

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

23 JUNE 2014

SUBJECT	MANAGEMENT OF INSURANCE AND CORPORATE RISK
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF RESOURCES
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

1.1 This report sets out the key actions to be taken in relation to corporate risk and insurance management during 2014/15 and highlights any key decisions which will need to be made. Progress made since March 2014 in relation to key actions planned for 2014/15 is also included.

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 undertakes insurance procurement and improvement activities and this report focuses on the latter. The key actions to be implemented during 2014/15 were included in the report to this Committee on 18 March 2014 and progress since March in respect of those actions is summarised in the ensuing paragraphs.

INSURANCE ACTIVITIES

3.1.1 Annual renewal of Casualty Computer and Foster Care Policies

For all 3 classes of business renewal terms were agreed with insurers before the existing insurance period expired. In respect of Casualty (Liability) there was an increase of 4% (£72,100) over 2013/14 costs which had been anticipated and reflected in the Insurance Fund Budget 2014/15.

The Computer insurance premium increased by 2% (£320) and Foster Care increased by 4% (£720). In both cases the changes arose from increases in the number of people or values to be insured.

The Insurance Fund Annual Report refers to the consideration of taking up a 2 year extension to the current Casualty contract together with the possibility of ending the outsourced claims handling element of the contract and moving this function entirely in house. This will be reported to Committee in

September. The market for local authority liability risks has recently become much weaker and a procurement exercise might actually result in less favourable terms.

3.1.2 Annual renewal of Property All Risks Money Fidelity Guarantee and Personal Accident / Business Travel policies

Renewal questionnaires for all the above classes of insurance have been completed and forwarded to insurers. Although renewal terms have yet to be received it is expected that costs will be within the Budget. The actual renewal costs will be included in the next report to this Committee.

3.1.3 Procurement of Motor and Engineering insurance and inspection contracts

Evaluation of the two responses received to the Invitation to Tender was concluded in early March. In both cases the proposal from the existing insurer Zurich Municipal was successful and, in accord with the Contract Procedure Rules, the Director of Resources accepted the tenders on behalf of the Council. This resulted in a net saving of £400 from the two contracts with the Engineering Contract cost £112,110 against an estimate of £108,860 and the Motor Contract £36,340 against an estimate of £40,000.

3.1.4 Academy Schools insurance procurement

Of the schools located outside the borough which were scheduled to join the Holy Family Catholic Multi-Academy Trust from 1 June 2014 only one proceeded to join the Trust. The policy has been extended to accommodate the additional school.

Officers have continued to work with colleagues at a national level to understand the risks and benefits of the Education Funding Agency's 'Risk Protection Arrangement' scheme for Academies and to provide advice to academies in the borough.

3.1.5 Insurance Fund Annual Report

The Insurance Fund accounts for 2013/14 were completed as part of the Council's year-end processes. The Annual Report is the subject of a separate report on this agenda.

RISK MANAGEMENT ACTIVITIES

3.1.6 Review of the Corporate Risk Management Framework and processes

Revised guidance was provided to Directorates to inform Service Plans for 2014/15. These have resulted in clearer links between the Council's corporate risks and the mitigating actions being taken throughout the Council.

3.1.7 New Corporate Risk Management Policy and Strategy

The revised Policy was adopted by Cabinet on 13 March 2014. It is available on the Council web-site being launched with a news story. There have also been presentations made to each Directorate Management Team.

3.1.8 Determine risk appetite

An initial exercise involving the Chief Executive Strategy Group and Cabinet was held on 17 April 2014. Participants were presented with a 12 point scale, reflecting a range of views about attitudes to risk, from 'wary' through to 'confident' and asked to confirm which point on the scale most closely reflected their own stance towards the risks presented by the Future Council programme, each of the Council's Corporate priorities and risks impacting on the Council's financial position and reputation. Further work will be undertaken in the coming weeks to consider the Council's capability to deal with risk.

3.1.9 Review of Corporate Risk Register

The Quarter 4 review was undertaken by the Chief Executive Strategy Group on 6 May 2014. The 2014/15 Service Planning process has provided additional information about the mitigation of the corporate risks. These have been incorporated into the updated Register which is now the subject of a regular update to each meeting of this Committee.

3.1.10 Future Council

Robust risk management arrangements have been incorporated into the governance of the Future Council programme. Both programme level and work stream risk registers are in place and are subject to regular review and reporting to the Future Council Governance Board.

3.1.11 Develop training and guidance for Members and officers

Risk management competencies for different stakeholder groups have been developed. The Risk & Insurance and Organisational Development teams have begun discussions over the most effective mechanisms for ensuring that each group has the requisite level of knowledge and skills.

4.0 RELEVANT RISKS

- 4.1 The improvement of the risk management framework and the implementation of more effective processes will help to improve the ability to handle risk across the organisation.

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 The provision of support services to Academy schools is estimated to generate income of approximately £40,000 in 2014/15. This will also help to offset the Council's insurance administration costs which are ultimately recharged to users of the service.

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 content of this report 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 Policy and maintain the successful management of the Insurance Fund.

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SUBJECT HISTORY

Council Meeting	Date
Audit & Risk Management Committee	
Corporate Risk & Insurance Management	19 March 2013
Management of Insurance & Corporate Risk	10 June 2013
Management of Insurance & Corporate Risk	18 September 2013
Management of Insurance & Corporate Risk	25 November 2013
Management of Insurance & Corporate Risk	28 January 2014
Corporate Risk Management Policy	28 January 2014
Management of Insurance & Corporate Risk	18 March 2014