

**CABINET**  
**16 OCTOBER 2024**  
**MEMBERS' QUESTIONS**

**Councillor Rob Willson**

For as many financial years as there is data available, please can you provide the annual cost to Shropshire Council of the following:

- a. Motor vehicle insurance
- b. Damage to the road network and associated infrastructure caused by crashes and collisions

**Response to Part A**

*The management of insurance across the authority is complex and constantly revised to reflect the requirements of the council, the way services are provided and the insurance market environment at that time.*

For example, analysis of our fleet and accident data means that it is generally cheaper to self-insure for those elements we legally can. We maintain an insurance fund for this and other purposes.

A detailed analysis of our motor insurance arrangements from 2014/15 is appended to this response but I do not intend to read this out. I will be happy to deal with any follow up questions you may have, having reviewed the information provided.

Notes:

- The Council opts to self-insure own damage for the main vehicle fleet, and as such external premiums only reflect cover for Third Party losses/injury (cover required by law).
- Since 2014/2015 we have held a £10,000 excess against the main fleet – own damage losses, and payments below the £10,000 excess are met from the internal insurance fund.
- Insurance charges to service areas allow for a recovery of external premiums, plus a contribution to the internal insurance fund to meet claims payments due.
- A standalone policy was introduced for Shropshire Town & Rural Housing (STaR housing) in 2021/2022, following the decision that the Transport Team would no longer manage STaR's fleet – the cover is on a fully comprehensive basis (£250 excess) and is directly recharged.
- From 2022/2023 the Pool car fleet has been insured on a comprehensive basis with a £100 excess.
- Premiums are based on declared vehicle numbers at each renewal - which fluctuate each year.
- Costs stated are inclusive of insurance premium tax (at the relevant rate applying).
- Policy years run from 1<sup>st</sup> April.

Policy Year	Main Fleet		STaR Housing		Pool Cars		Total external Premium
	Cover basis	Premium	Cover basis	Premium	Cover basis	Premium	
2024/2025	£10k x/s - Third Party only	£45,018	£250 x/s Comprehensive	£40,166	£100 x/s Comprehensive	£9,553	£94,736
2023/2024	£10k x/s - Third Party only	£49,652	£250 x/s Comprehensive	£62,737	£100 x/s Comprehensive	£4,628	£117,018
2022/2023	£10k x/s - Third Party only	£41,504	£250 x/s Comprehensive	£41,750	£100 x/s Comprehensive	£4,677	£87,931
2021/2022	£10k x/s - Third Party only	£39,864	£250 x/s Comprehensive	£20,193			£60,057
2020/2021	£10k x/s - Third Party only	£64,323					£64,323
2019/2020	£10k x/s - Third Party only	£40,065					£40,065
2018/2019	£10k x/s - Third Party only	£77,308					£77,308
2017/2018	£10k x/s - Third Party only	£75,855					£75,855
2016/2017	£10k x/s - Third Party only	£75,659					£75,659
2015/2016	£10k x/s - Third Party only	£73,176					£73,176
2014/2015	£10k x/s - Third Party only	£73,379					£73,379
2013/2014	£Nil x/s - Third Party only	£162,724					£162,724
2012/2013	£Nil x/s - Third Party only	£162,929					£162,929
2011/2012	£Nil x/s - Third Party only	£162,929					£162,929
2010/2011	£Nil x/s - Third Party only	£161,715					£161,715
2009/2010	£Nil x/s - Third Party only	£158,242					£158,242

## **Response to Part B**

Shropshire Council's green claims process, developed in collaboration with Kier, streamlines the recovery of damages caused to highway network assets, typically from insurance companies. This new process was introduced in January 2022 to improve debt recovery and to relieve financial pressures on the revenue budget. Green claims refers to claims made against third parties for highway asset/ infrastructure damage.

The following table provides details of the costs recovered from insurance companies after Kier's administrative fees and since Kier have taken on the process of recovering costs for damage to the council's highway infrastructure.

Green Claim Recovery Value to SC Financial year Apr-March (unless stated otherwise)		
22-23	July-March	£78,645.75
23-24		£109,958.15
24-25	Apr-Sep	£107,278.24

### **Councillor David Vasmer**

Figures publicised in The Shropshire Star on 5th October suggest that over the last three years Shropshire Council has paid out £403,000 for repairs caused by potholes with the highest annual payment being made in the last year of 2023-2024 of £162,514.

Do records for spending in this financial year suggest that this level of spending has increased or decreased?

How much has the Council paid out in each of the last five years for pothole compensation and for each of those year's payments, in which year the damage compensated for was done.

Could, the Portfolio Holder, Cllr Dan Morris, confirm that Shropshire has the fourth highest payout for pothole compensation in England?

What action is the Cabinet Member taking to bring down the excessive expense of pothole compensation which the Council can ill afford in its current financial predicament? What learning has he found from other much higher performing Highways Departments to help reduce this damage to our resident cars?

Clearly the Council's Highways Contractor Kier should take responsibility for some of these potholes which are often caused by the failures of their repairs. Could Cllr Morris let us know how Kier is being held to account for this when the failure in their repairs is leading to claims for compensation?

## **Response**

The simplicity of the figures quoted in the press last week, undermines the subject's complexity as each year includes claims for up to the previous 6 years. Shropshire Council is not in control of which year a claimant elects to submit a claim, therefore the figures set out in the table are more reflective of Claim Company's marketing campaigns, than in-year highway defects.

Lifting figures out of context is always likely to paint a picture that is not reflective of the service it relates to. Like many authorities, Shropshire Council's highway assets have suffered from long-term under-investment, with the national backlog now estimated to be over 15 billion.

Shropshire's highways service has embraced these challenges and, in response, pioneered what is commonly described as a "mixed economy" service model. This now sees highways maintenance activities carried out by the council directly—using a permanent and interim workforce—plus directly employed local subcontractors alongside Kier.

This financial year alone has seen an increase in productive output on repairs of 46% (50% of which were carried out within five days) At the same time, the average cost to the council of repairing a pothole has fallen by 66% in the past four years and is now below the national average. One of the most recent service changes has seen responsibility for defect repairs on A&B roads come back under Shropshire Council's full council control. This is the area that presents the greater insurance risk. Since the 1<sup>st</sup> April 2024, there has been a 42% reduction in defect numbers on the A&B road classifications.

This model and the repair system that sits alongside it has received national recognition, with Shropshire Council winning both the Highways Magazine Award for Partnership working and also the Department for Transport Special Recognition Award.

## **Councillor Rosemary Dartnall**

The new green waste system began on 1 October. On 4 October councillors learned substandard stickers had been sent to residents. A keystone of the system was the provision of stickers that identified bins belonging to subscribers who have paid an extra £56 fee. The stickers were supposed to be near-indestructible but proved to be far from it: they were peeling off in light rain.

It's welcome that officers and the Portfolio Holder acted promptly to rectify the situation.

Please clarify the following;

- Has the council recovered all costs for manufacture of the faulty stickers?
- Were all delivery costs paid by the supplier or were some costs paid by Shropshire Council?
- If delivery has cost Shropshire Council at all, how will these sums be recovered?
- Who pays for an unbudgeted, extra month running the old system?
- How will customers be informed of the changed operating dates for the old and new systems and how much will this cost?
- Will the supplier compensate the council for all costs and for the reputational damage associated with this very public error?

Finally, the green waste system was set to reduce significantly the council's costs under the contract with Veolia. A substantial saving is budgeted in this financial year, but, until recently at least, the matter had not been resolved. When will these multi-million pound savings be confirmed in this tight financial year?

### **Response**

Much of your question was answered in the email Cllr Nellins sent to all members on 04 Oct

Has the council recovered all costs for manufacture of the faulty stickers?

The council has not been invoiced and have made our position clear that we will not be paying any money for the first batch of faulty stickers that where delivered.

The Green Waste subscription stickers have not been produced to the required and requested specification. For that reason we have cancelled the contract with the provider, and will not be paying for a sub-standard product. We have now sourced a new provider who will be able to produce stickers to the necessary specification. They will be capable of producing these within 2 weeks. Residents who already received a sticker will get a replacement. The cessation of the service for those who have not subscribed will be put back to the 4<sup>th</sup> November and the paid service will run until the end of October 2025.

Were all delivery costs paid by the supplier or were some costs paid by Shropshire Council?

As above

If delivery has cost Shropshire Council at all, how will these sums be recovered?

As above

Who pays for an unbudgeted, extra month running the old system?

The cost of the present service is budgeted for, so there are no additional costs.

How will customers be informed of the changed operating dates for the old and new systems and how much will this cost?

We have used the usual platforms, website, Facebook, twitter, local media and have also emailed all the existing subscribers with the revised collection information, all these are at no additional cost.

Will the supplier compensate the council for all costs and for the reputational damage associated with this very public error?

The council will be paying no costs, as there were no performance penalties associated with the agreement there will also be no compensation.

Finally, the green waste system was set to reduce significantly the council's costs under the contract with Veolia. A substantial saving is budgeted in this financial year, but, until recently at least, the matter had not been resolved. When will these multi-million pound savings be confirmed in this tight financial year?

Subscribers pay the £56 and this is transferred directly into the relevant Council account, we have circa 60,000 households now registered and have received over £3.25m in revenue, with the subscription window not due to close until the end of March 2025 we anticipate that this will still significantly increase.