



Audit and Risk Management Committee
Monday, 29 January 2018

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

The Interim Director for Strategy & Partnerships has written to the leads for all Wirral Plan pledge strategies to remind them of the expectations in relation to the identification and management of risks to the delivery of those strategies. The Senior Risk and Insurance Officer and the Performance and Scrutiny team have provided support to a further 4 groups to develop registers of the key risks to their strategies. The business planning process for Council directorates including requirements around the identification and recording of risk has been determined to support the development of plans for 2018/19.

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

On 12 January the Risk and Insurance team participated in a major event promoting the authority's traded services for schools. Costs to individual

schools for the Risk and Insurance service in the coming financial year have been produced as part of the corporate insurance budgeting activity (see 3.2.4 below). Schools will need to confirm by the end of March if they wish to continue buying back the service.

3.2.4 Corporate Insurance Budget

Work on the forecast of corporate insurance costs for 2018/19 and their allocation across Council functions and schools was completed earlier this month. The budget is the subject of a separate report to this meeting.

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

Work has continued on the production of the Invitation to Tender which will be published next month. The document will include substantial information about the risks to be insured under the contracts and how they are managed. Assistance in this area is being provided by colleagues across the authority

3.2.6 Renewal of Liability Motor Engineering and Computer Insurance Policies

Although these policies are on multi-year contracts there is an annual renewal process each April. Updated information on the risks covered by the policies and how they are managed is being provided to insurers. However premiums for both the Liability and Motor policies are expected to rise as a result of central government changing the 'Discount Rate.'

3.2.7 Liability Claims Handling

Officers are continuing to evaluate the merits of extending in-house claims handling to encompass lower value personal injury cases arising from alleged Highway defects. Insurers have given their authority for such a change and have offered a reduction in the external claims handling fee. Whilst the extension would take advantage of the skills within the Risk and Insurance team it would require changes to systems and processes and would demand a larger proportion of the team's capacity. A decision as to whether to introduce such an extension for 2018/19 will be taken shortly.

3.2.8 Actuarial Study

Clarification of a number of points covered in the report has confirmed that the funds held by the authority to cover Liability claims should be sufficient to meet the liabilities that it will have at the end of the current financial year. The study will be reported in detail to this committee in June as part of my Insurance Fund Annual Report. The study also recommended that the annual contribution to the Insurance Fund should be increased in the coming years to cover potential rises in the cost of self-insured claims. This has been reflected in my forecast of the Council's Liability insurance costs for 2018/19.

3.2.9 Review of Corporate Governance

An action plan for the working group has been agreed. Improving decision-making processes is at the core of the review. The nature and extent of information required to support decision-making including information on risks and benefits will be a key element of the review. 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.

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 3.2.9 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 has created 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.

REPORT AUTHOR: *Mike Lane*
Senior Risk & Insurance Officer
telephone: (0151) 666 3413
email: mikelane@wirral.gov.uk

APPENDICES

None

REFERENCE MATERIAL

Correspondence with insurers, brokers and legal services providers

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Corporate Risk & Insurance Management	21 November 2017
Corporate Risk & Insurance Management	25 September 2017
Corporate Risk & Insurance Management	12 June 2017
Corporate Risk & Insurance Management	14 March 2017