

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 The final specification for the highway liability consultant report has been agreed. Negotiations have resulted in the provision of a further IT report which will assist in ascertaining the correct insurance valuation for the computer suite and provide guidance for reducing the risk exposure of this core equipment.

2.2 Since the previous report only two liability cases have proceeded to a final court hearing. Both resulted in a successful outcome for the Council and significant costs will be recovered in these cases. Many other cases have been negotiated or declined without the necessity of a full liability hearing. I am maintaining an overall repudiation rate in excess of 80% across the public liability account.

2.3 The risk management works at leisure and sports centres have been costed, scheduled and commenced. This programme of works will continue over the next quarter.

2.4 Cabinet previously allocated a sum to address former housing land now under the responsibility of the Technical Services Department and classed as a highway following the decision in Gulliksen -v- Pembrokeshire CC. This programme continues and progress against the agreed objectives will be detailed in future reports.

2.5 The detailed information required by the insurers for the April 2007 liability contract renewals was provided to Zurich Municipal during December 2006. Whilst these contracts remain subject to a long-term agreement valid until at least March 2008, such is the improvement in the liability position over recent years, that negotiations to reduce the aggregate deductible and claims handling charges mid contract are now justified. The early provision of renewal data enables time for these negotiations to be completed.

2.6 The 360° feedback loop to monitor litigation defence supplier performance is now in place. In addition to my monitoring arrangements, the claims handlers and the instructed Barrister review the performance of the supplier and they report on service quality. The latest indications show that these suppliers continue to perform to the expected high levels.

- 2.7 An initial meeting has been held with the panel solicitors to explore the possibility of introducing an arrangement for the handling of new complex 'long tail' employers liability claims for which no formal agreements currently exist. Any proposals will be incorporated in the next report.
- 2.8 Discussions have been commenced with the Director of Technical Services relating to the failure of the arboricultural contractor. This development has the potential to impact significantly on the liability fund.

3. CORPORATE RISK MANAGEMENT - PROGRESS MADE

- 3.1 The last 2 one-day risk management training courses for managers were held on 28 and 29 November 2006. In total approximately 350 managers have been trained. The Department of Adult Social Services has yet to reach a decision as to whether additional service specific risk management training is required.
- 3.2 The training session for members scheduled for 19 December 2006 was postponed due to low attendance and the late arrival of the external trainer due to the dense fog. The training session was re-scheduled for 17 January 2007.
- 3.3 The process of amending the Partnership Risk Toolkit was delayed to allow for more extensive consultation with departments. The Risk & Insurance Officer met with the Head of Legal & Member Services in November to ensure consistency between the Toolkit and the corporate guidance on partnership management.
- 3.4 The review of the current corporate risk management strategy continued. The topics covered include how risks should be addressed, the processes for monitoring and review, the reporting framework and how risk management will be embedded.
- 3.5 Work began with the Transformational Change Team on guidance for officers on managing the risks associated with change projects.

4. INSURANCE MANAGEMENT – ISSUES FOR NEXT PERIOD

- 4.1 Terms to be agreed with Zurich Municipal for the April 2007 liability renewals. I hope to be able to report the contractual improvements as outlined above.
- 4.2 Highways and computer consultant reports will be commenced with the resultant discussions held and action plans agreed and reported.

- 4.3 Following on from the failure of the arboricultural contractor I will be assisting the Director of Technical Services to create and implement a new arboricultural contract that maximises protection to the liability position. As the arboricultural function has been outsourced for some time, appropriate specialist knowledge does not exist internally and I am proposing that expertise is provided from Zurich Municipal in the preparation of the new contract, the costs of which can be met from the Insurance Fund.
- 4.4 The leisure and sports centre footpath risk management programme will continue as will the "Gulliksen" Technical Services footpaths programme.
- 4.5 I will be considering the benefits of a revised publicity campaign and the utilisation of new industry databases to support the current anti claims fraud programme. Recommended proposals will be the subject of a future report.
- 4.4. Work on preparing the detailed schedules and information required for the June 2007 renewals will commence.
- 4.5. To facilitate both environmental and efficiency improvements I will be establishing an electronic distribution system for insurance inspection reports on boilers and lifting equipment throughout the Council.
- 4.6. A full on site claims handling performance audit will be conducted of Zurich Municipal in line with the supplier monitoring schedule.
- 4.7. Appropriate actuaries should be appointed and study criteria established during this period. The annual liability fund report will start in the spring using the claims data at April 2007.

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

- 5.1 The review of the risk management strategy will be finalised and the conclusions reported.
- 5.2 A further date for the Risk Management training for Members should be agreed.
- 5.3 The content of the Partnership Risk toolkit will be finalised and the process of presenting the kit to departments will begin.
- 5.4 The guidance document on managing the risks associated with change projects will be finalised and made available through the Wirral intranet.