



Audit and Risk Management Committee
Tuesday, 21 November 2017

REPORT TITLE:	MANAGEMENT OF INSURANCE AND CORPORATE RISK
REPORT OF:	ASSISTANT DIRECTOR: FINANCE

REPORT SUMMARY

This report provides a regular update on the work undertaken in relation to Insurance and Risk Management activities t in relation to key actions planned for 2017/18.

RECOMMENDATIONS

That the report be noted.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 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 following paragraphs.

3.2.1 Alignment of Risk Management and Performance Management

The Senior Risk and Insurance Officer has agreed with the Performance and Scrutiny team a priority list of those Wirral Plan Pledge Strategy Groups which have yet to define and develop plans for addressing their key risks. The groups concerned have been advised of the requirements in this respect and have been given offers of further assistance.

3.2.2 Corporate Risk Register

The Corporate Risk Register is the subject of a separate report to this meeting.

3.2.3 Traded Services for Schools and Academies

The scope of the authority's offer in respect of risk and insurance services for schools in 2018/19 has been defined. This is part of the corporate arrangements for the promotion of traded services for schools. Costs to individual schools for this service in the coming financial year are currently

being produced as part of the corporate insurance budgeting activity (see 3.2.4 below).

3.2.4 Corporate Insurance Budget

Work is continuing on the forecast of corporate insurance costs 2018/19 and their allocation across Council functions and schools. The budget will be reported to the next meeting of this Committee.

3.2.5 Procurement of Property Business Interruption Museums, Marine, Crime and Personal Accident/Business Travel Insurance

A project plan and timetable for this exercise has now been produced. Work has also begun on the development of the Invitation to Tender. This will include substantial information about the risks to be insured under the contracts and how they are managed. Assistance in this regard is being provided by the Council's Asset Management team.

3.2.6 Liability Claims Handling

The Council is seeking to take advantage of the continuing low level of new Public Liability claims and the skills within the Risk and Insurance team by extending in-house handling to encompass low value personal injury claims arising from alleged Highway defects. Authority for this change and confirmation of the amount by which the external claims handling fee would reduce is currently being sought from the Council's Liability insurers.

3.2.7 Actuarial Study

A first draft of the report 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 has been received. Whilst officers are currently seeking clarification on a number of points the report would appear to indicate that the funds held by the authority are sufficient to meet the liabilities that it will have as at 31 March 2018. The report also makes a recommendation as to the annual contribution to the Insurance Fund in 2018/19 to cover self-insured claims. This will inform my forecast of the Council's Liability insurance costs for the coming financial year.

3.2.8 Review of Corporate Governance

The Corporate Governance working group has met and the scope of the review has been agreed. One key objective of the review is to ensure that risk management is appropriately embedded into business and decision-making processes for all key functions including transformation, investment, strategic and financial planning and service delivery. Progress will be reported to future meetings of this committee as will any proposed changes to the Council's risk management framework resulting from the review.

3.2.9 Corporate Risk Management Policy

Following its approval by this committee at the meeting on 25 September the revised policy was formally adopted by Cabinet on 6 November. The updated document will now be placed on the Wirral Intranet and will be brought to the attention of all management teams.

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 Output from the review of corporate governance indicated in paragraph 3.2.8 will inform changes to the Council's risk management framework which in turn should 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 3.2.5 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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REFERENCE MATERIAL

Correspondence with insurers, brokers and legal services providers

SUBJECT HISTORY

Council Meeting	Date
Audit & Risk Management Committee	25 September 2017
Corporate Risk & Insurance Management	12 June 2017
Corporate Risk & Insurance Management	14 March 2017
Corporate Risk & Insurance Management	30 January 2017