

## **WIRRAL COUNCIL**

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

**28 JUNE 2007**

#### **REPORT OF THE DIRECTOR OF FINANCE**

##### **CORPORATE RISK AND INSURANCE MANAGEMENT**

###### **1. EXECUTIVE SUMMARY**

- 1.1 This report provides information to Members on progress made in corporate risk and insurance management against the objectives for these services, and anticipated developments in the coming months.

###### **2. INSURANCE MANAGEMENT – PROGRESS MADE**

- 2.1 Since the previous report, 11 liability cases have been scheduled for court hearings. Of these 7 resulted in a successful outcome for the Council with legal costs to be recovered. In 4 cases, including a significant employee liability matter, the Council was unsuccessful although leave to appeal on one case is being sought with prospects of success considered good. Irrespective of the outcome each claim is thoroughly reviewed upon completion for risk improvement lessons and departmental processes and procedures amended where necessary.
- 2.2 During this period a significant historic Social Services case, which has been ongoing for 10 years, has been discontinued. This matter was due to proceed to a lengthy hearing in the Royal Courts of Justice and was valued by the claimants at over £1 million. Whilst this matter has accrued considerable legal costs, in view of the nature of both the case, and the legal status of the claimant, no recovery of costs will be sought as it would prove fruitless and may attract adverse publicity. Confirmation is currently awaited in relation to further high profile long running Social Services matters that are also expected to be discontinued.
- 2.3 Liability claim statistics up to the end of 2006/07 have been compiled and overall the account continues to perform well with a stable trend now firmly established. This stability has enabled more precise liability risk funding arrangements and the ongoing reduction in liability budgets. The formal annual actuarial study has been commissioned from Marsh UK and the initial results are expected in mid-June.
- 2.4 Final renewal terms have been agreed for the April 2007 liability, motor, engineering and computer policies. Improved terms have been obtained within the existing long term agreement resulting in savings to annual premia and claims handling charges. In addition the contract terms have also been improved by reducing the aggregate liability stop loss by a further £2 million for 2007/08 to £4.25 million. The optional 2 year extension to the liability policy has been agreed and the motor and engineering agreements extended by 1 year.

- 2.5 First drafts of the highway liability and computer services risk consultancy reports have been received and are being reviewed, particularly the potential benefits achievable in relation to the sums insured that are recommended within the computer suite report.
- 2.6 The risk management works to the frontage, footpaths and car park at West Kirby Concourse are now complete and no further liability claims have been received in respect of this area since completion.
- 2.7 In collaboration with the Director of Technical Services and the legal services providers, discussions have continued with Wirral Partnership Homes regarding legal liability for maintenance and claims occurring on footpaths within former Authority owned housing estates. It is hoped that a formal documented partnership approach will provide more certainty and reduce associated legal costs for both parties.
- 2.8 The web-based facility for accessing safety inspections of Council lifting and pressure plant has been activated. All 6,300 items of plant requiring statutory engineering inspections have been mapped to locations and individual officers have been nominated for each location, allowing more precise and efficient monitoring and management of this service.
- 2.9 The Risk & Insurance Team has submitted an entry for the 2007 ALARM awards in respect of the innovative risk based approach to managing liability claims that has been introduced over the past three years. ALARM is the principal body for risk management in the public sector and the awards carry prestige within the sector. From a record number of entries the Wirral submission has been short-listed with the winners to be announced at the awards ceremony on 2 July 2007 in Cardiff.

### **3. CORPORATE RISK MANAGEMENT - PROGRESS MADE**

- 3.1 The draft revised Risk Management Strategy has been presented to Chief Officers and to each departmental management team.
- 3.2 Interviews have taken place with each Chief Officer to gather information to establish the current key strategic risks. The resulting draft Corporate Risk register will be presented to Members.
- 3.3 An exercise has been undertaken to evaluate the risk relating to the significant partnerships declared to the Head of Legal and Member Services.
- 3.4 Since the last report the Corporate Risk Management Forum has approved funding of £3,450 as a contribution towards the costs of a specialist vehicle for the Family Safety Unit.

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

- 4.1 Compilation of the quarter 2 liability statistics and preparation of the detailed Insurance Fund Annual Report for 2006/07.
- 4.2 The findings of the actuarial review by Marsh UK, the appointed actuaries, will be analysed and reported to Members.
- 4.3 On-site audits of the claims handling performance of Capita Insurance Services and Zurich Municipal will be undertaken in line with the supplier performance-monitoring framework.
- 4.4 There will be a hearing of a defamation action in the Liverpool High Court during July, a High Court appeal together with 8 general liability hearings during the forthcoming period.
- 4.5 The risk improvement works to the frontage at the Oval Sports Centre have been agreed with the Director of Technical Services with the works, funded from liability savings, due to complete by September.
- 4.6 Comprehensive declarations and schedule preparation is required for the material damage (buildings) policy due for renewal at the end of June 2007. The fidelity, all risks and money policies are also due to expire at the same time. This will be the final year of the current long term agreements for these policies and significant work will be required during 2007 for the remarketing exercise.

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

- 5.1 The second risk management training event for Members is to take place on the evening of 5 July 2007.
- 5.2 Output from the individual interviews with Chief Officers will be reported back to Chief Officers Management Team to inform the production of a draft Corporate Risk Register. The Register will then be presented to Members for further consideration.
- 5.3 The Corporate Risk Management Forum will evaluate a range of possible protocols for the inclusion of risk information in reports to Members and provide recommendations to Chief Officers.
- 5.4 A programme of providing guidance on managing risk arising from partnership working will begin. This will start with those officers involved with the partnerships perceived to present the greatest potential risk.

#### **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. The improvements in the condition of footpaths around leisure centres will benefit most wards.

**11. BACKGROUND PAPERS**

11.1 Agendas and minutes of the Corporate Risk Management Forum and the Figtree claims database.

**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