

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

10 JUNE 2013

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

1.0 EXECUTIVE SUMMARY

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

2.0 BACKGROUND

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 Insurance Fund and claims management.

3.0 KEY ISSUES

3.1 In addition to day-to-day operations the insurance service is responsible for major procurement exercises and improvement activities. This report focuses on the latter. The key actions to be implemented up to the end of 2013/14 were included in the report to Committee on 31 January 2013. Progress since March in respect of those actions is summarised in the paragraphs below:

3.1.1 Annual renewal of Professional Indemnity, Computer and Foster Care policies

Renewal terms for the above policies were received in late March. The table shows the actual renewal premiums compared with the Estimates.

Table 1: Annual renewal results for Professional Indemnity, Computer and Foster Care insurance contracts

Class of Business	Premiums	Estimate	Difference
Professional Indemnity	£19,600	£12,000	£ 7,600
Computer	£14,200	£14,000	£ 200
Foster Care – Damage	£15,200	£11,100	£ 4,100
Foster Care – Legal Expenses	£ 3,100	£ 3,200	£- 100
Totals	£52,100	£40,300	£11,800

The increase for Professional Indemnity insurance is due to the expansion of professional services provided to external organisations and in particular Academy schools. The increase for damage to Foster Carers property is due to a requested increase in the maximum sum payable for an individual claim for which there is a recharge of costs by user departments.

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

Cabinet on 14 March delegated authority for the award of these contracts to the Portfolio Holder. Four quotations were received by the closing date of 12 April and a Delegated Decision report was submitted to the Leader of the Council on 16 May. The contracts are to be awarded in accordance with the recommendations in the report and the table below indicates the premiums payable for 2013/14 and how these compare to the Estimates.

Table 2: Procurement results for Property, All Risks, Money, Fidelity Guarantee and Personal Accident / Business Travel insurance contracts

Class of Business	Premiums	Estimate	Difference
Property	£230,300	£243,300	£- 13,000
Fidelity Guarantee	£ 39,400	£ 37,000	£ 2,400
Fine Art	£ 13,900	£ 24,500	£- 10,600
Personal Accident & Travel	£ 6,600	£ 6,300	£ 300
Terrorism	£ 44,600	£ 71,700	£- 27,100
Totals	£334,800	£382,800	£- 48,000

3.1.3 Peer review of corporate insurance arrangements at Sefton Council

The final report with detailed recommendations for improvement was submitted to Sefton Council in April. This was well received and has since been discussed in with senior management and the insurance team at Sefton. An invoice for £4,800 has been submitted for conducting the review.

3.1.4 Management of the Insurance Fund

A review of reserves and provisions has been undertaken as part of the completion of the Annual Accounts. The outcome of the review will be reported to Cabinet on 13 June and to the next meeting of this Committee.

3.1.5 Report on Liability funding requirements

Verified liability claims data as at 31 March 2013 has been provided to the actuary to undertake the external review and the funding report is awaited. Its conclusions will be reported to a future meeting of this Committee.

3.1.6 Academy Schools insurance procurement

8 Academy schools and 2 schools in the process of conversion have formally engaged the Council to establish a framework agreement for the future provision of insurance via a competitive tender process. An OJEU notice is to be posted shortly. The outcome of the exercise will be reported to a future meeting of this Committee.

3.1.7 Review of Corporate Risks

During April and May the Risk and Insurance team supported the Chief Executive's Strategy Group in identifying the high level medium term risks to delivery of the Council's Corporate Plan. The output from that exercise was reported to Cabinet on 23 May and is the subject of a separate report to this meeting.

3.1.8 Production of Directorate and Service Plan Risk Registers

Guidance on the identification of risks and the production of risk registers was circulated in May. Directorates and service areas are in the process of producing updated risk registers as part of the service planning process.

3.1.9 Review of the Corporate Risk Management Framework

Work has begun on drafting new risk management policy and strategy documents.

4.0 RELEVANT RISKS

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

5.0 OTHER OPTIONS CONSIDERED

5.1 These are not applicable in respect of this monitoring report.

6.0 CONSULTATION

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

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are no implications arising directly from this report.

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING AND ASSETS

8.1 Savings or cost increases in insurance procurement flow to the users of the service through the recharge mechanism.

8.2 As indicated above the Peer Review for Sefton Council undertaken by the Risk & Insurance Team has generated income of approximately £4,800 which is being used to offset Wirral's insurance administration costs.

8.2 The provision of support services to Academy schools is estimated to generate income of approximately £35,000 in 2013/14. This will also help to offset the Council's insurance administration costs which are ultimately recharged to users of the service.

8.3 There has been a modest reduction in the number of new Employers' Liability claims in the last quarter. This will have a favourable impact on the level of provisions which the Council needs to maintain for this class of business.

8.4 The past quarter has continued to see 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 are being introduced from April 2013 onwards and which are aimed at streamlining the legal process and reducing the cost of litigation.

9.0 LEGAL IMPLICATIONS

9.1 There are no implications arising directly from this report.

10.0 EQUALITIES IMPLICATIONS

10.1 There are no implications arising directly from this report.

11.0 CARBON REDUCTION IMPLICATIONS

11.1 There are no implications arising directly from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are no implications arising directly from this report.

13.0 RECOMMENDATION

13.1 That the savings arising from the management of Corporate Risk and Insurance be noted.

14.0 REASON FOR RECOMMENDATION

14.1 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 Committee	
Corporate Risk & Insurance Management	13 March 2012
Corporate Risk & Insurance Management	14 June 2012
Corporate Risk & Insurance Management	19 September 2012
Corporate Risk & Insurance Management	26 November 2012
Corporate Risk & Insurance Management	31 January 2013
Corporate Risk & Insurance Management	19 March 2013