



**Audit and Risk Management Committee**  
**Tuesday, 22 November 2016**

<b>REPORT TITLE:</b>	<b>MANAGEMENT OF INSURANCE AND CORPORATE RISK</b>
<b>REPORT OF:</b>	<b>ASSISTANT DIRECTOR: FINANCE</b>

**REPORT SUMMARY**

This report is the regular update which sets out progress made since my previous report in September 2016 in relation to key actions planned for 2016/17.

**RECOMMENDATION/S**

1. That the content of this report be noted.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 Regular update reports are presented to this Committee on the work around risk management and insurance which seek to support the Risk Management framework and maintain the successful management of the insurance programme.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 Not applicable to this report.

### **3.0 BACKGROUND INFORMATION**

- 3.1 Risk and insurance management comprises two significant areas of activity:

- The provision of advice and support to Members and officers in developing the corporate risk management framework and processes.
- Risk financing which incorporates insurance procurement, management of the Council's Insurance Fund and claims management.

- 3.2 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 2016/17 were included in the report to this Committee on 15 March 2016. Progress made since my last report in respect of those actions is summarised in the paragraphs below.

#### **3.2.1 Corporate Insurance Budget 2017/18**

Forecasts of the cost of external premiums and contributions to the Insurance Fund in the forthcoming financial year and the allocation of these sums between schools and individual Council functions are currently being produced. The Corporate Insurance Budget for 2017/18 will be presented to the next meeting of this Committee for consideration by Members.

#### **3.2.2 Corporate Risk Management Policy**

The refreshed Corporate Risk Management Policy which was agreed by this committee at its meeting on 26 September was adopted by Cabinet on 7 November.

#### **3.2.3 Corporate Risk Register**

The Register is the subject of a separate report to this meeting. The next formal review of the Register by the Strategic Leadership Team (quarter two 2016/17) is scheduled for 22 November. The outcome of this will be reported to the next meeting of this Committee.

### **3.2.4 Alignment of Risk Management and Performance Management**

The Risk and Insurance Manager has addressed a number of Wirral Plan Pledge Strategy Steering Groups over recent weeks to advise them of the need to identify and document their key risks and to offer to support them with these tasks. Risk registers are also being produced for programmes within the revised Transformation Programme and for the business plans of each of the three functions in the New Operating Model. Information from these areas will be incorporated into the reports produced for the Strategic Leadership Team and for Members from the end of quarter three 2016/17.

### **3.2.5 Traded Service for Schools and Academies**

Risk and Insurance services remain a key element of traded services for schools and my officers are participating in corporate plans for development of services for 2017/18 and beyond. Estimates of insurance costs for controlled schools in the coming financial year are being produced as part of the corporate insurance budget activity referred to in paragraph 3.2.1. Insurance arrangements for the Holy Family Multi Academy Trust are being extended to incorporate St Mary's College which joined the Trust on 1 November.

### **3.2.6 Policy Renewals – April 2017**

Contracts in respect of comprehensive Motor insurance and Engineering inspection and insurance reach the end of their initial Long Term Agreements on 31 March 2017. Both contracts contain a provision giving the Council an option to extend them for a further two years. I believe that the contracts continue to deliver good value to the Council and insurers have confirmed that the premium rates will not increase in the period of the extension. This provides greater certainty as to future corporate insurance costs. I am therefore exercising the option to extend the contracts to 31 March 2019. The contracts will be retendered before this date as there is no provision for any further extension.

### **3.2.7 Tender for Casualty and Computer Insurance**

As indicated previously the tender for Casualty insurance and associated claims handling is the largest and most complex of all the Council's insurance procurement exercises. The production of the Invitation to Tender (ITT) and associated documentation has taken up a large proportion of the capacity of the Risk and Insurance team in recent weeks. The OJEU notice and ITT were published on the Council's procurement portal at the start of November. The final date for responses is 15 December. An update on this exercise will be provided to the next meeting of this committee. The final outcome of the procurement will be reported to the March 2017 meeting.

### **3.2.8 Claims Handling Changes**

New Liability claims continue to be reported at a historically low level. This should have a beneficial impact on the cost of external claims handling under the new Casualty insurance contract referred to above. It also means that the additional work resulting from the in-sourcing of claims for property damage remains manageable within the existing staffing resources of the Risk and Insurance team.

## **4.0 FINANCIAL IMPLICATIONS**

4.1 There are none arising directly from this report.

## **5.0 LEGAL IMPLICATIONS**

5.1 There are none arising directly from this report.

## **6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS**

6.1 The adoption of limited self-handling of Liability claims continues to result in some additional work for the Risk and Insurance team.

## **7.0 RELEVANT RISKS**

7.1 The continuing 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.

7.2 If a large number of schools were to convert to academies the pool of contributors to the Insurance Fund would decrease. Over time this could reduce the authority's buying power and the degree to which it could self-insure. This in turn could increase the cost of financing insurable risk. However my officers remain vigilant to potential conversions and will make changes to the authority's arrangements to ensure that potential negative impacts are gradual and limited wherever possible.

7.3 Capacity and key personnel risks are at their highest during the crucial period of remarketing the Casualty contract.

## **8.0 ENGAGEMENT/CONSULTATION**

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

## **9.0 EQUALITY IMPLICATIONS**

9.1 There are none arising directly from this report.

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**APPENDICES**

**None**

**REFERENCE MATERIAL**

**N/A**

<b>SUBJECT HISTORY Council Meeting</b>	<b>Date</b>
Audit & Risk Management Committee	
Corporate Risk & Insurance Management	26 September 2016
Corporate Risk & Insurance Management	13 June 2016
Corporate Risk & Insurance Management	15 March 2016
Corporate Risk & Insurance Management	17 February 2016
Corporate Risk & Insurance Management	24 November 2015