

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

19 SEPTEMBER 2012

SUBJECT	CORPORATE RISK AND INSURANCE MANAGEMENT
WARD/S AFFECTED	ALL
REPORT OF	INTERIM DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR PHIL DAVIES
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report details progress made since the last report in relation to the objectives for corporate risk and insurance management and anticipated developments in the coming months.

2.0 BACKGROUND AND KEY ISSUES

Insurance Management progress

- 2.1 Liability claims statistics for Q1 2012/13 were completed. The statistics indicate that with the exception of anomalous clusters of Employers Liability cases the account continues to perform within expectations. Current funding levels are considered to be adequate.
- 2.2 The repudiation rate for highways claims has been maintained at around 90% indicating that a sound system of highway inspection and repair is in operation. Discussions have been held with the Department of Technical Services over the level and application of budgets needed to ensure that these figures can be maintained.
- 2.3 The Council continues to receive claims of an unusual nature. Self represented claimants using the claims process to progress unmeritorious or vexatious claims continue to occupy a large proportion of time. These cases are costly to defend as irrespective of the merits the Council must investigate and formally respond to each allegation. The Council recently had one such claim struck out with £14,000 of costs awarded against the claimant and the means for recovering these costs are currently being considered.
- 2.4 The outcome of the in-house review of Insurance Fund reserves and provisions was incorporated into the Insurance Fund Annual Report presented to Cabinet on 21 June 2012. Cabinet endorsed the release of £166,000 to the General Fund balance. The methodology of the review has been investigated by the Audit Commission as part of the audit of the Statement of Accounts.

2.5 An outline project plan has been drawn up for the tendering of the Council's Property Insurance in 2013 and an initial planning meeting was held with the authority's insurance brokers JLT.

2.6 Renewal terms for those policies expiring on 29 June 2012 were received:-

Policy	Insurer	Estimate	Actual	Difference
		£	£	£
Property & BI	Zurich Municipal	241,640	268,540	26,900 *
Terrorism	Zurich Municipal	70,440	78,650	8,210 *
Money	Zurich Municipal	2,600	2,290	-310
All Risks	Zurich Municipal	24,880	24,780	-100
Fidelity Guarantee	Zurich Municipal	38,000	36,980	-1,020
Personal Accident & Business Travel	ACE Europe	6,150	6,230	-80

* The difference arose because the estimates excluded 3 schools that were expected to have converted to Academy status prior to renewal. The schools did not convert and so were included in the 2012/13 renewal. All premiums will be recovered in full from the schools concerned and there will be no impact on the General Fund.

2.7 A full revaluation of the Council's civic regalia and the silver collection in the Williamson Art Gallery was undertaken in the week commencing 25 June. The valuation report is currently awaited.

2.8 Information has been gathered and submitted to insurers ahead of the renewal of the Marine insurance contract on 30 September 2012. Renewal terms are awaited and will be reported to the next meeting of this Committee.

2.9 Hilbre High School converted to Academy status on 1 July. The stand alone insurance package referred to in previous reports has been used. Insurance packages for those schools that had previously converted to Academies have been renewed to a common date of 1 September 2013 to enable a joint marketing exercise to be undertaken next year. St John Plessington Catholic College is in the process of converting to an academy and discussions are on-going in relation to Council support through a stand alone insurance package.

2.10 In respect of joint working Sefton Council requested support and Wirral has begun a peer review of Sefton's insurance and claim handling arrangements. Warrington Borough Council also requested assistance with a similar review but this had to be declined because of insufficient capacity.

Risk Management Progress

2.11 An upgraded version of the Concerto project management system designed to meet the Council's specification in relation to the recording and reporting of risk information was released in mid-July. Testing has identified some minor gaps in functionality that are being addressed by the company.

- 2.12 A review of the Corporate Risk Register was undertaken at the end of Q1 2012/13. The results were included in the Corporate Risk Monitoring Summary that forms an appendix to the Corporate Performance and Financial Review reported to Cabinet in October 2012.
- 2.13 Support was given to the Executive Team in compiling a draft register of key risks to delivery of the draft Improvement Plan presented to Cabinet on 6 September 2012.
- 2.14 A training session providing Members with an introduction to the principles and practice of managing risk was delivered on 17 September 2012.
- 2.15 Members of the Risk & Insurance Team attended the ALARM (Association of Local Authority Risk Managers)) Professional Development Forum in Manchester at the end of June. The seminars and lectures attended included the building of a risk aware culture, the embedding of risk management, the risks associated with collaboration and shared services and the impact of reductions in resources on the Council's legal liabilities. The knowledge gained will be used in developing the Council's Risk Management Framework that is a key project in the Improvement Plan.
- 2.16 The election of a member of the Risk & Insurance Team to the national board of ALARM was confirmed during the Forum. This appointment formalises the Council's leading role in respect of the civil justice reforms process and provides a valuable source of information in developing best practice for both insurable and strategic risk issues.

Insurance Management – Issues for Next Period

- 2.17 The Council will continue to work with others in taking forward the Lord Justice Jackson Review in connection with the process of reform to civil litigation costs. With a representative on the ALARM Board Wirral continues to play a leading role on behalf of local authorities.
- 2.18 The management of liability claims is expected to continue demanding a substantial part of the available capacity.
- 2.19 The valuation report on the Council's civic regalia and silver collection should be received. This is expected to lead to an increase in the sum insured and consequently the annual premium.
- 2.20 More work will be undertaken in relation to the tender for the Property, Business Interruption, Money, Fidelity Guarantee and Personal Accident/Business Travel insurance.
- 2.21 The Insurance Fund budget for 2013/14 will be compiled and presented to Cabinet in November 2012.

- 2.22 The peer review for Sefton Council will be concluded and findings submitted. Any areas of good practice that can be used to benefit Wirral will be identified and incorporated in Wirral's claims handling and management arrangements.

Risk Management – Issues for Next Period

- 2.23 The Executive Team will undertake the quarter 2 review of the Corporate Risk Register as part of the corporate Performance Monitoring process and the risk arrangements in respect of the Improvement Plan will be reviewed and updated.
- 2.24 The Improvement Plan project to take Risk Management forward through the revision and implementation of a revised Risk Management Framework will be progressed. Cabinet have previously agreed to an approach that factors in the British Standard for Risk Management and recognises best practice from other authorities. This project will initially be progressed through the Chief Executive and Executive Team.
- 2.25 Any outstanding issues concerning the risk functionality of the Concerto system are expected to be resolved.

3.0 RELEVANT RISKS

- 3.1 No decisions are required in relation to this report so there are no relevant risks or opportunities to report.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 These are not applicable in respect of this monitoring report.

5.0 CONSULTATION

- 5.1 No specific consultation has been undertaken with regard to this report.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are no implications arising directly from this report.

7.0 RESOURCE IMPLICATIONS

- 7.1 The Academy Schools initiative continues to generate additional income that is used to offset insurance administration costs and reduce the costs charged to Schools and the General Fund.
- 7.2 Although under pressure there are sufficient resources to deal with insurance responsibilities. However the additional work required as a result of the Improvement Plan project will not be capable of being delivered in full from within existing staff resources and this will be the subject of a future report.

8.0 LEGAL IMPLICATIONS

8.1 There are none arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

9.1 There are no implications for equality arising from this report which is a monitoring report so an Equality Impact Assessment is not required.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 RECOMMENDATION

12.1 That the progress reported and issues for the next period in respect of Corporate Risk and Insurance Management be noted.

13.0 REASON FOR RECOMMENDATION

13.1 Regular update reports are presented to this Committee on the work around Risk and Insurance that seek to support the Risk Management Strategy and maintain the successful management of the Insurance Fund.

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REFERENCE MATERIAL / SUBJECT HISTORY

Council Meeting	Date
Audit & Risk Management Committee – Corporate Risk & Insurance Management	A report is presented to each meeting of the Committee.