

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

17 JANUARY 2008

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 No formal supplier quality reviews have been scheduled during this reporting period. The regular ad-hoc service monitoring of claims handlers, solicitors and chambers has continued and has not indicated any significant areas of concern.

2.2 In preparation for the June 2008 insurance tenders:-

- (i) The contracts have been advertised in OJEU.
- (ii) The award criteria have been agreed. Whilst price will be the dominant factor, scope of cover, efficiency of claims handling and underwriting flexibility will also be taken into account.
- (iii) A meeting was held with the current property insurers on 12 November 2007 to gain a better understanding of the information that will be required by the insurance market.
- (iv) A tender planning meeting was held on 10 December 2007 with the risk and insurance consultants.
- (v) Information is being collated to enable insurers to provide quotations in respect of options to extend the property insurance to cover the risks of storm and flood. In common with most authorities Wirral does not currently insure these risks. The options will be presented to Cabinet as part of the decision on awarding the new contracts. It is anticipated that any quotations will be on the basis of the Council meeting the first £1 million of losses relating to any single event.

2.3 Discussions have begun with the risk and insurance consultants Aon Limited over the provision of the 2008 liability funding study.

2.4 Officers continue to analyse the outline settlement proposals for the Rock Ferry High School received from loss adjusters in October. These will need to be challenged in order to obtain the maximum settlement from the insurers.

2.5 Risk improvement measures to the highway fronting the Oval, financed by the Insurance Fund, has now been completed. The second phase of Cultural Services risk improvements has been commenced with the focus placed on footpaths located in leisure centres and cemeteries.

- 2.6 The Insurance Fund budget for 2008/09 was presented to Cabinet on 14 November 2007. In agreeing the budget Cabinet noted the continuing improvement in the position of the Insurance Fund and agreed to return £1.4 million from the Fund to General Fund balances together with a total saving of £666,000 for the 2008/09 financial year.

3. CORPORATE RISK MANAGEMENT - PROGRESS MADE

- 3.1 Meetings have been held with the risk managers of Wirral Primary Care Trust, Merseyside Police Authority and Merseyside Fire & Rescue Service with a view to jointly delivering a partnership risk management training session for the Local Area Agreement Development Group.
- 3.2 On 13 November 2007 the Risk & Insurance Officer facilitated a project risk identification session for the Children & Young People Department. This considered the risks associated with an 'Agile Working' initiative for the bursar service.
- 3.3. Departments are currently identifying their key risks for 2008/09 and beyond in line with the revised Risk Management Strategy and service planning process. Linked with this a meeting with the Children & Young People Department saw the start of the formulation of a risk management strategy for the Building Schools for the Future Pathfinder project at Woodchurch High School.

4. INSURANCE MANAGEMENT – ISSUES FOR NEXT PERIOD

- 4.1 The liability claims statistics for quarter 3 2007/08 will be compiled.
- 4.2 The risk and insurance consultants will be instructed to undertake a liability funding study and report based upon data as at 31 March 2008 subject to their meeting the specification and financial requirements.
- 4.3 Further negotiations will take place with loss adjusters with a view to agreeing an acceptable settlement figure for the Rock Ferry High School fire.
- 4.4. An on-site quality review audit of outsourced claims handling contractors Zurich Municipal will be undertaken, subject to demands on the workload of the Risk & Insurance team.
- 4.5. The detailed specification and information pack for the June 2008 insurance tender will be finalised. It is anticipated that the tender document itself will be forwarded to interested insurers by 31 January 2008 with the expected deadline for receipt of tenders being the end of February 2008.
- 4.6. Negotiations will be held with insurers over the renewal of the Combined Liability, Motor Fleet, Computer and Engineering insurance policies on 31 March 2008. All contracts are subject to Long Term Agreements and the only likely change is in relation to claims handling costs where an Average Earnings Index increase forms part of the contract terms.

- 4.7. Discussions have begun with the current legal defence service providers Weightmans and BLM concerning the option of a 2-year extension to the existing contract. If agreed this would cover all new cases allocated from 1 April 2008 arising from liability claims.

5. RISK MANAGEMENT – ISSUES FOR NEXT PERIOD

- 5.1 The Corporate Improvement Group will produce revised corporate risks using information on key departmental risks and will begin to analyse these.
- 5.2 The partnership risk management training session for the Local Area Agreement Development Group is scheduled to take place on 13 February 2008.
- 5.3 The Risk & Insurance Officer is to attend Corporate Governance Group to present options for improving the inclusion of information in committee reports.
- 5.4 In conjunction with the Children & Young People Department there will be a risk identification workshop for the Woodchurch High School project.

6. FINANCIAL AND STAFFING IMPLICATIONS

- 6.1. There are none arising directly from this report.