

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

19 MARCH 2013

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

1.0 EXECUTIVE SUMMARY

1.1 This report confirms progress made in relation to the key actions in corporate risk and insurance management planned for 2013/14 and reported to this committee on 31 January.

2.0 BACKGROUND AND KEY ISSUES

2.1 Risk and insurance management comprises two significant areas of activity. One is the provision of advice and support to Members and officers in developing the corporate risk management framework and processes. The other is risk financing which incorporates insurance procurement, management of the Council's internal Insurance Fund and claims management.

2.2 In addition to day-to-day operations the service is responsible for major procurement exercises and improvement activities. This report focuses on the latter.

2.3 The report submitted to this committee on 31 January summarised key actions to be implemented up to the end of 2013/14. Progress made since that date in relation to those actions is summarised in the paragraphs below:

Peer review of corporate insurance arrangements at Sefton Council

The information gathering element of the review was completed in February. Claims data will be analysed and documentation reviewed to enable a report with detailed recommendations for improvement to be provided to Sefton in early April.

Annual renewal of Casualty, Motor, Engineering, Computer and Foster Care policies

Underwriting information was collated for the Casualty, Motor and Engineering contracts and provided to insurers in January. Insurers' renewal terms were received in February and are shown in the table compared with the estimates.

Class of Business	Actual Charge	Estimate	Difference
Casualty - insurance	£165,300	£162,500	£ 2,800
Casualty – claims handling	£95,570	£98,000	£-2,430
Motor - insurance	£29,160	£30,000	£- 840
Motor – claims handling	£3,650	£4,000	£- 350
Engineering - insurance	£2,810	£2,840	£- 30
Engineering – inspection fees	£106,210	£106,640	£- 430

Renewal terms for the Professional Indemnity, Computer and Foster Care policies have yet to be received and will be included in the next report to this committee.

Procurement of Property, All Risks, Money, Fidelity Guarantee and Personal Accident / Business Travel policies

Invitations to tender were issued on 26 February. The deadline for responses is 12 April. The outcome of the tender will be reported to Cabinet and to the next meeting of this committee.

Report on Liability funding requirements

Accurate claims data provides the vital foundation for the funding report. A major reconciliation exercise is currently underway to ensure that data to be provided to the actuary for the purposes of the report are robust.

Roll out risk information element of Concerto (P2) across departments

The risk recording and reporting functionality of the Concerto system was signed off in January. A user guide has been produced and training for users will be delivered before the end of May.

Academy schools insurance procurement

A decision has been taken to establish a framework agreement for Academies insurance via a competitive tender process. The agreement would be open to existing Academies and to those schools which convert during the currency of the agreement.

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 None.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING AND ASSETS

7.1 The Academy schools initiative and the Peer Review for Sefton Council undertaken by the Risk & Insurance Team are generating income which offsets the authority's insurance administration costs.

7.2 In addition to the many successful defences on the hundreds of standard liability claims received, the Council has achieved a number of significant outcomes in relation to Liability claims within the past quarter. A highway claim which had been estimated to cost in excess of £2m will now be settled for less than £500,000. A stress claim in which damages of £450,000 were sought was settled for £80,000. An asbestos claim with a potential of £250,000 was successfully fully defended at trial at no cost to the Council. A very long running abuse claim involving 4 claimants from the same family has been settled for only nominal amounts. Such results not only have a favourable impact on the level of provisions which the Council needs to maintain but also place the authority in a more favourable position when the Casualty policy is tendered in 2015.

7.3 However the past quarter has also seen a sharp increase in the number of new Public Liability claims reported. The reasons for this rise are not certain but could be linked to changes in the rules applying to civil claims which will be introduced from April onwards and which are aimed at streamlining the legal process and reducing the cost of litigation

Even more significant has been the increase over a longer period in more complex and technically demanding claims relating to issues such as stress, defamation, abuse, asbestosis and bullying. The Council's strategic approach is to retain authority on all claims and keep tight control over their handling rather than simply hand over their management to an insurer.

As indicated in paragraph 7.2 this approach produces real savings in claims costs and helps to protect the reputation of the Council. But it requires the time to develop a detailed understanding of the issues involved and relevant case law and to attend case conferences, joint settlement meetings and court hearings. The rise in complex cases and the larger number of Liability claims numbers generally is taking up an increasing part of the Risk & Insurance team's limited capacity.

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.

REPORT AUTHOR: Mike Lane
Risk & Insurance Officer
telephone: 0151 666 3413
email: mikelane@wirral.gov.uk

REFERENCE MATERIAL / SUBJECT HISTORY

Council Meeting	Date
Audit & Risk Management – Corporate Risk & Insurance Management	1 February 2012
Audit & Risk Management – Corporate Risk & Insurance Management	13 March 2012
Audit & Risk Management – Corporate Risk & Insurance Management	14 June 2012
Audit & Risk Management – Corporate Risk & Insurance Management	19 September 2012
Audit & Risk Management – Corporate Risk & Insurance Management	26 November 2012
Audit & Risk Management – Corporate Risk & Insurance Management	31 January 2013