

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

30 JUNE 2008

REPORT OF THE DIRECTOR OF FINANCE

CORPORATE RISK AND INSURANCE MANAGEMENT

1. EXECUTIVE SUMMARY

- 1.1. This report provides information to Members on recent progress made against the objective for these services and the anticipated developments in the coming months.

2. INSURANCE MANAGEMENT PROGRESS

- 2.1. Liability claims statistics as at the end of the financial year have been compiled. These indicate that the account is still performing ahead of actuarial expectations. A total of 442 public liability claims and 39 employers liability claims were received in the 2007/08 account year. This compares favourably with figures of 478:32 for 2006/07 and 438:48 for 2005/06. Repudiation rates remain high and the real term cost of liability claims remains at relatively low historic levels.
- 2.3. Of the eleven liability cases listed for trial there were two wins, four cases discontinued by the claimants with full recovery of Wirral costs, one case compromised with each side bearing their own costs, three cases settled and one case lost. Judgement was also received on two matters that had been heard in the preceding quarter and both cases were successfully defended and full legal costs recovered.
- 2.3. Comprehensive claims data has been provided to actuaries Aon Limited to enable them to undertake the 2008 liability funding study. The draft report is expected shortly and will form the basis of a detailed report to Cabinet.
- 2.4. The Liability, Motor, Engineering and Computer Insurance Policies were renewed in April 2008. Costs rose in line with the index of average earnings as built into the contracts. The insurers sought to raise the maximum self-insured limit for Liability claims but officers successfully defended the existing limit and this will continue for 2008/09.
- 2.5. Responses to the Property Insurance tender were received on 7 May 2008 and reported to Cabinet on 22 May 2008. This showed that savings have been achieved and also the costs which would be incurred for extending the scope of the cover.

- 2.6. In view of the legal panel contractors' positive performance throughout the duration of the three year contract the two year option to extend has been taken up with both current services providers. This service will next be formally tendered in April 2010.
- 2.7. No formal supplier quality reviews were scheduled for this reporting period. The monitoring of claims handlers, solicitors and chambers continued and has not indicated any significant areas of concern.
- 2.8. Meetings have been held to further the settlement proposal received for the Rock Ferry High School claim. There continues to be a rigorous challenge in order to obtain the maximum settlement from insurers.

3. CORPORATE RISK MANAGEMENT – PROGRESS

- 3.1. The Risk and Insurance Officer attended a 'Reshaping Risk Management' conference on 6 May 2008. This addressed the subject of developing best practice in risk management with particular reference to the Comprehensive Area Assessment (CAA) regime which is to be introduced in 2009. The team contributed to a forward planning session held on 20 May 2008 concerned with coordinating the Council approach to the CAA.
- 3.2. An entry has been submitted to the ALARM (Association of Local Authority Risk Managers) 2008 Awards in respect of the Department of Adult Social Services' Load Management Training programme. The submission has been shortlisted and the awards ceremony takes place tonight (30 June 2008).
- 3.3. Following the success at the 2007 ALARM awards a presentation was delivered to ALARM North West on 14 May 2008 concerning the winning submission.
- 3.4. Cabinet on 3 April 2008 agreed the timing and content of the Financial and Performance Management reports for 2008/09. This included the regular monitoring of the Corporate Risk Register and standard documentation and guidance for departments has been developed.
- 3.5. A sustainability risk workshop assessing the risks around meeting the sustainability targets involving the Council and other local agencies was held on 22 May 2008.

4. INSURANCE MANAGEMENT – ISSUES FOR NEXT PERIOD

- 4.1. Liability claims statistics for quarter 2 of 2008/09 will be compiled.
- 4.2. The results of the annual actuarial assessment and liability funding study will be received and analysed. This will then be the subject of a detailed report to Cabinet.
- 4.3. There are currently nine claims scheduled for an initial court hearing in the next quarter together with one secondary appeal hearing.

- 4.4. A further meeting intended to reach agreement on the sum to be paid by the insurers in respect of the Rock Ferry High School fire will take place in June. It is hoped that this matter will finally be resolved within this reporting period.
- 4.5. Subject to Cabinet approving the property insurance arrangements, the new policies and claims procedures will require a programmed induction.

5. RISK MANAGEMENT – ISSUES FOR NEXT PERIOD

- 5.1. The Corporate Risk Management Strategy will be reviewed. Any proposed changes will be considered by the Corporate Improvement Group prior to the revised strategy being reported to Cabinet on 23 July 2008.
- 5.2. A Risk Monitoring report for the quarter ended 30 June 2008 is to be compiled and will be part of the corporate quarterly report presented to Cabinet on 14 August 2008.
- 5.3. The Risk & Insurance Officer is attending the 2008 ALARM Conference in Birmingham on 30 June 2008. At the event the winners of the 2008 ALARM awards will be announced.
- 5.4. Further risk management training sessions for Members are to be delivered on 3 and 17 July 2008.

6. FINANCIAL IMPLICATIONS

- 6.1. There are none arising directly from this report.

7. STAFFING IMPLICATIONS

- 7.1. There are none arising directly from this report.

8. EQUAL OPPORTUNITIES IMPLICATIONS

- 8.1. There are none arising directly from this report.

9. ENVIRONMENTAL IMPACT STATEMENT

- 9.1. There are none arising directly from this report.

10. LOCAL MEMBER SUPPORT IMPLICATIONS

- 10.1. There are none arising directly from this report.

11. BACKGROUND PAPERS

- 11.1. Agendas and minutes of meeting with AON Limited and data from the Figtree claims database.
- 11.2. Liability claim statistics.

12. PLANNING IMPLICATIONS

- 12.1. There are none arising directly from this report.

13. RECOMMENDATIONS

- 13.1. That new Members of the Council, Cabinet, Audit & Risk Management Committee and Finance and Best Value Overview and Scrutiny Committee be encouraged to attend the Risk Management training sessions arranged for July.
- 13.2. That a further report be presented to the next meeting.

IAN COLEMAN
DIRECTOR OF FINANCE