



Audit and Risk Management Committee
Monday, 23 July 2018

REPORT TITLE:	MANAGEMENT OF INSURANCE AND CORPORATE RISK
REPORT OF:	Director of Finance and Investment

REPORT SUMMARY

This report sets out progress made since my previous report in relation to key actions planned for 2018/19.

RECOMMENDATION/S

1. That the content of this report be noted.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Regular update reports are presented to this Committee on the work around risk management and insurance which seek to support the Risk Management framework and maintain the successful management of the insurance programme.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Not applicable to this report

3.0 BACKGROUND INFORMATION

- 3.1 Risk and insurance management comprises two significant areas of activity:

- The provision of advice and support to Members and officers in developing the corporate risk management framework and processes.
- Risk financing which incorporates insurance procurement, management of the Council's Insurance Fund and claims management.

- 3.2 In addition to day-to-day operations the service is responsible for major procurement exercises and improvement activities. This area of the report focuses on the latter. The key actions to be implemented during 2018/19 were included in the report to this Committee on 12 March 2018. Progress since my last report in respect of those actions is summarised in the paragraphs below.

3.2.1 Corporate Risk Register

Developments in relation to the corporate risk register are confirmed within my report on Improvements to the Risk Management Framework.

3.2.2 Improvements to the Risk Management Framework

This is the subject of a separate report to this committee.

3.2.3 Traded Services for Schools and Academies

All existing school clients have continued with the Council's Service Level Agreement for the provision of Risk and Insurance services for 2018/19. Two further academies have taken out a service level agreement for the risk and insurance service. The service is proposing to Academy schools clients a package of cover from the insurance market rather than the Department for Education's Risk Protection Arrangement as this provides better overall value.

3.2.4 Procurement of Property / Business Interruption, Museums, Crime, Terrorism and Personal Accident/Business Travel Insurance

Property and Business Interruption

Five submissions were received in respect of this contract. They were evaluated on a 'Most Economically Advantageous Tender' model in which quality and price both had a weighting of 50%. Quality was considered in relation to policy cover, claims service and added value. The response from Zurich Municipal was evaluated as the highest scoring bid and I have awarded the contract to them. The annual cost of the new contract represents a saving of 13% (£29,000) over the cost for the previous year.

Museums (Fine Art)

Three submissions were received in respect of this contract. They were evaluated on a 'Most Economically Advantageous Tender' model in which quality and price both had a weighting of 50%. Quality was considered in relation to policy cover, claims service and innovation / added value. The response from Axa Art was evaluated as the highest scoring bid and I have awarded the contract to them. The annual cost of the new contract represents a saving of 35% (£5,400) over the cost for the current policy year.

Crime

Only one submission was received in respect of this contract from Zurich Municipal. That response was evaluated on a 'Most Economically Advantageous Tender' model in which quality carried a weighting of 45% and price carried a weighting of 55%. As the response met the Council's specification, I have awarded the contract to Zurich Municipal. The annual cost of the new contract represents a saving of approximately 17% (£8,800) over the cost for the previous policy period.

Terrorism

Two submissions were received in respect of this contract. They were evaluated on a 'Most Economically Advantageous Tender' model in which quality carried a weighting of 45% and price carried a weighting of 55%. Quality was considered in relation to policy cover, claims service and innovation / added value. The response from Lloyds (via JLT) was evaluated as the highest scoring bid and I have awarded the contract to them. The annual cost of the new contract represents an increase of 5% (£2,000) over the cost for the previous year because of a significant rise in the first loss sum insured.

Personal Accident/Business Travel

Two submissions were received in respect of this contract. They were evaluated on a 'Most Economically Advantageous Tender' model in which quality carried a weighting of 30% and price carried a weighting of 70%. Quality was considered in relation to policy cover. The response from Risk Management Partners was evaluated as the highest scoring bid and I have awarded the contract to them. The annual cost of the new contract represents a saving of 11% (£530) over the cost for the current policy year.

3.2.5 Annual Renewal of Liability, Motor, Engineering and Computer Insurance Policies

Renewal terms were agreed with insurers prior to the expiry of the previous policy period ensuring continuity of cover and all policy documentation and certificates have been received. Although premiums for 2018/19 are greater than for 2017/18 the figures are within the budget reported to Members on 29 January.

3.2.6 Liability Claims Handling

A modest increase in new claims reported has been experienced in recent months. The increase has mostly been driven by the impact of last winter's more severe weather on the highway network.

3.2.7 Insurance Fund Annual Report

The Insurance Fund Annual Report is the subject of a separate agenda item.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The procurement exercise mentioned in paragraph 3.2.4 has resulted in a financial saving of approximately £42,000 per year and improved cover.

5.0 LEGAL IMPLICATIONS

- 5.1 There are none arising directly from this report.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 There are none arising directly from this report.

7.0 RELEVANT RISKS

- 7.1 Improvements to the Council's risk management framework indicated in paragraph 3.2.2 should improve the organisation's ability to handle risk.
- 7.2 If a large number of schools were to convert to academies the pool of contributors to the Insurance Fund would decrease. Over time this could reduce the authority's buying power and the degree to which it could self-insure. This in turn could increase the cost of financing insurable risk. However my officers remain vigilant to potential conversions and will make changes to the authority's arrangements to ensure that potential negative impacts are gradual and limited wherever possible.

8.0 ENGAGEMENT/CONSULTATION

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

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising directly from this report.

REPORT AUTHOR: *Mike Lane*
Senior Risk and Insurance Officer
telephone: (0151) 666 3413
email: mikelane@wirral.gov.uk

APPENDICES

None

REFERENCE MATERIAL

Correspondence with insurers, brokers and legal services providers

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee	Routine report presented to all meetings of this Committee.