



Audit and Risk Management Committee
Monday, 30 January 2017

REPORT TITLE:	MANAGEMENT OF INSURANCE AND CORPORATE RISK
REPORT OF:	Assistant Director: Finance

REPORT SUMMARY

This report sets out progress made since my previous report in November 2016 in relation to key actions planned for 2016/17.

RECOMMENDATION

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:
- 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 have been produced. The Corporate Insurance Budget for 2017/18 is the subject of a separate agenda item for this meeting.

3.2.2 Corporate Risk Management Policy

Cabinet formally adopted the refreshed Corporate Risk Management Policy on 7 November 2016. The Risk and Insurance Manager is meeting with representatives from the each of the 3 Council functions to advise them of the requirements of the new policy. Managers will be made aware through publication of the January 2017 of the Managers Brief.

3.2.3 Corporate Risk Register

The register is the subject of a separate report to this meeting.

3.2.4 Alignment of Risk Management and Performance Management

The Risk and Insurance Manager has facilitated a number of risk workshops for Wirral Plan Pledge Strategy Steering Groups over recent weeks. Support is also being provided in relation to the development of risk registers for programmes within the revised Transformation Programme and for the business plans of each of the three functions in the New Operating Model.

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 participated in a launch event on 12 January for services in the 2017/18 financial year. Estimates of insurance costs for controlled schools in the coming financial year have been produced as part of the corporate insurance budget activity referred to in paragraph 3.2.1.

3.2.6 Policy Renewals – April 2017

As reported to the last meeting of this committee I have exercised options within the contracts for Motor insurance and Engineering inspection and insurance to extend them for a further two years from 1 April 2017. However the contracts remain subject to an annual renewal process and information required for renewal is currently being collated.

3.2.7 Tender for Casualty and Computer Insurance

Responses to the Council's Invitation to Tender (ITT) were received on 15 December 2016. I am pleased to confirm that there has been significantly more competition for the Casualty insurance risk than has been the case for many years. The evaluation of quality takes account of the breadth of the cover being offered, the quality of claims handling and innovation and added value. The evaluation process will be completed by the end of January and the final outcome will be reported to the March meeting of this committee.

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 in paragraph 3.2.7. The departure of Simon Hutchinson indicated below will have a particular impact in this area of work. However the knowledge and experience of other officers and support provided by suppliers will help to limit that impact.

3.2.9 Staffing Changes

Members may recall Simon Hutchinson a senior member of the Risk and Insurance team who won Professional of the Year at the 2015 ALARM Awards and who had lead responsibility for the management of Liability claims. Mr Hutchinson left the authority on 13 January. The process to recruit to his post is underway.

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 As indicated above there is currently a vacancy within 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 The vacant senior post within the Risk and Insurance team creates a capacity and skills gap within the service. Although suppliers have offered to provide support wherever possible this will present a risk to the delivery of corporate insurance and risk management activity until the position is filled.

7.4 If the contract for Casualty insurance is awarded to a new supplier there would be a need to create new reporting processes to establish new lines of communication and to set up a new imprest account for the payment of claims. This would place further demands on the reduced capacity of the Risk and Insurance team.

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

Correspondence with insurers, brokers and legal services providers

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee	
Corporate Risk & Insurance Management	22 November 2016
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