and then this could take several years to come to a settlement.

The Committee also requested information on the following:

- A comprehensive definition of pavement parking, when/where it was or was not allowed.
- The extent that highways are affected by Planning Committee with regard to the numbers of spaces that were allowed per household in order to discourage car use.

RESOLVED that the report be noted