

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

28 SEPTEMBER 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.

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 The Risk and Insurance Team continues to undertake a role in matters relating to the Jackson review of civil litigation. One officer is, by invitation, representing the views of self insured local authorities on the principal defendant lobbying group which is recognised by the Ministry of Justice as a key voice in the debate. This has provided direct access and influence to civil servants and key political figures and has shaped the national debate towards an acceptance that the cost of litigation to society is unsustainable and has led to an apparent political willingness for change. This remains an important area of work as the proposed bills and civil rule changes could have long term implications for the Insurance Fund and Wirral continues to have direct influence at the heart of the debate.

4.2 The liability claims statistics for the quarter ending 30 June 2011 were compiled and analysed. The trend for larger numbers of public liability claims continues (the rise being attributed to the harsh winter and current economic conditions). Between 500 and 600 claims are forecast to be received for 2011. Whilst this will be the largest number of claims since 2004/05 efficiencies in claims handling mean that costs should remain within budget.

- 4.3 Technically challenging work has continued on large liability losses / historic abuse / mesothelioma and other industrial disease claims; vibration related claims continue to emanate from the Parks & Countryside Service and claims for industrial deafness / noise induced hearing loss in relation to historic periods (some going back over 40 years) have maintained an upward trend. Claim specifics cannot be provided in this open format report but a discontinuance has recently been agreed on a potentially high profile Human Rights Act claim.
- 4.4 Further meetings were held with the insurance brokers JLT Public Sector Risks to progress the service plan for 2011/12.
- 4.5 The Property, Money, Fidelity Guarantee and Personal Accident / Business Travel policies were all renewed on 30 June 2011. Actual costs were within estimates for most policies. The exception was the Property policy where the actual premium exceeded the estimate by 3% because of an increase in building cost inflation which had not been forecast when budgets had been prepared.
- 4.6 Revised sums insured were collated in advance of the renewal of the Marine insurance policy on 30 September 2011. Terms have been received from insurers. As the premium is within the 2011/2 budget the Council brokers have been instructed to proceed with renewal.
- 4.7 Six Academy schools have taken out Service Level Agreements with the Risk & Insurance Team for professional advice and support in relation to insurance. Insurance packages have been put in place for four of those schools with the remaining two to be implemented by 1 October 2011. The project has taken up more capacity than anticipated but the lessons learnt will be of assistance in respect of future work in this area. Liaison also continues with other schools that are considering a move to Academy status. Initial feedback from schools using the service is very positive as they are appreciative of the assistance provided. Whilst the initial transfer of these schools out of the Insurance Fund has a negative impact on the 2011/12 budget, this work is expected to provide revenue of up to £5,000 per year for each secondary academy from 2012/13.
- 4.8 Zurich Municipal was asked to indicate by early September 2011, the level of premium and service charge expected in relation to the Engineering and Motor insurance contracts. These policies are subject to Long Term Agreements which expire on 31 March 2012 but which can be extended for a further two years subject to there being no reduction in cover or increase in rating. An early indication is necessary to allow sufficient time to comply with procurement timescales if remarketing is required. The positive management of the motor risk coupled with a reduction in fleet size will justify an improvement in the insurance rating and claims handling charges.

Risk Management Progress

- 4.9 The Executive Team has considered, and agreed, the current key risks relating to the delivery of the Corporate Plan. The Risk & Insurance Team is currently working with individual departments to understand how the risks are being controlled.

- 4.10 A training session providing Members with an introduction to risk management was delivered on 7 September 2011.
- 4.11 The Risk Ranking Surveys of primary and special schools and early years centres was completed in July 2011. Whilst overall feedback was very positive a number of areas for general improvement were identified. A report summarising the findings has been shared with the Department for Children & Young People and should help to inform future investment in schools.
- 4.12 The Executive Team met on 23 June 2011 to discuss a report on risk management arrangements and agreed that improvements were needed to help the Authority meet the major internal and external challenges which it faces. The Team also identified the priorities which should influence any future corporate approach to risk and uncertainty. This will form part of a report to Cabinet on 13 October 2011 on the Risk Management Strategy and the Management of Risk and Opportunity.

Insurance Management – Issues for Next Period

- 4.13 Liability claims statistics for the second quarter of 2011/12 will be compiled.
- 4.14 The Marine Insurance policy will be renewed.
- 4.15 If the Long Term Agreements are not extended on the Engineering and Motor insurance policies the Risk & Insurance Team will begin the process of a competitive tender for these contracts.
- 4.16 Work with Academy Schools will continue. Individual cover packages will be implemented for the schools converting to Academy status on 1 October 2011 with meetings arranged with schools anticipating conversion at the start of 2012.
- 4.17 The Insurance Fund budget for 2012/13 should be prepared and reported to Cabinet on 24 November 2011.

Risk Management – Issues for Next Period

- 4.18 The risk information supporting the Corporate Finance and Performance Review will be updated and included in the end of September review for Cabinet and detailed in the supporting Risk Monitoring Summary.
- 4.19 Should Cabinet approve the proposal to develop a new corporate approach to the management of risk and uncertainty the Risk & Insurance Team will begin the process to develop a detailed project plan and conduct an analysis of the gaps between existing framework and processes and current best practice.
- 4.20 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 as these will form the revised Corporate Risk Register for consideration by Cabinet.

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/206/11

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REFERENCE MATERIAL / SUBJECT HISTORY

Council Meeting	Date
An update report is presented to each meeting of the Audit and Risk Management Committee	