

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

18 JANUARY 2010

REPORT OF THE DIRECTOR OF FINANCE

CORPORATE RISK AND INSURANCE MANAGEMENT

1. EXECUTIVE SUMMARY

- 1.1. This report provides information to Members on recent progress made against the existing objectives for this service and anticipated developments in the coming months.

2. INSURANCE MANAGEMENT PROGRESS

- 2.1. Formal liability statistics have not been scheduled for production during the period covered by this report. Ad hoc reporting shows that the account continues to perform in line with the positive recent patterns. The repudiation rate remains good and the Authority has been successful in all the cases run to trial in this period.
- 2.2. Responses to the invitations to tender for the Liability and Computer Insurance and Liability Claims Handling contracts were received by the deadline of 30 November 2009. Site visits and interviews with the three companies competing were undertaken in the week commencing 7 December 2009. A report containing recommendations for the award of the contracts was submitted to Cabinet on 14 January 2010. Managing the liability tender has been a very significant demand on the resources of the Risk & Insurance Team but once again the innovative approaches adopted appear to have been successful. Subject to Cabinet approval, the outcomes of these tenders will provide further encouraging financial news for the next report.
- 2.3. Six companies submitted Pre-Qualification Questionnaires for the Legal Defence Services contract and four were evaluated as having exceeded the threshold to go forward in the process. Invitations to tender were sent out to those companies on 4 January 2010. Following approaches from other local authorities who have noted the successful management of this contract over the last five years, and the highly detailed procurement process adopted by the Risk & Insurance Team, the new contract will be issued on a collaborative basis allowing others to utilise the contract terms and achieving greater scale efficiencies.

- 2.4. The insurance budgets for 2010-11 for each individual school have now been produced. This is a time consuming process but allows the Council to charge each school an equitable premium reflecting their individual risk exposures. The purchase of insurance is a traded service and therefore schools can opt out of the Council scheme and purchase cover from the commercial market if they wish. It is pleasing to note that overall school premiums reduce by £340,000 representing a 22% saving to schools. The schools insurance programme continues to offer excellent value to participating schools, and some who have previously opted out of the corporate programme are now seeking to rejoin.
- 2.5. The output from the Civil Justice Council litigation costs review project should be published in January. Following involvement in this project over the last few months, the Deputy Risk and Insurance Officer has been invited by Lord Justice Jackson, the Master of the Rolls, to participate in the formal publication event at the Royal Courts of Justice. It is hoped that this work will influence the medium term reduction of litigation costs.
- 2.6. Information has been provided to Zurich Municipal to enable preparation of renewal terms for the Motor Insurance policy ahead of its expiry on 31 March 2010.
- 2.7. The enforcement proceedings taken to recover legal fees in the case of Kelly v Wirral have produced a significant result. The claimant has made a payment of £99,500. Officers have given the claimant a further three months to pay the remaining balance of approximately £16,500.

3. **CORPORATE RISK MANAGEMENT – PROGRESS**

- 3.1. Individual meetings have been held with members of the Local Strategic Partnership (LSP) Management Group with a view to collating information needed to analyse the refreshed series of risks to the LSP and create a fully populated over-arching risk register. That document will be put to the LSP Executive Board in February.
- 3.2. Work has also been undertaken with the lead officers for each of the six LSP themes to refresh and improve the individual risk registers for each priority area.
- 3.3. Assistance with the implementation of the Strategic Change Programme continues including support for the Department of Law, Human Resources and Asset Management with risk management arrangements for the new HR and Payroll IT system.

- 3.4. Statements of the principal risks facing each department in the forthcoming financial year have been incorporated into the Departmental Plans submitted to Cabinet on 14 January 2010. An enhancement for 2010/11 is that plans now clearly show the contributions from each department to improvements in the management of each corporate risk.

4. INSURANCE MANAGEMENT – ISSUES FOR NEXT PERIOD

- 4.1. Liability claim statistics for the quarter ending 31 December 2009 will be produced.
- 4.2. Historic abuse claims are expected to continue to provide a significant workload with the publicity surrounding a number of recent successful cases expected to increase the volume of such complex claims.
- 4.3. The companies selected to provide Liability and Computer Insurance and Liability Claims Handling Services from 1 April 2010 onwards will be confirmed and the handover to any new suppliers managed and service expectations agreed.
- 4.4. The deadline for receipt of tenders for the Legal Defence Services contract is 15 February 2010. The evaluation of written responses and site visits and interviews with the short listed companies will be undertaken. A report containing recommendations is to be presented to Cabinet on 18 March 2010.
- 4.5. Terms for the renewal of the Motor Insurance and the Engineering Inspection and Insurance policies will be agreed with insurers.

5. RISK MANAGEMENT – ISSUES FOR NEXT PERIOD

- 5.1. Reviews will be undertaken of the register of over-arching risks to the objectives of the Local Strategic Partnership (LSP) as well as the registers of risks to individual priority areas.
- 5.2. Progress in the management of the Corporate Risks will be reviewed by the Corporate Improvement Group and by Chief Officers and included in the 2009/10 Third Quarter Performance and Financial Review to be reported to Cabinet.
- 5.3. Assistance will continue to be given in relation to the implementation of the Strategic Asset Review in working with the Department of Law, Human Resources and Asset Management.

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/EQUALITY IMPACT ASSESSMENT

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. There are none arising directly from this report.

11. BACKGROUND PAPERS

11.1. Data from the Figtree claims database

11.2 Liability claim statistics.

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