



**Audit and Risk Management Committee
Monday, 19 November 2018**

| | |
|----------------------|---|
| REPORT TITLE: | MANAGEMENT OF INSURANCE AND CORPORATE RISK |
| REPORT OF: | Director of Finance and Investment |

REPORT SUMMARY

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

RECOMMENDATION

1. That 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

The Council's offer to schools in relation to risk and insurance services in 2019/20 has been developed as part of broader Traded Service arrangements. The costs of the service for individual schools in the forthcoming financial year are currently being produced as part of work on the corporate insurance budget.

3.2.4 Procurement of Replacement Claims Management Information System

Research has been undertaken into the functionality of the different systems through site visits to local authorities which use those systems. This has helped to inform the specification for the forthcoming procurement exercise which is being supported by the Procurement Team.

3.2.5 Procurement of Motor Insurance and Engineering Inspection and Insurance Contracts

Work on this exercise has continued with the support of the Council's insurance brokers and the Procurement Team. A timetable has been agreed and the Invitation to Tender document is under development. This will be published before the end of November 2018 with a deadline for responses of mid-January 2019.

3.2.6 Liability Claims Handling

The insourcing of Highways Maintenance operations with effect from 1 October 2018 means that the Council is now exposed to Public and Employers Liability claims which were previously the responsibility of BAM Nuttall. The first claims arising from the insourced service have been received.

3.2.7 Insurance Fund Budget

Work has continued on the production of the Insurance Fund Budget for 2019/20. Whilst costs for some classes of insurance will be lower than in 2018/19 rises in other premiums may mean an overall increase in the Budget for the forthcoming financial year. The budget including the allocation between schools and the General Fund will be presented to the meeting of this Committee scheduled for 28 January 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 There are none arising directly from this report.

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.

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

APPENDICES

None

BACKGROUND PAPERS

Correspondence with insurers, brokers and legal services providers

SUBJECT HISTORY (last 3 years)

| Council Meeting | Date |
|--|---|
| Audit & Risk Management Committee Corporate Risk & Insurance Management | Routine report presented to all meetings of this Committee. |