



Audit and Risk Management Committee
Monday, 11 March 2019

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

Existing directorate risk registers are currently being revised as part of the service planning process for 2019/20. Training on project risk management principles and good practice was given to Programme Managers on 9 January 2019. The Risk Management Support Officers Group continues to meet monthly. As well as developing a better understanding of the Council's overall risk profile the group is generating ideas for further improvements to the Council's risk management arrangements including ensuring that directorate management teams have a comprehensive understanding of risks to their objectives including those contained within programme risk registers.

3.2.3 Traded Services for Schools and Academies

Information available to date indicates that the risk and insurance service for schools remains popular and the high level of buy back for this traded service will continue in 2019/20.

3.2.4 Procurement of Replacement Claims Management Information System

Issue of the Request for Quotations has been put back to summer 2019 to allow the Risk and Insurance team to focus on closedown of accounts and mobilisation of the new Motor and Engineering contracts mentioned in paragraph 3.2.5 below.

3.2.5 Procurement of Motor Insurance and Engineering Inspection and Insurance Contracts

Eight bids were received for the two lots covered by this exercise. Whilst the evaluation of the bids has concluded the awards are currently in the 'standstill' period and cannot come into effect until this expires. The final outcome will be reported to the next meeting of this Committee.

3.2.6 Renewal of Liability and Computer Insurance Contracts

To support the renewal process updated information on the risks covered by the policies and how they are managed has been provided to insurers. Their proposed renewal terms are awaited. The outcome of the renewal process will be reported to the next meeting of the Committee.

3.2.7 Renewal of Property, Crime, Museums All Risks and Personal Accident/Business Travel Insurance Contracts

Although these policies are subject to multi-year contracts there is an annual renewal process each June. The process of collating updated information on the risks covered by the policies and how they are managed has begun. This will be provided to insurers to enable them to propose renewal terms.

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.

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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.