



**Audit and Risk Management Committee**  
**Monday, 24 September 2018**

<b>REPORT TITLE:</b>	<b>Management of Insurance and Corporate Risk</b>
<b>REPORT OF:</b>	<b>Director of Finance and Investment</b>

**REPORT SUMMARY**

This report sets out progress made since my previous report in relation to key actions planned for 2018/19

**RECOMMENDATION/S**

1. The content of this report be noted.

## **SUPPORTING INFORMATION**

### **1.0 REASON FOR RECOMMENDATION**

- 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 2018/19 were included in the report to this Committee on 12 March 2018. Progress since my last report in respect of those actions is summarised in the paragraphs below.

#### **3.2.1 Corporate Risk Register**

This is the subject of a separate report to the committee.

#### **3.2.2 Improvements to the Risk Management Framework**

This is the subject of a separate report to this committee.

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

From 1 September 2018 the service's Academy school clients have taken out a package of cover from the commercial insurance market rather than the Department for Education's Risk Protection Arrangement as this provides comparable cover at a more competitive cost.

### **3.2.4 Procurement of Replacement Claims Management Information System**

Changes in how insurance claims are managed including the extension of self-handling have highlighted the limitations of the current proprietary system used by the Risk and Insurance team. A proposal to find a replacement has been approved by the Council's Technical Design Authority group and a competitive procurement exercise is underway to identify the system that would be used from 2019/20 onwards. It is expected that the cost of the replacement system could be lower than at present.

### **3.2.5 Procurement of Motor Insurance and Engineering Inspection and Insurance Contracts**

The existing Long Term Agreements for these contracts end on 31 March 2019 requiring a competitive procurement exercise to be undertaken. The Council's insurance brokers will be providing support to ensure the maximum competition from the insurance market. The Corporate Procurement team has also been engaged and planning for the exercise has begun.

### **3.2.6 Liability Claims Handling**

A modest increase in new claims reported has been experienced in recent months. The increase has mostly been driven by the impact of last winter's more severe weather on the highway network.

### **3.2.7 Insurance Fund Budget**

Work has begun on the production of the Insurance Fund Budget for 2019/20 which will be presented to the Committee in early 2019.

## **4.0 FINANCIAL IMPLICATIONS**

- 4.1 The procurement exercise mentioned in paragraph 3.2.5 creates uncertainty over the cost of these contracts from 2019/20 onwards.

## **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 in paragraph 7.2 the number of academies could grow to an extent that it affected the Council's future insurance costs.

## **7.0 RELEVANT RISKS**

- 7.1 Changes to the Council's risk management framework indicated in paragraph 3.2.2 should help to improve the organisation's ability to handle risk.

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

## SUBJECT HISTORY (last 3 years)

<b>Council Meeting</b>	<b>Date</b>
Audit & Risk Management Committee Corporate Risk & Insurance Management	Routine report presented to all meetings of this Committee.