

INSURANCE AND CORPORATE RISK 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 The Insurance Fund budget for 2007/08 was reported to Cabinet on 15 November 2006. The 2007/08 budget contains savings of £0.7 million which will benefit all Departments. In addition £2 million is also being returned to General Fund balances from claims reserves in 2006/07 as a result of substantial improvements in the claims experience.
- 2.2 During September officers of the Risk & Insurance Team conducted the scheduled onsite audit of the run off claims handlers Capita Insurance Services. This contract is proceeding in line with expectations with no current significant quality concerns.
- 2.3 The marine fleet policy was renewed on 1 September 2006 with the existing provider in line with the budget and the long-term agreement.
- 2.4 On 28 June 2006 Cabinet allocated funds for non-highway risk management projects. Site surveys have been completed at leisure centres and areas for improvement have been identified at all locations. The most significant expenditure will be required in the highway and footpath leading from Old Chester Road to the entrances of the Oval Sports Centre. This carriageway serves three schools in addition to the Oval and is managed by Cultural Services. A significant proportion of the agreed works are to bring this area up to the adoptable standard to facilitate the transfer of responsibility for it to the Director of Technical Services.
- 2.5 An agreement has been reached with the Family Placement Team over the handling of foster carers' claims. The Risk & Insurance Team will now manage the adjustment and settlement of all claims submitted by foster carers in respect of loss of, or damage to, their property by children placed with them. This should result in an improved service for carers.

- 2.6 Since the previous report only two liability cases have proceeded to a final trial, both of which resulted in success for the Council. The previously reported trend of claimants discontinuing their actions against the Council remains with many litigated matters being dropped by the claimants prior to the trial date.

3. CORPORATE RISK MANAGEMENT - PROGRESS MADE

- 3.1. Since the last report a further 6 one-day risk management training courses for managers have been held covering approximately 130 people.
- 3.2 The draft content of the risk management training for Members has been shared with the Members training group and is being amended in line with their comments.
- 3.3 The Partnership Risk 'toolkit' which provides methodologies for classifying partnerships and a consistent approach to managing associated risks has been demonstrated to managers in the departments of Regeneration and Technical Services. This has highlighted some areas where the content should be amended prior to the toolkit being rolled out to all departments.
- 3.4 A review of the risk management strategy has continued under the guidance of the Risk & Insurance team. The scoring model, risk categories and risk identification processes have been considered so far.
- 3.5. Discussions have continued on the improvements needed to the risk element of PIMS.
- 3.6. Improvements to the process for reporting new risks of corporate significance have been discussed with the Corporate Improvement Group. Any amendments agreed will be covered in the next report.

4. INSURANCE MANAGEMENT – ISSUES FOR NEXT PERIOD

- 4.1 This period would usually see the commissioning of the annual insurance fund actuarial study. In order to better fit with the budget and planning cycle I recommended to Cabinet on 15 November 2006 that the study be deferred to April / May 2007.
- 4.2 The creation of a formal arrangement for the handling of new 'long tail' liability claims by the existing panel solicitors will be considered. Such claims can arise from incidents up to 40 years ago and encompass many different liability insurers. I will be reviewing options for the administration of such claims.

- 4.3 In order to ensure that current highway liability claims processes and defence mechanisms remain as robust as possible I am considering the option of appointing a specialist claims consultant from the current liability insurers Zurich Municipal. Such reports have been commissioned previously and have been influential in the improvements in the repudiation rate and the financial position of the insurance fund. The estimated cost of £5,000 for this report can be met from existing insurance resources.
- 4.4. To facilitate the sharing of best practice the Authority will be hosting a conference of public and private sector users of the Figtree claims database.
- 4.5. Further progress will be made in finalising costs and commencing the works to leisure centre footpaths as identified in paragraph 2.4. Investigations and discussions will continue in relation to the major risk management improvement works proposed for the Oval access road.
- 4.6. The biannual quality review of the current liability claims handlers will be undertaken in January 2007.

5. RISK MANAGEMENT – ISSUES FOR NEXT PERIOD

- 5.1 The last 2 one-day courses in the current risk management training programme for managers will take place. The team will also set dates in 2007 for managers who join the Authority or are promoted during the course of the year. Discussions will take place with the Department of Adult Social Services about the possibility of additional service specific risk management training.
- 5.2 The training sessions for Members will take place on in the evenings of 11 and 19 December 2006.
- 5.3 The content of the Partnership Risk toolkit will be amended and the process of presenting the kit to departments will begin.
- 5.4 The review of the current corporate risk management strategy will continue.
- 5.5. Discussions will continue with the Corporate Improvement Group on improving the process for identifying and reporting risks of corporate significance.