

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

17 JANUARY 2011

REPORT OF THE DIRECTOR OF FINANCE

INSURANCE AND RISK MANAGEMENT – INSURANCE SERVICES

1. EXECUTIVE SUMMARY

- 1.1. This report advises Committee of a contract recently entered into with a company, on a trial basis, which enables members of the public to pursue claims against the Council without engaging solicitors. The rationale for the decision, possible benefits and risks are all detailed in the report and Committee is asked to note the decision to appoint the company.

2. BACKGROUND

- 2.1 Each year the Council receives several hundred claims for compensation from members of the public. In the majority of cases the person who has been injured or has suffered damage to their property appoints a solicitor to act on their behalf.
- 2.2 Under existing Civil Procedure Rules if legal liability is established against the Council then the Council is responsible for paying not only the damages for injury but also the claimant legal costs which can exceed the figure paid in damages.

3. ITSMYCLAIM

- 3.1. This company, established by a local solicitor, has developed a web-site containing guidance about the civil claims process and template letters of a claim that can be completed by an individual. This enables a member of the public to pursue a claim personally and without the need to appoint a solicitor.
- 3.2. The company has entered into an agreement with Citizens Advice Bureaux (CAB) across the country and if an individual seeks advice from their local CAB office about a possible compensation claim they will be directed to the Itsmyclaim web-site. This is subject to the organisation against which the claim is to be made being a client of the company.
- 3.3. The service is free to members of the public with the company obtaining its income from the fees paid by those organisations against which claims would be made.
- 3.4. The company has proposed that the Council become a client. The business case for becoming a client is that by avoiding the use of solicitors the cost of any claim which has to be settled by the Council is considerably reduced.

4. PROCUREMENT ISSUES

- 4.1. The Contract Procedure Rules normally require competitive quotations to be obtained in relation to any prospective service contract. Officers have made enquiries and, at present, no other organisation is offering such a service. As there could be no meaningful competition the exception contained in Contract Procedure Rule 5.1.1 applies.

5. BENEFITS AND RISKS

- 5.1. The principle potential benefit to the Council is that if a member of the public chose to pursue a claim via itsmyclaim.com rather than through a solicitor then no legal fees would be payable by the Council if the claimant was successful. Depending on the number of relevant cases savings could be considerable.
- 5.2. The relationship between the company and CAB also removes 'claims farmers' from the claims process thereby providing a more ethical route to compensation.
- 5.3. However it is not known how many members of the public currently consult local CAB offices about claims against the Council. As a result the amount which might be saved in legal costs cannot be determined at this point.
- 5.4. Whilst it is believed that few claims are pursued through CAB there is a possibility that rather than displacing solicitors the service could actually result in the Council receiving claims which might not otherwise have been pursued.
- 5.5. Having regard to the above I have taken the decision to enter into a one year trial of the service offered by the company. During the trial period officers will monitor the number, and type, of claims generated through this mechanism and evaluate whether it generates an overall saving and any other benefits.

6. FINANCIAL IMPLICATIONS

- 6.1. The cost of the one year trial of the service is £7,500 and this is being met from the Insurance Fund Budget. Whilst there are potential savings these cannot, at this stage, be quantified.

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. There are none arising directly from this report.

11. **BACKGROUND PAPERS**

11.1. None were used in preparing this report.

12. **PLANNING IMPLICATIONS**

12.1. There are none arising directly from this report.

13. **RECOMMENDATION**

13.1. That the decision to enter into a one year trial with Itsmyclaim be noted.

IAN COLEMAN
DIRECTOR OF FINANCE

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