

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

29 NOVEMBER 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 be involved in the civil law reform process (the Lord Justice Jackson review of civil litigation). At the invitation of the Civil Justice Council one of my officers, representing the views of self insured local authorities, recently attended a high level roundtable meeting with leading industry practitioners to discuss the proposed revisions to the Civil Procedure Rules. Wirral Council continues to be considered a key voice in the national debate around the reform process.

4.2 The liability claims statistics for the quarter ending 30 September 2011 were compiled and analysed. Public liability claim numbers continue to show a steady increase. This increase has been predicted and accounted for within the Insurance Fund modelling. Committee is advised that repudiation rates continue at high levels with over 85% of highway claims having a sound defence.

- 4.3 Technically challenging work has continued on large liability losses / historic abuse / mesothelioma and other industrial disease claims. Vibration related claims continue to be received at historically high rates, as do claims for industrial deafness / noise induced hearing loss with some claims going back over 40 years.
- 4.4 Further meetings were held with the insurance brokers JLT Public Sector Risks to progress the service plan for 2011/12. The Marine Insurance policy was renewed on 30 September 2011. Zurich Municipal was asked to provide indicative terms for the renewal of the Motor Fleet and Engineering Insurance contracts. Initial Long Term Agreements for these policies expire on 31 March 2012. However the Council has an option to extend these agreements for a further two years and, as the company has proposed maintaining its existing terms for Engineering and reducing its terms for Motor, the two year extension is being taken up.
- 4.5 Seven schools which have Academy status or are in the process of converting have now taken out Service Level Agreements with the Risk & Insurance Team for professional advice and support in relation to insurance. Academies cannot be covered by the Council policy so have to obtain their own insurance and this support package has been appreciated with Academies entering into Agreements providing income to the Insurance Fund.
- 4.6 The Insurance Fund Budgets for 2012/03 have been prepared and reported to Cabinet on 24 November 2011. In overall terms costs are expected to be lower than for 2011/12 but with the premia being allocated upon historic claims data this has resulted in increased charge to General Fund services and a reduced charge Schools. It has been recommended to Cabinet that this increase for 2012/13 could be mitigated through the use of the Insurance Fund Budget Surplus Reserve.

Risk Management Progress

- 4.7 On 13 October 2011 Cabinet considered and approved a revised list of Corporate Risks as reported elsewhere on this agenda. The controls required to manage the Corporate Risks are informing the development of the Corporate Plan for 2012/13.
- 4.8 On 13 October 2011 Cabinet considered a report, which is also included on this agenda, on the Risk Management Strategy and the Management of Risk and Opportunity. It was agreed to undertake a review the Council framework and processes for managing risk and uncertainty.
- 4.9 The Risk & Insurance Team has held an initial meeting with the Deputy Director of Finance to ensure that the risk review is supportive and consistent with any proposed improvements in the corporate governance arrangements.
- 4.10 The Risk & Insurance Officer made a presentation to the extended Department of Regeneration, Housing and Planning Management Team on their role in the current Risk Management Strategy and the review which is being undertaken.

Insurance Management – Issues for Next Period

- 4.11 The Team will continue work in connection with the process of reform to civil litigation costs referred to in section 4.1. This coming period will include one of my officers making a presentation at a national legal conference.
- 4.12 Liability claims statistics for the third quarter of 2011/12 will be compiled.
- 4.13 Work will begin on collating information required by insurers to provide terms for the Liabilities, Computer and Foster Care policies which are due for renewal on 1 April 2012.
- 4.14 The work with the Academy Schools will continue with an individual package of cover put in place for Weatherhead High School which is expected to convert to Academy status on 1 January 2012.
- 4.15 In completing the Insurance Fund Budget for 2012/13 the insurance charges for individual schools for the 2012/13 financial year will be calculated.

Risk Management – Issues for Next Period

- 4.16 To initiate the review of the risk framework and processes referred to in section 4.10 the existing Risk Management Strategy will be evaluated against the British Standard to produce a gap analysis and action plan.
- 4.17 To support the management of risk and the capture and analysis of risk information an evaluation will be undertaken of the functionality of the programme management system recently acquired by the Director of Technical Services to support the Change Programme.
- 4.18 Updated guidance will be given to departments to support them in identifying and analysing the principal risks to the delivery of their objectives for 2012/13. Departments will include the register of these key risks in their Service Plans which will also highlight any additional controls for the management of the identified corporate risks which they will seek to implement in 2012/13.

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/263/11

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REFERENCE MATERIAL / SUBJECT HISTORY

Council Meeting	Date
A corporate risk and insurance management report is presented to each meeting of the Audit and Risk Management Committee	