

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

27 JANUARY 2015

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. Progress made since September in relation to key actions planned for 2014/15 are also included.

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 Insurance Fund and claims management.

2.2 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 during 2014/15 were included in the report to this Committee on 18 March. Progress since September in respect of those actions is summarised in the paragraphs below.

2.2.1 Tender for Litigation Services

The Council currently has contracts with two firms of solicitors for the specific provision of legal services in relation to liability related litigation. The specification of this contract differs substantially from the outsourcing contracts utilised by Legal Services. Current contracts expire on 31 March 2015. It has been necessary to extend the contracts, because of capacity constraints within the procurement process. A revised timetable has been agreed and the contracts have been advertised in OJEU and the PQQ has been posted on The Chest.

2.2.2 Risk management arrangements for programmes and projects

With support from the Change team draft revised requirements and improved guidance for project managers and project teams has been produced. This will be refined further before wider distribution

2.2.3 Review of Corporate Risk Register

The Corporate Risk Register is the subject of a separate report to this meeting.

2.2.4 Service Planning 2015/16

The requirements as regards the risk management element of directorate plans for 2015/16 have been agreed as part of the corporate planning process.

2.2.5 Develop training and guidance for Members and officers

Further development work on the E-learning courses for staff and for managers has been undertaken. The course content was not finalised by the original target date of December 2014. But will be completed shortly.

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2.2.7 Annual renewals of existing insurance contracts (April 2015)

As reported to this Committee on 25 November 2014 I have accepted insurers' terms for the April 2015 renewal of the Casualty (Liability) contract. In respect of the other contracts which are renewable on this date (Motor, Engineering, Professional Indemnity, Computer and Foster Care) information has been supplied to the Council's insurers and brokers to enable them to confirm their renewal terms. Premiums are expected to be within the 2015/16 budget. The actual figures will be reported to a future meeting of this committee.

2.2.8 Future administration of liability claims

I remain of the opinion that partially in sourcing some further administration could offer significant benefit. As such I am in the process of determining any additional costs that might be involved.

2.2.9 Refresh of the Corporate Risk Management Policy

At its meeting on 15 October the Corporate Governance Group considered the output from a recent benchmarking survey. This highlighted a number of priorities for improving the Council's risk management framework including learning from risk events, business continuity planning, defining the Council's risk appetite, risk management training and partnership risk arrangements. These will inform changes to the Risk Management Policy and key actions for 2015/16.

2.2.10 Insurance Fund Budget 2015/16

The Insurance Budget is the subject of a separate agenda item for this meeting.

3.0 RELEVANT RISKS

3.1 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.

3.2 Mishandling of liability claims can result in substantial additional claims costs.

4.0 OTHER OPTIONS CONSIDERED

4.1 In relation to the litigation services tender 2 alternative options have been considered. Utilisation of the NW Legal Consortium option was considered but rejected as this framework does not accommodate the specialised nature of the litigation conducted under existing contracts. The Council could also outsource control of the litigation to a panel of solicitors managed by the insurers. This option would involve delegating settlement authority to the insurers in direct contradiction to the long standing claims strategy and was therefore also rejected.

5.0 CONSULTATION

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

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 None.

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 Premiums for those contracts which are renewable in April 2015 are expected to be within the 2015/16 budget.

8.2 The existing claims management software is scheduled for an upgrade and this process would be brought forward to facilitate any potential future move to self-handling of liability claims. This process would be managed by the software providers and would not necessitate significant IT involvement.

9.0 LEGAL IMPLICATIONS

9.1 There are no specific 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 AND ENVIRONMENTAL 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 RECOMMENDATIONS

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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BACKGROUND PAPERS/REFERENCE MATERIAL

Correspondence with insurers
Report of the Risk and Insurance Officer (Corporate Risk Register) – 23 October 2014

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee	25 November 2014
Corporate Risk & Insurance Management	17 September 2014
Corporate Risk & Insurance Management	23 June 2014
Corporate Risk & Insurance Management	18 March 2014
Corporate Risk & Insurance Management	28 January 2014