

Cabinet Committee on Performance Improvement

Meeting to be held on 22 November 2012

Electoral Division affected: All

Highway Compensation Claims

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Executive Summary

Since the 1 June 2007, 6863 incidents have occurred leading to Lancashire County Council receiving public liability highway claims (as of 31 May 2012).

Of claims received between 1 January 2008 and 31 December 2011, on average;

- 49% are the result of personal injury
- 45% are the result of vehicle damage
- 5% are the result of property damage / loss of property

Approximately 26% of all public liability highway claims received are settled with payment.

Recommendation

The committee is recommended to note the contents of this report and the proposed action to ensure that the County Council has the most robust performance management approach possible.

Background and Advice

Key to the successful defence of public liability highway claims is a rigorous system of highway safety inspections in accordance with the requirements of Section 41 and 58 of the Highways Act 1980. These inspections identify defects which pose a risk to highway users. It is also important that repairs are then programmed with priorities based on the level of risk, in accordance with the County Council's code of practice for highway safety inspections.

The number of highway claims received is linked to claims management industry activity as well as the absolute condition of the network. The County Council's experience is that costs associated with defending highway claims have been disproportionate to the value of the claim, where the claimant is successful. From the 1 April, the Government will be implementing changes whereby those costs will be reduced. However compensation amounts will be increased by 10%. Overall the

proposals are thought to be more favourable to defendants than to claimants but the picture remains uncertain. As these proposals will only relate to claims lodged after 1 April it should be noted that the impact of these reforms will not be evident for some time.

Analysis

Since the 1 June 2007, 6863 incidents have occurred leading to Lancashire County Council receiving public liability highway claims (as of 31 May 2012).

The table below shows the policy year in which the incidents occurred and the total amount that has been paid to date against these claims.

The Number of Incidents Occurring by Policy Year Resulting in Public Liability Highways Claims		
Policy Year (1 June to 31 May)	* Incidents Occurred	** Total Amount Paid to date on Settled Claims
2007/08	1532	£3,401,189
2008/09	1438	£3,412,607
2009/10	1508	£2,728,178
2010/11	1590	£1,449,235
2011/12	795	£100,398

** Note: The number of incidents stated above may rise as an adult has 6 years to submit a damages claim or 3 years to submit a personal injury claim following the date the incident took place. Additionally if a claimant was a minor when the incident took place and a claim was not submitted on their behalf before they turned 18, they have until their 21st birthday to submit a claim.*

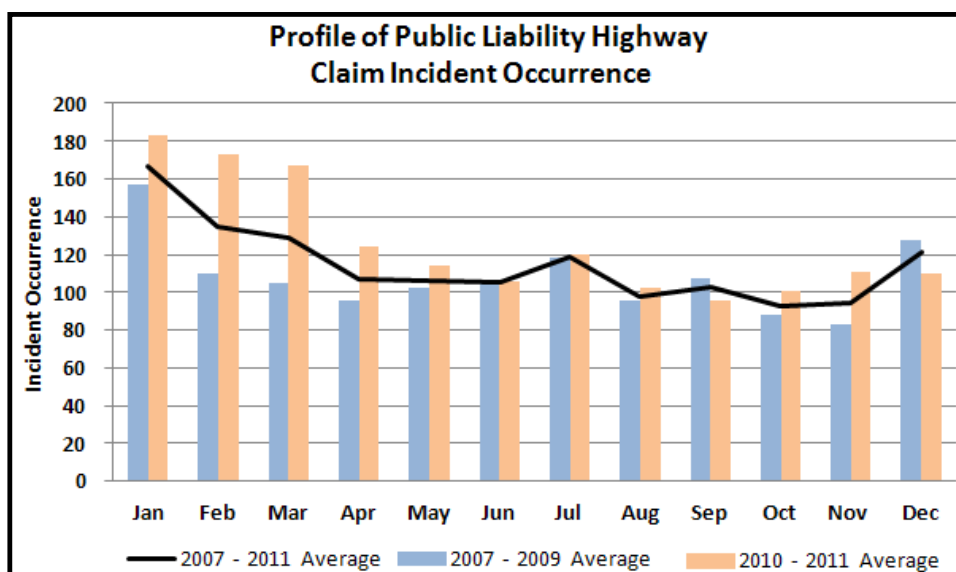
*** Note: The amounts stated may increase if outstanding claims are settled with payment.*

Analysis of claims received between 2008 and 2011 highlights the following three main causes;

1. Personal injury accounts for an average of 49% of claims received. Of these an average of 67% have been settled with payment
2. Vehicle damage accounts for an average of 45% of claims received. Of these an average of 27% have been settled with payment
3. Property damage accounts for an average of 5% of claims received. Of these an average of 4% have been settled with payment

Approximately 26% of all public liability highway claims received are settled with payment

The chart below shows the monthly profile of public liability highway claim incident occurrences between 2007 and 2011. The trend data indicates that there is an increase in incidents during winter months, which have been more prevalent in 2010 and 2011. However, without further investigation and analysis it is not possible to confirm a reason for this trend.



Actions

In recent months, the 'one team' approach to highway works has led to a consolidation of both highway maintenance management and operations within the Environment Directorate. The County Council has also recently brought in house the highway safety inspection service. The integration of these services together continued collaborative working with Legal and Financial Services will be utilised to undertake further work to ensure we have the most robust performance management approach possible.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

The County Council's policy for the management of highway defects is designed to mitigate risk to both the public and the authority.

List of Background Papers

N/A

Reason for inclusion in Part II, if appropriate

N/A