

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

13 MARCH 2012

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

1.0 EXECUTIVE SUMMARY

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

2.0 BACKGROUND AND KEY ISSUES

Insurance Management progress

- 2.1 There continues to be an active involvement with the ongoing civil law reform process. The Government has recently published a response to the delayed Solving Disputes Consultation, which is one of many parallel threads making up the reform process. Whilst there remains a commitment to the general principle of civil law reform this document contains little detail as to how the aims will be implemented in practice. As the proposals may have a significant long term impact on the costs of liability claims officers will continue to press Ministry of Justice officials and industry contacts to ensure that the interests of local authorities are considered. The implementation dates for all threads have now been deferred to April 2013 and further slippage is likely.
- 2.2 The liability claims statistics have been completed for Quarter 3 (quarter ending 31 December 2011). The relatively mild winter has had a positive impact on highway claims numbers and whilst an increase over 2010/11 claim numbers is expected the increase will now be relatively modest. Technical Services Department continues to provide the Team with the basis for a sound defence for over 90% of all highways claims submitted, and projected claims costs continue to be within budget. This performance compares favourably with peer local authorities and it is important that this is maintained as a reduction of just 5% in repudiation rates would equate to a 50% increase in highway liability claims costs. In total 517 new general public liability claims were reported in 2011 of which 446 claims related to the highway.

- 2.3 The bulk of the claims workload continues to relate to non standard Employers (EL) and Public Liability (PL) matters. Vibration claims from Parks and Open Spaces employees continue to prove problematic with 16 such claims received in the last 12 months. A significant increase has also been seen in noise induced hearing loss (NIHL) claims most of which relate to exposure in the 1990's for which no documentation in respect of working practices or employment records can be located. In the last 12 months 11 NIHL claims have been received. The trend in EL claims shows an increase with 26 claims received in the year to 1 March 2010, 44 to 1 March 2011 and 64 claims to 1 March 2012. Whilst claims have been received in these periods they relate to allegations of negligence that span many previous years. Although specialist procedures have been implemented to manage this increase it has impacted on the capacity of the team.
- 2.4 Officers recently met with representatives of 'its my claim.com' to review the contract performance over the initial 12 month pilot period. The web-site generated two claims and, as the Council had no liability for either, there was no saving from 'its my claim.com'. The results of the pilot did not justify the renewal of this contract.
- 2.5 Two large theft claims have been notified since the previous report. A break-in at the Children's Assessment Centre at the former St Laurence's Primary School on 13 December 2011 resulted in the loss of tablet computers and a break-in at Leasowe Recreation Centre on 21 February 2012 resulted in the safe and takings being stolen. A meeting with the Head of Sport & Recreation has agreed additional security measures for all Centres.
- 2.6 The Council brokers JLT Public Sector Risks have appointed a new manager to service the account from April 2013 and performance will be reviewed before taking any decision over the future of the contract.
- 2.7 Renewal terms for the Liability, Professional Indemnity, Motor, Engineering, Computer and Foster Care insurance contracts are expected in March 2012 . No significant changes are anticipated and the actual figures will be reported to the next meeting of this Committee.
- 2.8 As part of the on-going work with schools converting to Academy status assistance has been provided to Hilbre High School in compiling information needed to obtain quotations for an individual insurance package. To deliver economies in the procurement process work is underway with insurers to bring a common insurance renewal date to all converted Academies.
- 2.9 Every two years an external actuarial report is commissioned to review the sum required to fund liability claims within the limits of the self-insured liability. Given the account is relatively stable it is proposed that an in house liability funding review be conducted this year. This will save approximately £7,000.

- 2.10 Following an enquiry from Sefton Council assistance is being provided to improve insurance arrangements. Initial discussions have focussed on procurement issues as Sefton is in a period of management transition and with a view to establishing areas for collaborative working that may be beneficial to both organisations

Risk Management Progress

- 2.11 In connection with the review of the risk management framework and processes the Risk & Insurance Officer has been working with the Strategic Change Programme Office to ascertain if the programme control system can be enhanced to capture the risks to the delivery of the objectives as set out in the Corporate Plan and also the Departmental Service Plans.
- 2.12 Each department has identified the principal risks to the delivery of its Departmental Service Plan as part of the corporate planning process.
- 2.13 The Executive Team has evaluated the revised Corporate Risks and the updated Corporate Risk Register submitted to Cabinet on 2 February 2012 is included on the agenda of this Committee.
- 2.14 The 2012/13 work plan for the Risk & Insurance Team is being developed and will be reported to the next meeting of this Committee.

Insurance Management – Issues for Next Period

- 2.15 Officers will continue with work in connection with the process of reform to civil litigation costs.
- 2.16 Liability claims statistics for the final quarter of 2011/12 will be compiled.
- 2.17 The management of liability claims is expected to continue demanding a very substantial part of the capacity within the Risk & Insurance Team.
- 2.18 Work will begin to collate the information required in connection with the renewal of the Property, Business Interruption, Money and Fidelity Guarantee insurance contracts on 30 June 2012.
- 2.19 Competitive quotations will be sought for Hilbre High School Academy insurance package and when the conversion date for Woodchurch High School is known the insurance package will be implemented.
- 2.20 Liability claims data as at 31 March 2012 will be extracted in order to undertake the in house funding review.
- 2.21 Additional discussions will be held with Sefton Council to further explore joint working.

Risk Management – Issues for Next Period

- 2.22 Further preparatory work will be done for the review of the risk framework and processes.
- 2.23 The Executive Team will undertake the quarter 4 review of the Corporate Risk Register as part of the corporate performance monitoring process.
- 2.24 The Risk & Insurance Team will conduct an analysis of the departmental risk registers and provide each department with feedback to support continuous improvement.

3.0 RELEVANT RISKS

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

4.0 OTHER OPTIONS CONSIDERED

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

5.0 CONSULTATION

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

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

- 6.1 There are none arising directly from this report.

7.0 RESOURCE IMPLICATIONS

- 7.1 The Academy Schools initiative undertaken by the Risk & Insurance Team is continuing to generate income which offsets insurance administration costs.
- 7.2 Although under pressure the Team has sufficient resource to deal with the insurance responsibilities. However the additional work required as a result of the planned improvements to risk management arrangements could not be delivered within existing staff resources.

8.0 LEGAL IMPLICATIONS

- 8.1 There are none arising directly from this report.

9.0 EQUALITIES IMPLICATIONS

- 9.1 There are none arising directly from this report.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 RECOMMENDATION

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

13.0 REASON FOR RECOMMENDATION

13.1 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.

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REFERENCE MATERIAL / SUBJECT HISTORY

Council Meeting	Date
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
Audit & Risk Management – Corporate Risk & Insurance Management	30 June 2011
Audit & Risk Management – Corporate Risk & Insurance Management	28 September 2011
Audit & Risk Management – Corporate Risk & Insurance Management	29 November 2011
Audit & Risk Management – Corporate Risk & Insurance Management	1 February 2012