

Cabinet (Performance Management) Panel

27 February 2017

Report title	Performance Management Information Legal Liability Claims	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Key decision	No	
In forward plan	No	
Wards affected	All	
Accountable director	Mark Taylor, Finance	
Originating service	Corporate Assurance	
Accountable employee(s)	Jayne Goddard-Mills Tel Email	Corporate Assurance Manager 01902 554567 Jayne.goddard- mills@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	20 December 2016

Recommendations for noting:

The Cabinet (Performance Management) Panel is asked to note:

1. There is a high level of assurance that the Council has robust and compliant claims handling processes in place which reduces the financial exposure to the lowest possible level on claims the Council is legally liable to settle.

1.0 Purpose

- 1.1 To report the outcome of a benchmarking exercise of the Council's performance relating to the handling of legal liability claims compared to the national performance of defendants in the UK both within the public and private sector. National performance information is published by Claims Portal Ltd acting on behalf of the Ministry of Justice.

2.0 Background

- 2.1 In order to minimise the liability to pay legal fees on admitted claims for compensation defendants must ensure they adhere to the Civil Procedure Rules (CPR) specifically relating to compliance with mandatory timescales with regard to actions required at various stages throughout the life cycle of each claim. Failure to adhere to the CPR result in claims exiting the Ministry of Justice's Claims Portal and higher level legal fees become payable based on increased rates plus a percentage of the damages on each case which otherwise would be avoided. It is therefore desirable for the minimum number of claims to exit the Claims Portal due to non-compliance to reduce these avoidable additional costs down to the lowest level possible.

Three year summary since implementation	National Performance		City of Wolverhampton Council Performance	
Number of public liability claims	203,383		355	
Number liability admitted/progressed to Stage 2	86,664	(42.61%)	89	(25.07%)
Number exiting at Stage 1 (this would include repudiations)	16,719	(57.39%)	266	(74.93%)
Number exited Stage 1 due to timeout (failure to comply with timescales)	42,389	(36.32%)	NIL	

Impact on Wolverhampton council and / or city

Not all claims which exited the portal at national level would go on to be admitted claims where any payment would be made. If an estimated half of the claims which exited due to timing out went onto be admitted this would have cost the industry in the region of £20 million in avoidable legal fees during this period.

By contrast the council's exposure to these additional legal fees has been NIL.

Additionally a comparison has been made between the average level of damages paid by the council compared to nationally recorded levels.

Average cost of damages paid at the City of Wolverhampton Council compared to national average cost				
Year	National Employers Liability	CWC Employers Liability	National Public Liability	CWC Public Liability
2013	£2,380	£2,511	£2,174	£1,821
2014	£3,360	£2,627	£3,393	£2,168
2015	£3,800	None yet settled	£3,827	£1,089

The council can evidence settlement of claims is being achieved at the lowest possible level and below the average cost of settlements nationally.

3.0 Financial implications

- 3.1 There is a level of assurance derived from this benchmarking exercise which indicates that the Council has robust claims handling processes in place. Claims below the policy excess of £250,000 are funded directly by the Council, supported by the Insurance Reserve. The funds within this reserve stood at £2.4 million on 1 April 2016. The robust claims handling processes adopted, together with the claims experience of recent years, should maximise the potential for the Council securing a competitive deal in the forthcoming insurance tender in 2017.
[GE/10022017/K]

4.0 Legal implications

- 4.1 The council is meeting the statutory requirements of the Civil Procedure Rules
[TS/08022017/S]

5.0 Equalities implications

- 5.1 There are no equalities implications.

6.0 Environmental implications

6.1 There are no environmental implications.

7.0 Human resources implications

7.1 There are no human resources implications.

8.0 Corporate landlord implications

8.1 There are no corporate landlord implications.

9.0 Schedule of background papers

9.1 Strategic Executive Board Briefing Note 20 December 2016 – Performance Management Information – Legal Liability Claims