

COMMITTEE	Communities, Housing and Infrastructure
DATE	24 May 2017
REPORT TITLE	Council housing – compensation claims and household insurance scheme
REPORT NUMBER	CHI/17/087
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1. PURPOSE OF REPORT

1.1 In response to notice of motion raised at the Communities, Housing and Infrastructure committee the Director of Communities, Housing and Infrastructure was instructed to bring this report to the next committee meeting (i) on the need to publicise information regarding the Council Scheme for making compensation claims against the Council relating to Council Housing Property so as to inform the public and key stakeholders as to the appropriate processes for this scheme, and (ii) on the need to publicise the Council housing tenants household insurance scheme to council house tenants.

2. RECOMMENDATION

2.1 Committee is recommended to approve the providing of additional information regarding making of compensation claims against the Council relating to Council Housing Property and the Council housing tenants household insurance scheme as set out at paragraphs 3.1.3 and 3.2.3.

3. MAIN ISSUES

3.1 Compensation claims

3.1.1 The Council has a long established process for making compensation claims against the Council's insurance relating to Council Housing Property. In summary, a party wishing to make a claim would request a report form. The incident is investigated by officers prior to submitting to the Council's insurers.

3.1.2 The Council currently provides information on its insurance arrangements on our Website and in addition officers may advise parties of the scheme through engagement usually when parties raise concerns about suffering loss that they consider the Council liable for. Information on the Council's insurance is available at the following link:

http://www.aberdeencity.gov.uk/council_government/performance/financial_information/cg_finance_corporate_insurance.asp

- 3.1.3 While the Council has insurance in place care must be taken not to promote how to make a claim against the Council. We need to avoid raising expectations that claims would be successful. Our current insurance policy may provide compensation in the event that it is proven that the Council has been negligent. Due to the robust policies and procedures in place at the council, the claims defensibility rate is very high and the vast majority of claims are unsuccessful.
- 3.1.4 Further, additional claims will generate additional demands on Council staff and for each claim submitted to our insurer, a charge of approximately £225 is made to the Council. Over the five year period from 2012 – 2017 a total of 1,304 claims were settled that were relevant to Council housing. It is not possible to accurately estimate the potential number of claims that may arise through providing additional information, however if this generated an additional 10% claims then this would equate to approximately 26 additional claims per year and £5,850 additional cost to the HRA.
- 3.1.4 To ensure that the scheme is appropriately publicised the following actions are proposed:
- I. Publication of an Insurance article in the next edition of Newsbite, the Council housing tenants magazine linked to the Council's tenants insurance scheme detailed below.
 - II. Communication to all elected members providing information about making claims (consistent with the information on the Council's website).
 - III. A reminder provided to relevant property and housing management staff on the process.

3.2 Council housing tenants household insurance scheme

- 3.2.1 'Pay As You Go' Home Contents Insurance is available to all Aberdeen City Council Tenants. The Council commissions an external provider for this service at no cost to the Council. Unlike some insurance schemes, it is available to all City Council tenants and there are no restrictions regarding property type, construction method or postcode area. It is however subject to the completion of a satisfactory application form, which tenants can complete online or via a paper application form. There are currently around 14% (3,029) tenants on the household insurance scheme. While some of the tenants not on the Council insurance scheme will have other insurance arrangements, many tenants will not hold suitable household contents insurance.
- 3.2.2 The following methods are currently used to advertise the scheme:
- I. All new tenants are provided with an information leaflet and officer advice when signing their tenancy agreement.
 - II. Information is published on the Council website.
 - III. Information leaflets are available at housing offices.
 - IV. 'Word of mouth', promotion by property and housing management staff.
 - V. Annual article in Newsbite magazine. An article will be included in the August/September 2017 edition along with a 'flyer' further publicising the scheme.
- 3.2.3 A comprehensive approach to routinely publicising the scheme is already in place. It is therefore proposed that a special campaign is run to coincide with the Newsbite publication. This would take place over a two week period and involve property and housing management staff highlighting the scheme to tenants in each engagement over that period. In addition, the scheme will be publicised on the front page of the Council website, promotional display banners in housing office receptions and by social media. Care will be taken by officers not to recommend the scheme because

the Council is not approved by the Financial Conduct Authority to provide recommendations on this financial product.

4. FINANCIAL IMPLICATIONS

- 4.1 Publicising the scheme for making compensation claims against the Council relating to Council Housing Property creates risks of further cost to the Housing Revenue Account (HRA).

It is not possible to accurately estimate the value of any potential cost at this time. It is however considered that any impact would have minimal impact. Based on a 10% increase in claims modelled on claims received over the past five years the cost would be £5,850.

- 4.2 The costs for promoting the tenants household insurance scheme will be minimal as any marketing materials (flyers, etc) will be provided by the insurance broker.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

- 6.1 Financial – as earlier stated there is risk of additional costs to the HRA arising from additional claims potentially increasing premiums and costs incurred for each claim submitted. Continuing to provide consistent quality and reliable services provides mitigation. Risk is assessed as low based on an appropriate approach to making information available on our insurance arrangements. However, this risk would increase if the process is extensively promoted and in a way that raises unrealistic expectations of success.

- 6.2 Employee – an increased number of claims will impact on workload, however this is mitigated by continuing to provide consistent quality and reliable services and guidance notes on the scheme operation. This risk is also considered to be low however this increases for the same reason explained above.

7. IMPACT SECTION

7.1 Economy

- 7.1.1 This report has no significant impact on the economy.

7.2 People

- 7.2.1 People may benefit through having a new or improved household contents insurance policy. There is also a potential benefit to a small number of people who will subsequently be made aware of the compensation process and then made a successful claim, that would not otherwise have occurred due to lack of access/awareness of the scheme.

7.3 Place

- 7.3.1 This report has no significant impact on place.

7.4 Technology

7.4.1 This report has no significant impact on technology.

8. BACKGROUND PAPERS

8.1 [Procurement – Tenants Home Contents Insurance Scheme – report to Communities, Housing and Infrastructure committee on 24 January 2017](#)

9. APPENDICES

None

10. REPORT AUTHOR DETAILS

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