



**AUDIT AND RISK MANAGEMENT COMMITTEE  
MONDAY, 12 JUNE 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 progress made since my previous report in relation to key actions planned for 2017/18.

**RECOMMENDATION/S**

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 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 2017/18 were included in the report to this Committee on 14 March 2017. Progress since my last report in respect of those actions is summarised in the paragraphs below.

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

The Risk and Insurance Manager has facilitated a further risk workshop for the Business Services function as part of the 2017/18 service planning process.

#### **3.2.2 Corporate Risk Register**

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

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

Four primary schools which converted to become the Oak Tree Multi Academy Trust on 1 June have they signed a Service Level Agreement with the Council for risk and insurance services. A further school which is to join the Trust in September will also take out a Service Level Agreement.

#### **3.2.4 Corporate Insurance Budget**

The Insurance Fund Annual Review is the subject of a separate report to this meeting.

### **3.2.5 Policy Renewals – April 2017**

Renewal of the Council's Motor and Engineering insurance contracts was agreed. The premiums are within the estimates for the current financial year.

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

Members may recall that the procurement exercise conducted in recent months resulted in the award of the Council's Casualty (Liability) insurance to Protector Insurance. The contract provides a higher level of cover at a lower cost than in 2016/17. Since the contract award officers have held meetings with the new insurers and their claims handlers and with existing legal service providers to establish new processes and lines of reporting and a new imprest account for the payment of claims. The first claims under the new contract were received in May.

### **3.2.7 Policy Renewals June 2017**

Information on the Council's Property, Business Interruption, Museums, Marine and Personal Accident/Business Travel risks were sent to the Council's insurers and insurance brokers at the end of May. At the time of writing renewal terms have yet to be received. Renewal premiums are expected to be within budget with the exception of the Museums where the sum to be insured is greater than that on which the 2017/18 estimate was based.

### **3.2.8 Claims Handling Changes**

New Liability claims continue to be reported at a historically low level. This has been reflected in the lower cost of external claims handling under the new Casualty insurance contract. The vacancy within the Risk and Insurance team which has existed since January has had a particular impact in this area of work. However the knowledge and experience of other officers and support provided by suppliers has helped to limit that impact.

### **3.2.9 Staffing Changes**

Following a successful recruitment exercise the vacant post within the Risk and Insurance team has been filled.

## **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 There are none arising directly from this report.

## 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.

## 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	14 March 2017
Corporate Risk & Insurance Management	30 January 2017
Corporate Risk & Insurance Management	22 November 2016
Corporate Risk & Insurance Management	26 September 2016