

# **WIRRAL COUNCIL**

## **AUDIT & RISK MANAGEMENT COMMITTEE**

**23 SEPTEMBER 2009**

### **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 existing objectives for this service and the anticipated developments in the coming months.

##### **2. INSURANCE MANAGEMENT PROGRESS**

- 2.1. Liability claim statistics to the end of the first quarter have been compiled. Overall performance continues to be encouraging and shows a steady and relatively predictable trend which is a pattern favoured by underwriters. This should enable competitive pricing in the forthcoming tenders. Insurers will be interested in activity over a five year period and in the five years to the end of August 2009 Wirral received on average of 37 new public liability claims per month. This compares favourably with the preceding five year period figure of 102 claims per month. Claims costs also remain towards the lower end of expectations with liability on the Authority in less than 20% of all submitted public liability cases. An important area is highway claims and the performance of the highway maintenance contractor has a direct and substantial bearing on the number and costs of claims received in respect of the statutory duty to maintain the highways. Wirral continues to maintain an acceptable ratio of success in the lower courts. In the year to date the Authority has been successful in six of the eight County Court cases that have proceeded to a hearing. Many cases are now discontinued by the claimants prior to trial in the knowledge that Wirral will mount a sound and robust defence.
- 2.2. Members may recall that the previous report referred to an historic abuse case involving Wirral as a defendant. Subsequently the Authority received an unfavourable judgement from the Court of Appeal and it provided little clarity on the legal position on limitation in these matters. Leading Counsel has recommended that the matter be pursued to the Supreme Court (House of Lords) as the case is of considerable public interest. The insurers for the period in question (the 1970's) have agreed to fully fund this application in order that the insurance industry can obtain some certainty on how these claims should be handled.

- 2.3. The Contract Notice for the Liability Insurance and Liability Claims Handling contracts due for renewal from April 2010 was submitted to OJEU on 24 August 2009. This is a key contract and with assistance from the contracted insurance brokers, a detailed timetable has been prepared. As with the previous contract, the evaluation will favour quality of claims handling and policy wording with price an important but secondary factor. Given the importance of quality the evaluation processes seek to ensure that contractors have appropriate systems and personnel to deliver the promised service levels. This builds upon the innovative approach successfully implemented for the last tendering exercise and which subsequently received national recognition at the ALARM awards.
- 2.4. The contract notice for the corporate IT and data insurance contract has been published in OJEU. This policy will also be renewed from April 2010 and work has commenced on attempting to establish the sums to be insured for all IT equipment together with realistic consequential costs for loss of data in order that cost effective and appropriate cover can be sought from the market.
- 2.5. Work continues with the Department of Law, Human Resources and Asset Management over changes to insurance arrangements for the building portfolio with particular regard to the implications of the Strategic Asset Review.
- 2.6. Renewal of the Property, Money Fidelity Guarantee and Personal Accident insurance policies were agreed. As these contracts are subject to a Long Term Agreement there were no changes to the extent of cover or premium rates.
- 2.7. A marketing exercise is being undertaken on the Marine Craft insurance policy prior to the expiry of the current contract on 30 September 2009. No significant changes are envisaged in the scope of cover or premium cost of this policy.
- 2.8. The scheduled audit of existing liability claims handlers has not been undertaken because of the increasing demands highlighted in the previous sections. However, the regular monitoring of the service levels has not identified any areas of particular concern.

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

- 3.1. The draft of the revised Corporate Risk Register has been considered by Chief Officers and by the Corporate Improvement Group and was agreed by the Cabinet on 3 September 2009. This is the subject of a separate report on this agenda.
- 3.2. The annual review of the Corporate Risk Management Strategy has been completed and should be the subject of a report to Cabinet on 24 September 2009, and subsequently to this Committee.

- 3.3. The Risk & Insurance Officer continues to assist with the implementation of the Strategic Change Programme. This includes supporting the Department of Law, Human Resources and Asset Management with risk management arrangements for the new HR and Payroll system project.
- 3.4. New guidance for officers on improving the quality of information on risks and opportunities relating to key decisions in Cabinet reports has been approved by Chief Officers and the Corporate Improvement Group.
- 3.5. Preparatory work has been undertaken for a major Risk Ranking exercise of the Secondary Schools. Each school will have a half day visit by members of the team resulting in a summary report highlighting existing good practice in managing risks and areas for improvement.
- 3.6. The Risk & Insurance Officer has worked with the Corporate Health Safety and Resilience Team to produce a joint risk management / health and safety module for the corporate induction course.

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

- 4.1. Liability claims statistics for quarter 2 of 2009/10 will be compiled.
- 4.2. Historical abuse claims are expected to continue to provide a significant workload with the publicity surrounding a number of recent successful cases expected to increase the volume of such complex claims.
- 4.3. The complex tender document for the Liability and Liability claims handling contracts will be produced and issued to insurers which have passed the Pre-Qualification Questionnaire stage. This process will necessitate the creation of a detailed statistical claims history together with a comprehensive current risk profile for the Authority. Evaluation of bids will require a review of policy wording together with site visits and interviews with all short listed claims handling teams.
- 4.4. Finalisation of figures and issue of the full IT insurance tender document and the evaluation of the submissions will also be conducted in the coming period.
- 4.5. The marketing exercise for the Marine Craft insurance will be concluded by the end of September 2009.
- 4.6. The Contract Notice for the Legal Defence Services tender will be submitted to OJEU and copies of the Pre-Qualification Questionnaire provided to those expressing interest.
- 4.7. The Insurance Fund budget for 2010/11 should be compiled and reported to Cabinet in November. This will include the establishment of a budget for each individual school based on actual risk exposures.
- 4.8. As with the current period the competing demands present a challenge for the Team which may, again, result in the deferral of some lower priority matters.

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

- 5.1. The Corporate Improvement Group will carry out the quarter 2 review of the Corporate Risk Register. This will inform the quarterly Financial and Performance Monitoring Report.
- 5.2. The Risk & Insurance Officer will begin reviews of the quality of information on risk in reports to Cabinet and provide constructive feedback to individual Chief Officers and to the Corporate Improvement Group.
- 5.3. Details of a process to be followed for the fundamental review of the approach to risk and uncertainty will be developed.
- 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.
- 5.6. The Risk & Insurance Officer and Corporate Performance Manager will begin a series of visits to Departmental Management Teams to improve consistency in the quality and the degree of information in Departmental Service Plans on the risks to delivery of aims and objectives.

## **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 report be noted.

IAN COLEMAN  
DIRECTOR OF FINANCE

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