

WIRRAL COUNCIL

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

26 NOVEMBER 2008

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 in these services and anticipated developments in the coming months.

2. INSURANCE MANAGEMENT PROGRESS

- 2.1. Detailed liability claim statistics to 30 September 2008 have been compiled and the account continues to perform well. Repudiation rates remain at a high level and the trend in new claims reported remains at a historically low level.
- 2.2. Of the three liability cases heard at initial trial during September and October 2008 all were won with legal costs to be recovered from the claimants. Three further matters have been heard by the Appeal Court. All have been successful and the decisions in these separate cases, *Cenet v Wirral*, *Spencer v Wirral* (both Highway cases) and *A v Wirral* (an historic abuse matter) have all set positive case law that has been widely reported and will be relied upon in future by other defendants. Significant legal costs can also be recovered. A further decision was successfully appealed in *Williams v Wirral* on the basis that the original County Court decision was flawed and the case has been sent back to the lower court for retrial. These decisions clearly vindicate the costs / risks of challenging perceived incorrect first instance decisions in appropriate cases.
- 2.3. The Insurance Fund budget for 2009/10 has been compiled and is the subject of a report to Cabinet on 27 November 2008. As agreed by Cabinet on 22 May 2008 the savings on the Property Insurance contract and the additional costs for the increased scope of the cover have been contained and so there is no increased requirement. The increased cover against storm, flood and burst pipes became effective from 30 June 2008 and eleven losses totalling approximately £44,000 arising from adverse weather on 5/6 September 2008 have been met by the Insurance Fund. Work has commenced on reviewing the basis of charging schools to align charges more precisely to the risk exposure which should result in an increased recharge to school budgets.
- 2.4. The Risk & Insurance Team has met departments to begin developing the specification and award criteria for the tender for the Engineering Inspection and Insurance contract. Work has also started in relation to the Motor Insurance contract. Both of these expire on 31 March 2009.

- 2.5. The Marine Insurance policy was renewed on 30 September 2008 with the existing insurer. There were no significant changes in terms or premium.
- 2.6. The performance of the liability claims handlers has been of concern following the introduction of a new IT process within the company. The issues are being addressed with representatives at a senior level. This follows excellent work undertaken during the first three years of this contract and the situation continues to be monitored.
- 2.7. Settlements totalling approximately £200,000 have been received from insurers in respect of a number of major fires which occurred in the 2003/04 policy year. A further payment in settlement of the Rock Ferry High School fire is expected.
- 2.8. The Risk & Insurance Officer is negotiating an early expiry of the insurance broking and consultancy with Aon Limited to avoid having to tender for a broker at the same time as the tendering for the Motor and Engineering Insurances. The value of the service falls below the threshold of UK public sector procurement legislation and the outcome will be confirmed in the next report.
- 2.9. Interviews were held with loss adjusting companies on 30 September 2008 and GAB Robins were selected as the preferred company for use where adjusters need to be appointed on property claims.

3. CORPORATE RISK MANAGEMENT – PROGRESS

- 3.1. The Corporate Improvement Group conducted its second quarterly review and update of the 2008/09 Corporate Risk Register with this informing the Financial and Performance Monitoring Report to Cabinet on 27 November 2008.
- 3.2. The Risk & Insurance and Policy and Performance Teams have been working on improvements to the mechanisms for identifying and reporting risks to delivering the objectives in departmental plans in advance of the 2009/10 service planning cycle.
- 3.3. Work continues to ensure that risk management is embedded into the governance arrangements for the Local Area Agreement (LAA). A pilot self-assessment workshop on 15 October 2008 identified a number of structural risks to delivery. The Risk & Insurance Team also continues to support preparations for the introduction of the Comprehensive Area Assessment (CAA) regime.
- 3.4. The Risk & Insurance Officer is attending the corporate training group meeting on 13 November 2008 to examine the inclusion of risk management material into the Corporate Induction process whilst the possibility of an e-learning package for Members and employees is being investigated.

4. INSURANCE MANAGEMENT – ISSUES FOR NEXT PERIOD

- 4.1. Liability claims statistics to December 2008 will be compiled.
- 4.2. There are currently 5 claims scheduled for an initial court hearing between November 2008 and January 2009.
- 4.3. The chosen supplier for broking and insurance consultancy services will formally advertise the Motor and Engineering insurance contracts.
- 4.4. Work will begin on the renewal of the Liabilities and Computer policies which expire on 31 March 2009 but which are subject to current Long Term Agreements.
- 4.5. The Risk & Insurance Team will investigate the feasibility of commissioning a study to provide a more accurate indication of the level of funding required to meet liabilities relating to those periods where insurers cannot be identified or have become insolvent.

5. RISK MANAGEMENT – ISSUES FOR NEXT PERIOD

- 5.1. The Corporate Improvement Group will carry out the next quarterly review of the Corporate Risk Register to inform the Financial and Performance Monitoring Report to Cabinet on 5 February 2009.
- 5.2. Chief Officers and the Corporate Improvement Group will undertake the annual review of the Corporate Risk Register which should be reported to Cabinet on 10 December 2008.
- 5.3. The principal risks to the delivery of departmental aims will be identified for reporting to Cabinet on 15 January 2009 as one element of Departmental Plans for 2009/10.
- 5.4. The Risk & Insurance Officer will continue to work with the Policy and Performance Team over preparations for the introduction of CAA in April 2009.
- 5.5. The risk management arrangements for the new LAA (including baseline risk assessments for each of the Priorities for Improvement) will be developed further.

6. FINANCIAL IMPLICATIONS

- 6.1. There are none arising directly from this report.

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. Agendas and minutes of meeting with AON Limited and data from the Figtree claims database.

11.2. Liability claim statistics.

12. PLANNING IMPLICATIONS

12.1. There are none arising directly from this report.

13. RECOMMENDATIONS

13.1. That a further update be presented to the next meeting.

IAN COLEMAN
DIRECTOR OF FINANCE