



**Audit and Risk Management Committee
Monday, 25 September 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 relation to key actions planned for 2017/18.

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 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

For some individual Pledges work to ensure that the principal risks to their delivery are understood and acted upon was delayed by the review of action plans for individual strategies. This work has now recommenced and the Senior Risk and Insurance Officer is providing support to Strategy Delivery Groups.

3.2.2 Corporate Risk Register

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

3.2.3 Corporate Risk Management Policy

The draft revised version of the Policy is the subject of a separate report to this meeting.

3.2.4 Traded Service for Schools and Academies

The process of renewing individual Academy schools' insurance programmes for the new academic year has been concluded. A further school has joined the Oak Trees Multi-Academy Trust in September and has taken out a Service Level Agreement for Risk and Insurance Services.

3.2.5 Corporate Insurance Budget

Work has begun on the production of the corporate insurance budget for 2018/19. The budget will be reported to this Committee in early 2018.

3.2.6 Policy Renewals – June 2017

The Council's Property, Business Interruption, Museums, Marine, Crime and Personal Accident/Business Travel insurance policies are subject to Long Term Agreements. However the terms on which cover is provided still need to be renewed each year. Terms for the 2017/18 policy period were agreed prior to renewal. Overall the premiums for the new policy year for these policies are 0.3% higher than had been estimated. This was because of a rise in the Museums policy premium due to an unexpected increase in the sum insured.

3.2.7 Tender for Property Business Interruption Museums, Marine, Crime and Personal Accident/Business Travel Insurance

The Long Term Agreements for these policies indicated in paragraph 3.2.6 expire at the end of June 2018. A competitive procurement exercise will therefore need to be undertaken. Because of the value of the contracts the exercise will need to comply with public sector procurement legislation as well as the Council's own contract procedure rules. An initial meeting has been held with the Council's insurance brokers and the Corporate Procurement Team to review the market for such risks and develop a project plan and timetable.

3.2.8 Liability Claims Handling

New Public Liability claims continue to be reported at a historically low level. The successful recruitment to the vacant post within the Risk and Insurance team confirmed in my last report has restored the Council's ability to deal with both complex and non-complex cases.

3.2.9 Actuarial Study

The last external investigation into the cost of Liability claims brought against the Council their likely ultimate cost and the sum required to be held by the Council to meet its obligations was commissioned in 2013. The legislative framework applying to such claims changed shortly after and as such changes take time to affect the Council's claims experience I have refrained from commissioning a further study. However I consider that sufficient time has now passed and the change of insurer earlier in the year also makes this an appropriate time to conduct a study. The data required has been provided

to the actuary. I expect the report to be available in time to inform my forecast of the Council's Liability insurance costs for 2018/19.

3.2.10 Review of Corporate Governance

A review of the Council's corporate governance arrangements has been initiated. It will include how consideration of risk informs decision-making and arrangements for reporting risk information. The Senior Risk and Insurance Officer will be working closely with the working group. Any changes to the Council's risk management framework arising from the review will be reported to this committee.

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.

7.3 Whilst the need to conduct a competitive tender exercise for a large element of the programme as indicated in paragraph 3.2.7 could lead to lower costs it does create uncertainty in the forecasting of the Council's insurance costs for 2018/19 and beyond.

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	12 June 2017
Corporate Risk & Insurance Management	14 March 2017
Corporate Risk & Insurance Management	30 January 2017
Corporate Risk & Insurance Management	22 November 2016