

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

17 JANUARY 2011

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 the anticipated developments in the coming months.

2. INSURANCE MANAGEMENT PROGRESS

- 2.1 No formal claims monitoring reports were due for completion during this period. However, it is clear that 2010 has seen an increase in the number of claims submitted which is partially attributable to the weather related claims early in the year. Despite this it is currently expected that the ultimate costs for 2010/11 will remain within the predicted ranges.
- 2.2. Five companies were invited to submit a formal tender for insurance broking services. Four responses were received and were evaluated against the 50:50 price/quality award criteria. JLT Public Sector Risks submitted the most economically advantageous proposal and was awarded a three year contract commencing 1 January 2011 with an option to extend for a further 2 years. The cost is £12,800 per year a reduction of 36% on the current cost.
- 2.3. The Insurance Fund Budget 2011/12 was reported to Cabinet on 25 November 2010 and is also included as an item on this agenda. Insurance charges for individual schools were prepared with the costs for secondary schools having been influenced by the risk ranking exercise undertaken during September and October 2010.
- 2.4. Work has continued on identifying items of plant which are currently inspected under the engineering contract but where maintenance and servicing arrangements make such inspections unnecessary.
- 2.5. Work has continued on large liability losses / historic abuse / mesothelioma and other industrial disease claims. The expected influx of vibration related claims emanating from the Parks & Countryside Service has begun to materialise and officers are reviewing practices to limit the ultimate cost of these claims.
- 2.6. In December 2010 seven schools suffered significant flooding incidents resulting from burst pipes. It is likely that more incidents will be reported as the schools reopen after the Christmas break which is likely to result in significant costs to the Insurance Fund.

- 2.7. The current liability claims handling contract is managed by Zurich Municipal from their Newcastle office. Despite the snow experienced in the North East in mid-December the contractor did well to continue to provide an adequate skeleton service during this period and whilst a backlog of work has arisen, service standards should be met in full by early January.
- 2.8. The Risk and Insurance Team has been compiling budgetary and other information ahead of the renewal of the Liability, Motor, Computer, and Engineering insurance contracts.
- 2.9. The Team has also been liaising with colleagues in Technical Services in connection with process amendments following the loss of personnel under the Council Early Voluntary Retirement / Voluntary Severance scheme. A training programme is being developed to assist the department to maintain their excellent record on highways claims.

3. RISK MANAGEMENT PROGRESS

- 3.1. Departments have begun to identify and analyse the significant risks to their aims and objectives as part of the corporate planning process. The Risk & Insurance Team has provided updated guidance and direct support to some managers. Discussions have also been held to identify action needed to make the Corporate Risk Register more responsive to internal change and developments in the environment in which the Council operates.
- 3.2. Risk management support and advice was given to departments in relation to the Early Voluntary Retirement / Voluntary Severance scheme and to the incorporation of risk management principles into the evaluation of potential changes to fees and charges.
- 3.3. The Risk Ranking Surveys of secondary schools were completed in October 2010 and dates for the Risk Ranking Surveys of primary and special schools and children's centres have been agreed with the schools concerned.
- 3.4. The 2010/11 Quarter 3 Risk Monitoring Summary covering progress made towards improving the management of the existing corporate risks and new risks of potential corporate significance is being prepared. This will be incorporated into the Corporate Performance and Financial Review.
- 3.5. A review of risk reporting arrangements for the Wirral Local Strategic Partnership is being undertaken as part of a wider review of the partnership governance and management framework.
- 3.6. In the past quarter payments have been made from the Risk Management Fund to support the 'Stress Buster' e-learning programme (£1,800) and the senior managers' health and safety training programme (£5,600). Applications have been granted in respect of a new CCTV system at the Council kennels (£2,700) and a new lone worker monitoring system (£5,000).

4. INSURANCE MANAGEMENT – ISSUES FOR NEXT PERIOD

- 4.1. Liability claim statistics for the third quarter of 2010/11 will be produced and assessed for long term trends. Looking forward, the Council is facing significant challenges with reductions in Government funding. Decisions to meet the challenges will, almost inevitably, increase the potential for claims.
- 4.2. Terms will be agreed for the renewal of the Liabilities, Motor, Engineering Computer and Professional Indemnity policies. Minor increases in external premia are anticipated. However, costs for the Engineering contract should fall if, as expected, inspections are restricted in future to those for which there is a legal requirement.
- 4.3. Further employers liability claims are anticipated in respect of vibration claims from Parks & Countryside Service and it is expected that the trend for submission of such liability claims will continue to rise.
- 4.4. An annual service plan will be agreed with the new insurance brokers JLT Public Sector Risks.

5. RISK MANAGEMENT – ISSUES FOR NEXT PERIOD

- 5.1. The study being undertaken on reviewing the Council approach to risk management is progressing. The initial report highlighting critical risks to the public sector as a whole, and drawing on Richard Anderson's investigation into improving the approach to risk and uncertainty, is due in the next quarter.
- 5.2. A refresh of the key corporate risks will be undertaken with Chief Officers drawing on the revised strategic objectives and priorities. A review of the Corporate Risks is expected to be undertaken in conjunction with the refresh of the Corporate Plan and the setting of the Council Budget 2011/12. As referred to above the Council is facing significant challenges and decisions taken will, potentially, involve a degree of increased risk which should be considered at the time the decisions are taken.
- 5.3. The risk reporting arrangements for the Wirral Local Strategic Partnership should be clarified. Any changes agreed will be incorporated into the year end report.
- 5.4. The programme of Risk Ranking Surveys for primary and special schools and Childrens Centres will begin. This is expected to be concluded by the end of March 2011.

6. FINANCIAL IMPLICATIONS

- 6.1. The cost of the contract for insurance broking services is approximately £12,800 per year. This represents a reduction of 36% on the current cost.

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. Data from the Figtree claims database

11.2 Liability claim statistics.

11.3 Responses to the insurance broking tender.

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