

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

28 MARCH 2011

SUBJECT	CORPORATE RISK AND INSURANCE MANAGEMENT
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER	COUNCILLOR SIMON MOUNTNEY
KEY DECISION	NO

1.0 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.

2.0 RECOMMENDATION

2.1 That the Corporate Risk and Insurance Management report be noted.

3.0 REASON FOR RECOMMENDATION

3.1 Regular update reports are presented to this Committee on the work around Risk and Insurance which seek to support the Risk Management Strategy and maintain the successful management of the Insurance Fund.

4.0 BACKGROUND AND KEY ISSUES

Insurance Management progress

4.1 Consequent to involvement in the Jackson Review during 2010, one of my officers was invited by the Ministry of Justice to meet with the Justice Minister to represent the views of local authorities in connection with the consultation process on proposed reforms to civil litigation funding and costs. Following this meeting and further discussions, Wirral Council has maintained a prominent role in the consultation process. The issues under consideration have the potential for a negative impact on the performance of the liability element of the Insurance Fund. The consultation process is now closed and the outcome is awaited from the Ministry of Justice.

4.2 The liability claims statistics for the quarter ending 31 December 2010 were compiled and analysed. This showed that trends are in line with expectations and budgets although a number of potentially large claims are currently skewing average values, however such losses are expected occasionally.

- 4.3 Meetings with the new insurance brokers, JLT Public Sector Risks, have been held to create an annual service plan for the coming year.
- 4.4 Information has been provided to the insurers ahead of the renewal of the Motor, Casualty, Professional Indemnity, Engineering, Computer and Foster Carers policies on 1 April 2011. Whilst renewal terms have yet to be received, costs are expected to remain within budget.
- 4.5 Further meetings have been held to explore the possible deletion of non-statutory items from the Engineering contract. It has been concluded that all items should remain on the contract at this point.
- 4.6 Work has continued on large liability losses, historic abuse, mesothelioma and other industrial disease claims. Further vibration related claims emanating from Parks Service employees have been received and discussions are being held to manage the claims which represent a significant workload.
- 4.7 The claims handling contract continues to perform in line with the agreement. Regular monitoring indicates that service levels were affected by a national increase in weather related liability claims but the contractor maintained adherence to the key timescales.
- 4.8 During a prolonged period of freezing temperatures spanning late November 2010 to early January 2011 21 schools were flooded as a result of burst pipes. The anticipated cost to the Insurance Fund will be in the region of £110,000 with four schools accounting for the majority of this. The potential damage, and financial cost, was mitigated through the prompt actions of staff and contractors implementing emergency planning procedures. Whilst the lack of pipe lagging or roof insulation may have contributed to a number of floods, schools with sufficient protection to cope with the freezing temperatures were also affected given the unprecedented low temperatures. Whilst there is no guarantee such temperatures will not be experienced again there is the need to ensure new pipe work is sufficiently lagged, roof spaces insulated and any lagging or insulation disturbed during works is reinstated.
- 4.9 Following requests from schools who are considering transferring to Academy status officers are exploring options for continuing to provide insurance services as the legal status of Academies makes existing pooled insurance arrangements ultra-vires. As the service provided by the Risk & Insurance Team is valued by the Schools options are being considered to enable this to continue, possibly as a consultancy service.
- 4.10 The Council has now entered into an agreement with Itsmyclaim to provide members of the public with a means to bring claims for compensation that avoids the use of solicitors. This contract will be kept under close review to ascertain its value.
- 4.11 Guidance has been drafted for voluntary groups to confirm the circumstances in which their activities are protected by the Council's public liability insurance policy.

Risk Management Progress

- 4.12 An initial exercise was held with the Executive Team on 3 March 2011 to identify the key strategic risks to the delivery of the Corporate Plan. In supporting the Corporate Plan revised guidance on the inclusion of risks in Departmental Service Plans has been issued.
- 4.13 The Risk Ranking Surveys of primary and special schools and children's centres began on 18 January 2011 and will be completed in April 2011.
- 4.14 The Risk & Insurance Officer met with the Members Training Group on 1 March 2011 to discuss the structure and content of future training sessions.
- 4.15 Guidance has been prepared for report authors to assist with the population of the Relevant Risks section of the new Committee report format.

Insurance Management – Issues for Next Period

- 4.16 Liability claims statistics for the final quarter of 2010/11 will be compiled.
- 4.17 Terms will be obtained for the renewal of the Property Money Fidelity Guarantee and All Risks policies. This will include asking for alternative terms for more restricted cover in order to identify potential benefits.
- 4.18 The Insurance Fund accounts for 2010/11 will be completed which will include an in-house analysis of reserves and provisions at the year end.

Risk Management – Issues for Next Period

- 4.19 With the receipt of Richard Anderson's Review of Risk Management the conclusions will form the basis of a report for Members which will also incorporate findings from other studies on the risks faced by the public sector.
- 4.20 The key strategic risks to the delivery of the Corporate Plan will be further progressed by the Executive Team.
- 4.4.3 The remaining Schools Risk Ranking Surveys will be conducted and results shared with the Department of Children & Young People. This will help to identify where additional support would be of benefit and will assist with the prioritisation of capital expenditure.

5.0 RELEVANT RISKS

- 5.1 If inspections of non-statutory plant were to have ceased on 31 March 2011 (see section 4.5) then future defects might have gone undetected. Inspections are to continue until assurance can be obtained that the management arrangements for such items are sufficiently robust to ensure that potential defects are recognised and resolved.

6.0 OTHER OPTIONS CONSIDERED

6.1 Inspections for non-statutory items could have been allowed to cease. Whilst this would have reduced the cost of the inspection contract the cost of an accident from an undetected defect could be far greater.

7.0 CONSULTATION

7.1 No specific consultation has been undertaken with regard to this report.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 The revised guidance for voluntary groups will assist them in understanding whether they need to procure liability insurance in their own name.

9.0 RESOURCE IMPLICATIONS

FINANCIAL

9.1 The cost of policies due for renewal in April 2011 will be within budget.

STAFFING

9.2 There are none arising directly from this report.

10.0 LEGAL IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising directly from this report.

FNCE/60/11

REPORT AUTHOR: Mike Lane
Risk & Insurance Officer
telephone: (0151 666 3413)
email: mikelane@wirral.gov.uk

REFERENCE MATERIAL / SUBJECT HISTORY

Council Meeting	Date
Audit & Risk Management – Corporate Risk & Insurance Management	30 June 2010
Audit & Risk Management – Corporate Risk & Insurance Management	28 September 2010
Audit & Risk Management – Corporate Risk & Insurance Management	22 November 2010
Audit & Risk Management – Corporate Risk & Insurance Management	17 January 2011