

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

30 JUNE 2011

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

1.0 EXECUTIVE SUMMARY

1.1 This report details progress made against the objectives for corporate risk and insurance management and the anticipated developments in the coming months including the plans for 2011/12.

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 Having been involved with the Jackson Review in 2010, the Risk and Insurance Team have maintained a high profile in Government consultations on revisions to the claims and litigations process. This has included invitations to participate in discussions with Ministers and trade bodies. The legislative output from these consultations will have a fundamental impact on the future claims landscape and the Team is ensuring that the specific interests of local authorities are represented. The final report from the Government is awaited.

4.2 The liability claims statistics for the quarter / year ending 31 March 2011 were compiled and analysed. Whilst highway claims numbers continue to rise this is expected following two severe winters and is a pattern repeated across the country. The repudiation rate remains high with around 90% of all highways claims having a sound statutory defence. Unusually large claims can skew average values and occur occasionally but otherwise the average value is relatively static as there are more small value claims for vehicle damage without any injury element. Employers liability claims numbers and costs continue to rise mainly as a result of vibration related claims. This trend was identified early and funding is in place to meet potential additional costs.

- 4.3 Technically challenging work continues on large liability losses / historic abuse / mesothelioma and other industrial disease claims. These claims represent a significant workload for the small team.
- 4.4 The Insurance Fund accounts for 2010/11 were completed on schedule. The external Actuarial review is carried out every two years and so in 2011 the review was performed in-house. This included a detailed analysis of the Insurance Fund balances and enabled the release of a further £947,000 from the Insurance Fund to General Fund balances. The Insurance Fund Annual Report was presented to Cabinet on 23 June 2011.
- 4.5 Meetings with the new insurance brokers JLT Public Sector Risks have created an annual service plan for the coming year. This contract is performing well with delivery matching the high levels in the tender.
- 4.6 The Motor, Casualty, Professional Indemnity, Engineering, Computer, and Foster Carers policies were all renewed on 1 April 2011. Actual costs were slightly below the budgeted figures.
- 4.7 The claims handling contract continues to perform in accordance with the requirements of the bespoke handling contract which requires Wirral work to be prioritised over other contracts. However, the supplier remains under increasing pressure with the national increase in highway claim numbers and so to support the contractor some of the lesser requirements that have little impact on service delivery have been temporarily suspended.
- 4.8 It is not possible to include Academy school risks in the Council policies. However the Council can facilitate the provision of insurance from external suppliers and schools have expressed a wish to take advantage of such a facility. The Team has undertaken a market testing exercise to identify a preferred provider for 2011/12 for those schools converting to Academy status which resulted in Zurich Municipal being recommended to interested schools. This initiative incurred substantial additional work for the team but will generate income of around £25,000 pa to offset administration costs.

Risk Management Progress

- 4.9 The Corporate Risk Monitoring Summary for the financial year 2010/11 was incorporated within the Corporate Performance and Financial Review to Cabinet on 23 June 2011.
- 4.10 Meetings have continued with the Executive Team 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.
- 4.11 The Risk Ranking Surveys of primary and special schools and children's centres began on 18 January 2011 and are to be completed in July 2011.
- 4.12 An analysis of the risk registers for individual Council Departments has been undertaken to identify significant individual risks and aggregated risk issues.

- 4.13 The outline of a generic risk management training session for Councillors has been agreed with the Members Training Group.

Objectives for 2011/12

- 4.14 The principal areas of responsibility for the Risk and Insurance Team remain:-
- (i) Procuring appropriate, cost effective, external insurance cover and claims handling services.
 - (ii) Managing the Insurance Fund and associated Budgets.
 - (iii) Handling internally insured claims.
 - (iv) Managing liability litigation.
 - (v) Managing the performance of claims handlers and legal providers.
 - (vii) Facilitating and providing appropriate training to Members and officers.
 - (viii) Supporting Members and Chief Officers in improving the policy and framework for managing risk and opportunity.
 - (ix) Supporting all areas of the Council in the identification, analysis and management of risk.
- 4.15 A significant area of work will be improvements to the Risk Management Strategy and framework. Some of the tasks listed below relate directly to this initiative. In terms of individual tasks to be undertaken during the year the table below shows the principal areas and the target dates for completion.

Task	Target Date
Conduct market-testing exercise for Academy Schools insurance	May 2011
Support Chief Officers in reviewing Corporate Risks	May / June 2011
Review of funding for insured liabilities	May 2011
Discuss priorities for future risk management with Executive Team	June 2011
Negotiate annual renewal of Property, Money, Fidelity Guarantee & Personal Accident insurance contracts	June 2011
Develop risk management training for Members	July/August 2011
Audit of external liability claims handlers' performance	August 2011
Negotiate annual renewal of Marine Insurance contract	September 2011
Present the Insurance Fund Budget 2012/13	November 2011
Review of key departmental risks for 2012/13.	March 2012
Negotiate annual renewal of Liabilities insurance contract	March 2012
Review Motor, Computer and Engineering insurance contracts Option to extend each contract for a further 2 years. Officers will take a view prior to expiry as to whether extensions would represent good value.	March 2012

- 4.16 Regular reports on the progress of Insurance and Risk Management will continue to be presented to the Audit and Risk Management Committee. There will also be regular updates on significant risks as part of the quarterly Performance and Financial Review reports presented to Cabinet.

Insurance Management – Issues for Next Period

- 4.17 Liability claims statistics for the first quarter of 2011/12 will be compiled.
- 4.18 Terms will be obtained for the renewal of the Property, Money, Fidelity Guarantee, and All Risks policies.
- 4.19 During the coming months a number of claims are due for trial that may, subject to the findings of the trial judge, involve referral for prosecution.
- 4.20 The Academy Schools project will continue with individual cover packages being arranged from the market for the first four schools to sign up to the initiative.

Risk Management – Issues for Next Period

- 4.21 The Risk & Insurance Team will begin to develop options for amendments to the Corporate Risk Strategy, risk management framework and processes, to deliver the priorities discussed by Executive Team.
- 4.22 The revised list of key strategic risks to the delivery of the Corporate Plan will be analysed and an initial review conducted by the Executive Team. This will form the revised Corporate Risk Register to be presented for consideration by Cabinet.
- 4.23 The content of the risk management training session for Members will be developed and delivered.

5.0 RELEVANT RISKS

- 5.1 No decisions are required in relation to this report. As such there are no risks or opportunities to report.

6.0 OTHER OPTIONS CONSIDERED

- 6.1 These are not applicable in respect of this monitoring report.

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 Guidance for voluntary groups assists them in understanding whether they need to procure liability insurance in their own name.

9.0 RESOURCE IMPLICATIONS

- 9.1 The Academy Schools initiative undertaken by the Risk & Insurance Team has the potential to generate income to offset insurance administration costs.
- 9.2 There are no staffing implications 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/143/11

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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
Audit & Risk Management – Corporate Risk & Insurance Management	28 March 2011