



**Audit and Risk Management Committee**  
**Tuesday, 14 March 2017**

<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 sets out the key actions to be taken in relation to corporate risk and insurance management during 2017/18 and highlights any key decisions which will need to be made. Recent progress made in relation to key actions planned for the current year is also included.

**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 The table below summarises key actions planned between now and the end of 2017/18. It highlights those areas in which Members will have an involvement and what form that will take. Future reports will focus on these issues.

Category	Action	Date	Member Involvement	Comments
Risk financing	Annual renewal of Engineering, Motor and Foster Care policies	Apr 2017	No	Outcome will be reported to Members
Risk financing	Annual renewal of Property, Museums All Risks, Crime and Personal Accident / Business Travel policies	Jun 2017	No	Outcome will be reported to Members
Risk financing	Insurance Fund Annual Report	Jun 2017	Yes	Members to Consider recommendations on provisions and reserves.

<b>Category</b>	<b>Action</b>	<b>Date</b>	<b>Member Involvement</b>	<b>Comments</b>
Risk financing	Insurance Fund Budget 2017/18	Jan 2018	Yes	Members to agree Insurance Fund Budget and apportionment between schools and the General Fund
Risk financing	Procurement of Property, Terrorism and Museums All Risks insurance	Jun 2018	No	My decision on the contract award will be shared with Members
Risk management	Revised Corporate Risk Management Policy	Jun 2016	Yes	Policy will be provided for consideration of Members

3.3 In addition to day-to-day operations the service is responsible for major procurement exercises and improvement activities. This area of the 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 since my last report in respect of those actions is summarised in the paragraphs below.

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

The Risk and Insurance Manager has facilitated risk workshops for the functions in the New Operating Model. These are informing the development of risk registers in respect of service plans for 2017/18. Further work has also been undertaken in relation to the development of risk registers for programmes within the revised Transformation Programme.

### 3.3.2 **Corporate Risk Register**

The Strategic Leadership Team will shortly undertake the quarter 3 review of the Corporate Risk Register. The results will be reported to the next meeting of this committee.

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

The traded service for risk and Insurance remains popular with schools and existing school clients will be continuing with the service for 2017/18. Five primary schools which are converting to Academy status on 1 April have agreed to take up the service offer for Academies.

### **3.3.4 Policy Renewals – April 2017**

As reported previously 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. Information required for the annual renewal has been collated and insurers required renewal premiums will be received shortly. Costs are expected to be within budget.

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

Four submissions were received in respect of the Casualty contract. Prospective insurers had been asked to provide prices based on alternative limits of indemnity of £35m and £50m and alternative deductibles of £250,000 and £350,000. Their responses were evaluated on a 'Most Economically Advantageous Tender' model in which quality and price both had a weighting of 50%. Quality was considered in relation to policy cover claims service and added value.

Two submissions were received in respect of the Computer contract. Prospective insurers had been asked to provide prices based on alternative deductibles of £1,000 and £10,000 per incident. The deductible on the current contract is £150 per incident. The responses were evaluated on a 'Most Economically Advantageous Tender' model in which price carried a weighting of 60% and quality carried a weighting of 40%.

The evaluation is complete and letters notifying the Council's intention to award the contracts have been issued. Once the standstill period has ended the awards will be formalised and contract mobilisation will be put into effect. Full details will be provided in my next report to this committee.

### **3.3.6 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 3.3.5. The current vacancy within the Risk and Insurance team is having a particular impact in this area of work. However the knowledge and experience of other officers and support provided by suppliers is helping to limit that impact.

### **3.3.7 Staffing Changes**

The process to recruit a replacement for the post formerly held by Simon Hutchinson has begun.

## **4.0 FINANCIAL IMPLICATIONS**

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 are providing 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 As indicated in paragraph 3.3.5 the contract for Casualty insurance is to be awarded to a new supplier. The mobilisation of the contract will 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.

**REPORT AUTHOR:** *Mike Lane*  
*Manager: Risk and Insurance*  
telephone: (0151) 666 3413  
email: [mikelane@wirral.gov.uk](mailto:mikelane@wirral.gov.uk)

## **APPENDICES**

None

## **REFERENCE MATERIAL**

Correspondence with insurers, brokers and legal services providers

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Audit & Risk Management Committee	30 January 2017
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