

## WIRRAL COUNCIL

### AUDIT & RISK MANAGEMENT COMMITTEE

29 JUNE 2009

### REPORT OF THE DIRECTOR OF FINANCE

### CORPORATE RISK AND INSURANCE MANAGEMENT

#### 1. EXECUTIVE SUMMARY

1.1. This report provides information on the corporate risk and insurance management objectives for 2009/10, details recent progress made against the existing objectives and the anticipated developments in the coming months.

#### 2. OBJECTIVES FOR 2009/10

2.1 The principal areas of responsibility remain as the following:-

- (i) Procuring appropriate and cost effective external insurance cover and claims handling service.
- (ii) Managing the Insurance Fund.
- (iii) Handling internally insured claims.
- (iv) Managing the performance of claims handlers and legal providers.
- (v) Producing the insurance budget.
- (vi) Facilitating and providing training to Members and officers
- (vii) Supporting Members Chief Officers and the Local Strategic Partnership in improving the approach to managing risk and opportunity.
- (viii) Supporting Council Departments and the Local Strategic Partnership in the identification, analysis and management of risk.

2.2 In relation to the above there are a number of significant tasks which need to be addressed during 2009/10. The tasks and target dates for completion are:-

Tasks	Target date
Review of funding for insured liabilities	May 2009
Negotiate renewal of Property insurance contracts	June 2009
Review of Corporate Risk Register	June 2009
Review of Corporate Risk Management Strategy	July 2009
Audit of external liability claims handlers' performance	August 2009
Support Chief Officers reviewing the Corporate Risks	Autumn 2009
Production of 2010/11 Insurance Fund budget	November 2009
Review of key departmental risks for 2010/11	February 2010
Procurement exercise for Liability insurance claims handling and legal defence	March 2010
Support the Corporate Improvement Group in managing the Corporate Risk Register	Ongoing
Embed a defined approach to managing risk in Council partnerships	Ongoing

## 2. **INSURANCE MANAGEMENT PROGRESS**

- 2.1. Annual and quarterly liability claim statistics up to the end of 2008/09 have been compiled. Overall performance remains good, with historic low levels in terms of numbers of new claims submitted and the cost remains below comparative peer authority levels. Around 85% of all claims submitted and 90% of highway claims are being successfully defended. No significant new claims trends have been noted.
- 2.2. Since the last report four standard liability cases have proceeded to a court hearing. Three cases were successfully defended and all associated legal costs recovered. An important historic abuse test case involving Wirral, but conjoined with other similar matters, also progressed to the Court of Appeal where it was heard by The Master of the Rolls himself alongside two other senior judges. Their decision is expected shortly.
- 2.3. The Risk & Insurance Team has noted an increase in the number of new historic Employers Liability claims being brought against Wirral Council and its predecessors. The claims can date back to situations that arise from the 1950's.. Whilst often speculative they are more difficult to deal with than other claims as records are often unavailable, numerous insurers can be involved and some periods are uninsured. The administration of these claims places a significant administrative burden on the team.
- 2.4. The Insurance Fund Annual Report was presented to Cabinet on 25 June 2009. This incorporated the annual assessment of the sums needed to fund Liability claims for years up to and including 2008/09. This year it was performed as a self-evaluation assessment
- 2.5. An initial meeting was held with the appointed insurance brokers Griffiths & Armour to begin planning for the Liability, Claims Handling Legal Defence Services procurement exercise. The current contracts expire on 31 March 2010 and it is intended to conclude the exercise by December 2009 to allow time for transition if the contracts are not awarded to the current suppliers.
- 2.6. The Team continues to liaise with the Department of Law, Human Resources and Asset Management over changes to insurance arrangement in relation to the building portfolio having particular regard to the implications of the Strategic Asset Review.
- 2.7. The recovery of significant legal costs in the long running case of Kelly –v- Wirral following the successful defence of the unfounded misfeasance allegations is progressing. As no offers have been forthcoming from the claimant enforcement action has been commenced.
- 2.8. The 2008/09 Insurance Fund accounts were compiled and completed within the prescribed timescales in order to support the production of the Annual Statement of Accounts.

- 2.9. Negotiations for renewal of the Liability and Computer insurance policies were concluded. This process resulted in improved terms; a reduction in the self-insured limit for Liability from £4.25 million to £3.60 million and a £37,000 saving in the claims handling cost.

### **3. CORPORATE RISK MANAGEMENT – PROGRESS**

- 3.1. The Corporate Risk Register agreed by Cabinet on 10 December 2008 was updated to reflect controls implemented in the final quarter of 2008/09. An exercise to rationalise the Register is taking place and the outcome of this review will be reported to Cabinet on 23 July 2009.
- 3.2. The sustainability appraisal of the Local Area Agreement (LAA) was reported to the Local Strategic Partnership (LSP) Executive Board on 1 April 2009. This document identified how success in one priority area presents opportunities and risks for the others and highlights those initiatives and activities which can capitalise on opportunities or mitigate risks.
- 3.3. On 1 May 2009 a review was undertaken of the process followed for creating and managing the risk registers for existing LAA priorities. Output from this will be used to make further improvements to how such risks are recorded and reported in future.
- 3.4. The Risk & Insurance Officer continues to assist with the implementation of the Strategic Change Programme. This includes working with the Department of Adult Social Services on the risk management arrangements for the Design & Viability Project and with the Department of Law, Human Resources and Asset Management by facilitating workshops to help develop a baseline risk register for the new HR and Payroll system project.
- 3.5. Evidence has been collated and provided to the Audit Commission on risk management processes and outcomes in connection with the Use of Resources Assessment for 2008/09.
- 3.6. An analysis has been undertaken of good practice in risk management arrangements to inform the annual review of the Risk Management Strategy which is due to be reported to Cabinet on 23 July 2009.

### **4. INSURANCE MANAGEMENT – ISSUES FOR NEXT PERIOD**

- 4.1. Liability claims statistics to June 2009 will be compiled.
- 4.2. Renewal negotiations for the Property, Personal Accident and Fidelity Guarantee will be concluded prior to the expiry of these policies on 30 June 2009.
- 4.3. A final audit of the current liability claims handlers will be undertaken ahead of the Liability insurance procurement exercise.

- 4.4. Further preparations will be made for the tender of the Liability insurance claims handling and legal defence contracts. In relation to claims handling and legal defence quality will once again be the dominant factor in selecting the suppliers.
- 4.5. In respect of Schools the specialist training to implement the second phase of the school risk ranking project will commence. This follows the presentations made to the Head teachers' Groups about the changes to School insurance charges.

## **5. RISK MANAGEMENT – ISSUES FOR NEXT PERIOD**

- 5.1. The Corporate Improvement Group will carry out the quarter 1 review of the Corporate Risk Register. This will inform the Financial and Performance Monitoring Report.
- 5.2. The Risk Management Strategy is being reviewed and a draft will be presented to the Corporate Improvement Group before being reported to Cabinet on 23 July 2009.
- 5.3. The Risk & Insurance Officer will attend the Association of Local Authority Risk Managers (ALARM) conference in June 2009. Lessons learned from the workshops and seminars will help inform future improvements to risk management policy and practices.
- 5.4. The Risk & Insurance Officer continues to assist with the implementation of the Strategic Change Programme in working with both the Department of Adult Social Services and the Department of Law, Human Resources and Asset Management.
- 5.5. The Risk & Insurance Officer will continue to work with the Policy and Performance Team in the Department of Corporate Services to further embed risk management arrangements in the governance of the Local Strategic Partnership.

## **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. 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. **RECOMMENDATION**

13.1. That the plans for 2009/10 and progress to date be noted.

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DIRECTOR OF FINANCE

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