

RISK & INSURANCE ANNUAL REPORT 2017/2018

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1. Summary

- 1.1 This report sets out the challenges and achievements accomplished by the Risk and Insurance Team during 2017/2018, which has again seen an intense and varied workload. The harsh winter caused problems on the Council's network and this saw a large increase in the number of pothole claims. Coupled with the fact that the insurance team has two members of staff absent on maternity leave, the winter has been extremely challenging for the small team.
- 1.2 The team continues to strive to ensure that Shropshire Council embeds Opportunity Risk Management practices throughout all service areas and this is recognised by the reputation held by Shropshire Council within the risk and insurance market.
- 1.3 Many of the insurance tables are shown in colour in order that the information held in the tables can be clearly seen. We appreciate that reports are printed in black and white for members and would therefore respectfully refer members to the report located on the Audit Committee web pages.
- 1.4 Please note that the insurance data relates to the policy year 2018/2019 which ends 31st March 2018.

2. Recommendations

- 2.1 Members are asked to accept the position as set out in the report.

REPORT

3. Risk Management and Opportunities Appraisal

- 3.1 The management of risk is a key process which underpins the successful achievement of our priorities and outcomes. It forms part of the Annual Governance Statement and the Risk and Insurance Team ensures that processes and protocols are established and embedded which support effective decision making.
- 3.2 Insurance is an effective method of risk transfer and a balance of self-insurance and third-party insurance is used based on our risk appetite.

4. Financial Implications

4.1 Failure to effectively and strategically manage the risks associated with developing a sustainable budget will potentially leave the Council exposed to external challenge and financial ramifications.

4.2 Through the purchase of an insurance policy the large financial risks are transferred.

5. Background

5.1 This year saw the Audit Team undertake a risk management audit and we are pleased to confirm that the final report again identified the assurance level as “Good”.

5.2 The Opportunity Risk Management Strategy, which supports our rapidly changing environment, is reviewed on an annual basis and has now been fully embedded by the Risk and Insurance Team throughout the council. The council needs to ensure that it is taking advantage of every opportunity possible and the strategy is therefore outcome based and focuses on the achievement of our key priorities, objectives and benefits realisation.

6. Additional Information – Risk Management

6.1 Strategic Risk Management

6.1.1 Throughout 2017/2018 our strategic risks were reviewed on a bi-monthly basis ensuring that the level of risk exposure was monitored closely in our rapidly changing environment.

6.1.2 This was achieved through scheduled meetings with key officers, Directors, Chief Executive and Portfolio Holder. The outcome of each review is then reported to Directors and Informal Cabinet.

6.1.3 The Risk Profile & Action Plan for managing our strategic risks details the direction of travel for each strategic risk over the year and clearly articulates the current controls in place and the additional controls required to mitigate and manage our strategic risk exposure effectively.

6.1.4 The Risk Profile & Action Plan now also includes target scores for each strategic risk to be achieved by the end of the current financial year.

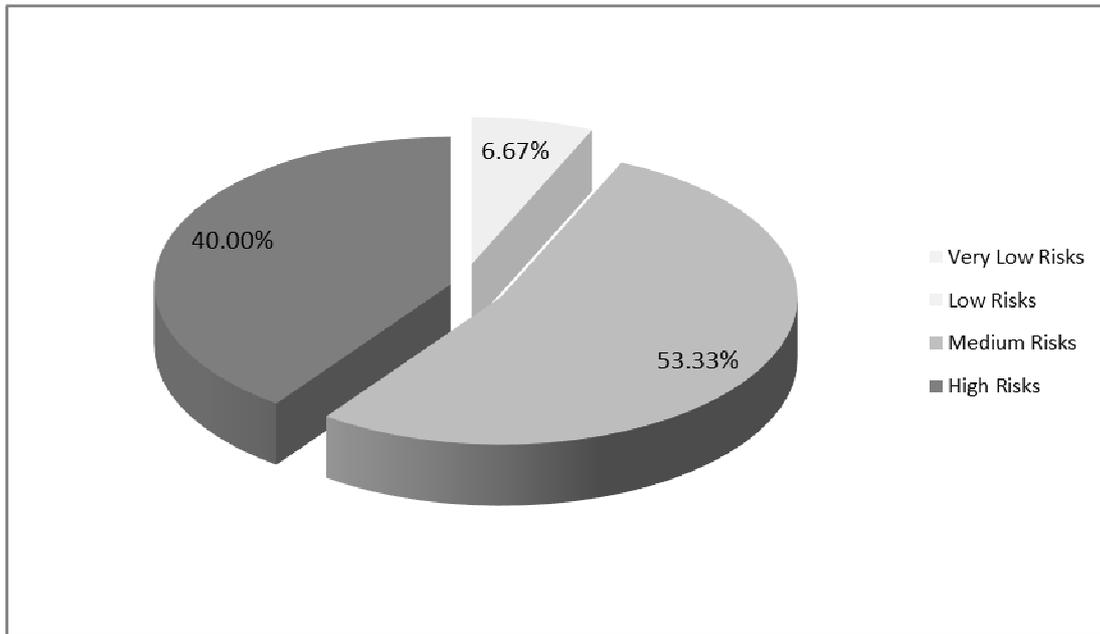
6.1.5 During this year we have continued to develop an assurance mapping process linked to our strategic risks which incorporates the three lines of defence:-

Defence	Type of Assurance	Provided by/ Obtained through
First Line	Management	Provided by Heads of Service/ key managers
Second Line	Internal Governance	Provided by: <ul style="list-style-type: none"> • Performance (scrutiny, customer experience) • Legal (monitoring officer reports, committee reports, legal advice) • Risk (operational, programmes, projects) • Finance (MTFP, Revenue & Capital, Treasury Management)
Third Line	External Assurance	Obtained through: <ul style="list-style-type: none"> • Quality Assurance & 3rd Parties (e.g. Ofsted,

		CQC) <ul style="list-style-type: none"> • External Audit • Peer Reviews
Third Line	Internal Audit	Provided by Internal Audit

6.1.6 All relevant strategic risks have been linked to the Annual Governance Statement Targeted Outcomes. This demonstrates that we are managing these Outcomes at a strategic level and this is shown clearly on each of the strategic risks where there is a link.

6.1.7 The following diagrams demonstrate our overall strategic risk exposure at the end of 2017/2018:-



6.2 Operational Risks

6.2.1 Operational risks are reviewed and reported upon on a quarterly basis. All risks are held within one overarching risk register for each Head of Service area and circulated to risk owners for review and update.

6.2.2 At the end of the review period a detailed report is provided firstly to Heads of Service and then a collated version for Directors. These reports detail all current medium and high risks, the area they relate to and who is responsible for their mitigation. The report also details all changes that have occurred during this reporting period. These have enabled pro-active operational risk dialogue and challenge between Directors, Heads of Service and Service Managers ensuring a more accurate and robust operational risk review.

6.2.3 Following the provision of these reports a final summary report in the form of a dashboard is presented by the Section 151 Officer to Directors.

6.2.4 To support the implementation of any changes to operational risk management, all operational risk owners are invited to facilitated risk workshops which brief them on the current operational risk exposure, the strategic risks, the methodology and also highlights emerging themes from the Horizon Scan Report (2018) and the Global Risks Report (2018). The workshops also allow time for the risks to be updated there and then which enables all risk owners

to complete the update and have members of the Risk and Insurance Team on hand to support them.

6.3 Business Continuity Management

- 6.3.1 With the many changes occurring within the council, Business Continuity Management arrangements are constantly reviewed to ensure that we have relevant skilled personnel on the emergency response teams and that these people are trained appropriately.
- 6.3.2 Previously serious concerns had been raised about the lack of an ICT Disaster Recovery/Business Continuity Management Plan (ICT DR/BC). This year has seen the development of a robust ICT DR/BC plan and detailed supporting arrangements providing assurance that back-up and recovery arrangements are in place and tested.
- 6.3.3 This piece of work has also resulted in ICT Test Plans being developed for each of the key systems and the testing of these has been entered into a calendar for testing on an annual basis. As we move forward with the implementation of new systems as part of the Digital Transformation Programme, all new systems will have test plans developed and be added to this calendar of testing.
- 6.3.4 A full live failover will take place in order to ratify the robustness of the ICT DR/BC plan.
- 6.3.5 To support our business continuity management arrangements, regular testing to ensure the plans are robust is necessary. During the past year we have undertaken two exercises; one a live exercise regarding a terrorist threat and hostage taking within Shirehall and a desktop exercise regarding enforcement by the Shropshire Fire & Rescue Service being served on the Chief Executive for failing to have adequate fire risk assessments in place resulting in the closure of three floors at Shirehall.
- 6.3.6 Following all exercises a Post Exercise Report & Action Plan is produced and we continue to develop processes and undertakings to meet the requirements identified within these.
- 6.3.7 Under the Civil Contingencies Act we have a responsibility to raise awareness within the local business community of the need to have robust business continuity management arrangements in place to preserve their organisations/businesses. We therefore facilitate sessions called 'Your Business Matters' with local businesses sharing best business continuity management practice.
- 6.3.8 During national Business Continuity Week in May each year, we invite local businesses to take part in a week long live exercise to test the robustness of their arrangements. This is undertaken in conjunction with the Local Resilience Direct live exercise taking place nationally at the same time and facilitated locally by the Risk Management Team. Local businesses express an interest to participate and during the week they are fed the escalating scenario throughout each day. They respond to set questions which are collated during the week and form the basis of a post exercise report and action plan provided by the team. This year the scenario was power outages, first locally then nationally and how organisations would respond to this.

Feedback has been excellent, and we will continue to support local businesses to develop robust business continuity management arrangements in the future.

6.4 Opportunity Risk Management Strategy

- 6.4.1 During 2017/2018 we have continued to share our strategy nationally. Shropshire Council's Opportunity Risk Management Strategy is considered nationally, through Alarm (Association of Local Authority Risk Managers), to be best practice and is now contained as a link on their website.
- 6.4.2 Angela Beechey and Jane Cooper continue to be involved in the activities of Alarm, both nationally and regionally, which puts the authority at the forefront of risk and insurance for developing best practice. Angela is currently Chair of the Midlands Steering Committee and Jane is due to become Vice Chair in February 2019.
- 6.4.3 During this year we have been shortlisted for two national awards and in both cases received the honour of 'highly commended'. The first was at the Public Finance Awards which was for the work we had undertaken for business continuity management and the 'live' cyber-attack exercise we had delivered. The second was at the Alarm Awards for the risk management and assurance methodology adopted for the Digital Transformation Programme.

6.5 Project Risk Management

- 6.5.1 We continue to be heavily involved and support key projects that are currently underway, or which are due to be commenced.
- 6.5.2 The majority of key projects commence with a risk workshop to develop a robust risk register. These are reviewed and updated at project board meetings with key officers taking responsibility to manage specific areas of risk. The direction of travel for projects is monitored to ensure that risks are well managed preventing delays to project plans or timescales and both risks and direction of travel are reported on at project boards.
- 6.5.3 As a result of the focus on the Digital Transformation Programme (DTP), members of the Risk and Insurance Team continue to provide overall assurance through the DTP Assurance Board together with colleagues from IT Governance, Information Governance and Audit.

6.6 Audit Team Collaborative Working

- 6.6.1 We continue to work closely and collaboratively with Audit Team colleagues, supporting the undertaking of the risk-based audit plan meetings on an annual basis with the Head of Internal Audit. This ensures that the process is cross referenced with our strategic and business plan objectives and risk exposure.

6.7 Risk Management & Business Continuity Training

- 6.7.1 We have continued to provide risk management and business continuity training opportunities for all colleagues (and where required schools) as detailed below.

6.7.2 Schools Emergency Response & Business Recovery Exercising

- During 2017/2018 we developed and delivered two cyber-attack desktop exercises with schools. These were extremely well received and tested the schools planning assumptions.

6.7.3 Operational Risk Management Training

- During 2017/2018 we facilitated four operational risk management training sessions to provide refresher training to existing risk owners and introduce new risk owners to the process. This also enabled us to introduce any changes to the risk management process. In total 55 delegates attended these training sessions which is 68% of risk leads. The sessions enabled delegates to undertake their quarterly review with support from the Risk and Insurance Team on hand to answer queries or provide advice.

6.7.4 Risk & Insurance Training for Schools

- This training continues to be offered to all maintained schools on an annual basis. In total 92% of schools have attended this training since we commenced it and at the last facilitated session 19 delegates representing 13 schools attended. These sessions will continue to be offered annually as they provide updated and relevant information in relation to changes in legislation and best practice and also supports schools who have new staff.

6.7.5 Loggist training

- Loggist training was developed as a result of actions in the post exercise reports and action plans produced following Business Continuity exercises (as mentioned above). We have continued to provide loggist refresher training to ensure that they are well equipped to support future responses to real incidents or exercises.

6.7.6 Service Recovery Plan (SRP) training

- This year we incorporated the ICT System Test Plan developments into the Service Recovery Plan annual review. These test plans set out the critical operating requirements in order for the system to support service delivery and service continuity arrangements. We introduced the methodology to new service managers which acted as an aide memoire to existing service managers. In total eight sessions took place with 55 delegates attending which represents 66% required attendance. As with all our facilitated review training we provided sufficient time with support on hand from both ourselves and ICT for the SRP's and Test Plans to be developed as part of the session.

6.7.7 We will continue to provide scheduled training opportunities and work with colleagues to develop bespoke training packages where required.

6.8 External Work

6.8.1 During the year we have worked to develop commercial relationships with external colleagues and organisations. This has enabled income generating opportunities with the following organisations:-

- STaR Housing - Live Exercise to test their planning arrangements together with a Post Exercise Report & Action Plan;
- STaR Housing – Development of a full Business Continuity Plan.

6.8.2 We will continue to engage in discussions with organisations in scoping further income generating opportunities.

6.9 Benchmarking

6.9.1 We undertook the CIPFA Risk Management Benchmarking exercise during the last year. This breaks down activity into seven strands within two categories:

- Enablers:
 - Leadership and Management;
 - Policy and Strategy;
 - People;
 - Partnerships and Shared Resources;
 - Processes;
- Results
 - Risk Handling and Assurance;
 - Outcomes and Delivery.

6.9.2 These strands are broken down into maturity levels; Awareness, Happening, Working, Embedded & Integrated and Driving. The following table demonstrates how mature we are under each category:

6.9.3

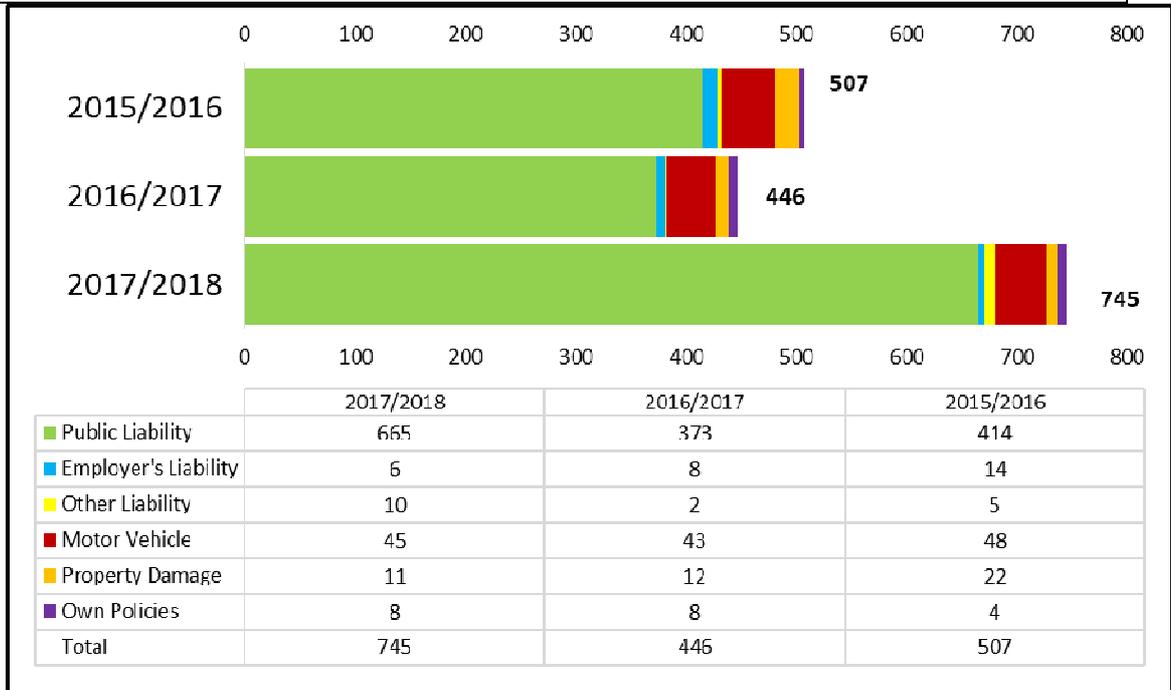
Strand	Maturity Level
Leadership & Management	Driving
Policy & Strategy	Embedded & Integrated
People	Driving
Partnerships & Shared Resources	Embedded & Integrated
Processes	Driving
Risk Handling & Assurance	Driving
Outcomes & Delivery	Driving

6.9.4 In comparison with the other authorities participating we were second overall under 'Enablers' and top in relation to 'Results'.

7. Additional Information – Insurance

7.0.1 During the 2017/2018 policy year we received 745 claims against the Authority, an increase of 67% compared to the previous year. The significant increase is mainly due to an increased number of pothole claims being received following a prolonged cold and severe winter.

Illustration 1 - Comparison of claims received year on year



7.0.2 Of the 745 claims received in 2017/2018 it should be noted that not all relate to incidents occurring within the 2017/2018 policy year. Illustration 2 below summaries the years in which incidents occurred compared to when the claim was received. During 2017/2018 55 claims (7%) related to earlier policy years. These 55 claims representing 41% of the total value of all claims received in the year.

Illustration 2 – Claims received by incident date

Incident Yr	2017/2018		2016/2017		2015/2016	
	No.	Value (£)	No.	Value (£)	No.	Value (£)
1960's	2	27,375.00	2	10,980.00	3	289,602.00
1970's	1	2,288.00	4	160,406.00	7	229,333.00
1980's	0	-	4	316,661.50	1	10,000.00
2005/2006	0	-	0	-	1	6,000.00
2008/2009	2	110,000.00	0	-	0	-
2009/2010	1	25,000.00	0	-	0	-
2010/2011	1	75,000.00	0	-	1	2,220.00
2011/2012	0	-	0	-	2	7,500.00
2013/2014	1	150,000.00	3	22,831.00	5	50,319.79
2014/2015	2	17,000.00	2	11,111.00	37	268,575.11
2015/2016	2	65,467.00	42	456,611.06	450	1,515,752.51
2016/2017	43	145,174.83	389	1,227,724.40		
2017/2018	690	882,477.80				
Total	745	1,499,782.63	446	2,206,324.96	507	2,379,302.41

7.0.3 When a letter of claim is received, a Claim Form will be issued to gather additional facts to in order that the claim to be registered and allow a thorough consideration of the allegations. Of the 745 claims against the 2017/18 policy year, 321 had a 'Pending' status at the time of data collection, meaning the Claimant was yet to return their completed Claim Form to allow the claim to be registered.

7.0.4 Illustration 3 below summarises the claims received by their Class of Business and also by the current status of the claim. The claims are split into Liability and non-liability claims and will be looked at in more detail in the next section of this report.

Illustration 3 – Claims received in 2017/2018 by current status

2017/18	Total No.	Pending claims		Under Investigation		Accepted claims		Repudiated		
		No.	Reserve (£)	No.	Reserve (£)	No.	Value (£)	No.	Savings (£)	Defence (£)
Public Liability	665	314	108,428.00	161	572,092.00	12	22,416	178	534,276	275
Employer's Liability	6	0	-	3	49,203.00	0	0	3	38,010	0
Other Liability	10	2	7,860.00	4	43,037.00	1	66	3	18,221	0
<i>Liability Sub-total:</i>	<i>681</i>	<i>316</i>	<i>116,288.00</i>	<i>168</i>	<i>664,332.00</i>	<i>13</i>	<i>22,482</i>	<i>184</i>	<i>590,507</i>	<i>275</i>
Motor Vehicle	45	0	-	15	18,076.00	28	31,672	2	3,249	0
Property Damage	11	5	5,954.52	6	43,500.00	0	0	0	0	0
Own Policies	8	0	-	0	-	8	3,448	0	0	0
Overall Total:	745	321	122,242.52	189	725,908.00	49	57,601	186	593,756	275
								Total Paid (£):	57,876	
								Reserves (£)	848,151	
								'Savings' (£):	593,756	
								Potential Cost (£):	1,499,783	

7.1 Liability Claims

7.1.1 Liability claims represent 681 of all claims received in 2017/2018. A liability claim means an allegation of negligence is being made against the Council.

7.1.2 Following investigations a liability decision has been reached on 197 of these claims, with 184 (93.4%) of them being repudiated (i.e. turned down).

7.1.3 The diligent work carried out by Shropshire Council staff is again shown by the cost we could have incurred if repudiated claims had been paid. Based on the present position, in 2017/2018 costs of £590.5k would have been paid against defended Liability claims. Over the last three years costs would have amounted to over £3m.

7.1.4 13 of the liability claims received have been accepted, with a combined expected cost once fully settled of £22.5k.

7.1.5 There are currently 168 claims that are under investigation, meaning a liability decision has not yet been reached. Reserves of over £664k are attached to these claims, however it should be noted that it is highly likely that the majority of these claims will also be repudiated and further savings will be achieved. Included within these figures are five high value claims (over £45k) which have a combined value of £405k.

7.1.6 Illustration 4 below highlights the split of claims that are repudiated against those settled – whilst the Authority has little control over the number of claims that are made, this shows that we are able to defend (ie repudiate) the majority of claims successfully.

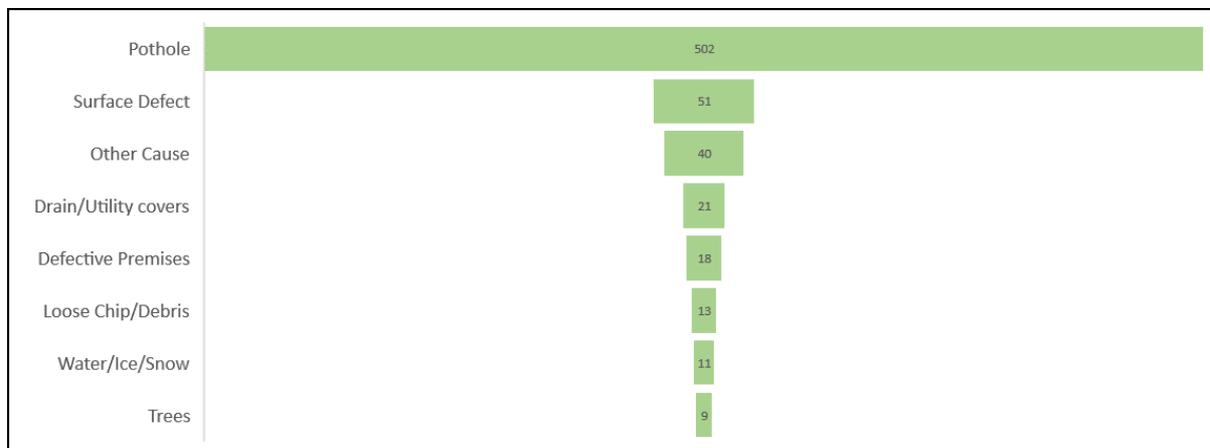
Illustration 4 - Comparison of those Liability claims accepted and those defended



7.2 Public Liability claims

7.2.1 Of the 665 Public Liability claims received during 2017/2018, at 92% the majority of claims have arisen through Highways Maintenance incidents. As can be seen in illustration 5 below, 502 of these claims are Pothole related – a significant increase from the 175 in 2016/17 and 249 in 2015/16. Whilst the number of claims received is high in 2017/18, the current repudiation rate remains high at 93.7% - well above the industry average of 82%.

Illustration 5 – Public Liability claims by Cause



7.2.2 Of the 502 Pothole claims received during 2017/2018, a liability decision has been reached on 114 of these claims, of which 106 have been repudiated and we expect to achieve savings of approximately £159.2k. The main reason that we are able to successfully defend pothole claims is because there is a Section 58 defence under the Highways Act - we can demonstrate that we have an adequate system of inspection in place, or we had no knowledge of the defect prior to the incident (but took action as soon as we were put on notice). Due to the extreme weather conditions, it was recognised early by Highways Managers that the usual inspection and repair regime would not be possible and a Temporary Winter Maintenance Policy was introduced. This allowed resources to be focused on key routes where the greatest risk was identified.

7.2.3 Liability has been accepted against seven of the Pothole claims received during 2017/2018, at an expected cost of £14.6k.

7.3 Employers Liability claims

7.3.1 We continue to receive a low number of Employers' Liability (EL) claims, with six claims being received during 2017/2018. In 2016/2017 we received eight claims, and 14 in 2015/2016.

7.3.2 Of the six claims received in 2017/2018 three of them relate to incidents that occurred in that policy year, and the other three relate to noise disease claims for former employees in the 1960's and 70's. Liability has not been accepted against any of these claims.

7.3.3 The incidents occurring in 2017/2018 relate to an injury from moving a table, a trip on a cable and a trip in a divot. Liability has not been accepted against any of these claims.

7.4 Other Liability claims

7.4.1 We have received eight Official Indemnity claims during 2017/2018 with combined reserves of £51k. Official Indemnity claims are where a claimant has suffered a purely financial loss as opposed to damage or injury. Liability has been denied against four of the claims and investigations remain on-going in three cases. Liability has been accepted in just one case at a cost of £66 - relating to the cost of posting birth certificates to the wrong address.

7.4.2 Two Land Charges claims were also received during 2017/18 as a result of incorrect information being supplied on Searches. The combined reserves are £18.2k. Both claims are under investigation.

7.5 Motor claims

7.5.1 During 2017/2018 we received a total of 45 motor claims, which remains in line with the 43 received in 2016/2017 and 48 in 2015/2016.

7.5.2 Of these claims received, 25 involve our own vehicle only (no Third Party involvement), making up 55.5% of all motor claims received in 2017/2018.

7.5.3 Of the 20 claims involving a Third Party, we have accepted fault in 11 cases - these claims total £20.2k. The highest value paid claim being for £3k and relating to damage to a Third Party vehicle caused by our driver reversing into it. Seven cases remain under investigation and two have been defended, saving the Authority £3.2k.

7.5.4 The main reasons for motor claims during 2017/2018 are incidents relating to our driving hitting a Third Party vehicle (seven cases) or a misjudgement / manoeuvring incident (seven cases). Fortunately the damage has been minimal and the average value of these claims is £1.3k per claim.

7.6 Property claims

- 7.6.1 During 2017/2018 we received 11 Property claims, a slight reduction on the 12 in 2016/2017 and half of the 22 received in 2015/2016 when we suffered a much wetter winter. The total value attached to the 11 claims being £49.5k.
- 7.6.2 There was no trend to the 11 claims received, with a small number of Malicious Damage, Burst pipe, Impact, Storm and Fire related claims.
- 7.6.3 At £25k, the highest value claim was for Storm damage following a roof of a school being blown off in high winds.
- 7.6.4 In total six school property claims were received totalling £31.5k, one general property claim totalling £2.5k, and two housing related claims valued at £12.5k relating to Impact damage caused during a police chase.

7.7 Current exposure

- 7.7.1 We currently have 418 open claims with reserves of £4.7m attached. As has been mentioned in this report, claims received in any given policy year often include claims for incidents that took place many years ago. Historically these would usually relate to Employers Liability disease claims such as exposure to noise and vibration. In recent years we have also started to see an increase in the number of Abuse cases which are classified as Public Liability claims.

Illustration 6 – Open Liability claims by policy year

Year	Public Liability		Employer's Liability		Other claims*	
	No.	Value (£)	No.	Value (£)	No.	Value (£)
1961/1962	0	-	1	10,000	0	-
1962/1963	0	-	1	980	0	-
1965/1966	0	-	1	25,500	0	-
1967/1968	0	-	1	1,875	0	-
1969/1970	0	-	1	5,440	0	-
1973/1974	0	-	1	13,000	0	-
1974/1975	1	95,000	1	16,253	0	-
1975/1976	0	-	1	1,008	0	-
1976/1977	0	-	1	6,885	0	-
1977/1978	1	52,000	1	2,288	0	-
1978/1979	1	85,000	0	-	0	-
1979/1980	1	55,552	2	6,522	0	-
1981/1982	1	31,146	0	-	0	-
1982/1983	0	-	1	39,516	0	-
1985/1986	0	-	1	10,000	0	-
1988/1989	2	246,000	0	-	0	-
2006/2007	1	-	0	-	0	-
2007/2008	1	20,000	0	-	0	-
2008/2009	3	187,811	0	-	0	-
2009/2010	1	25,000	0	-	0	-
2010/2011	1	75,000	0	-	0	-
2011/2012	1	46,500	0	-	0	-
2012/2013	1	37,501	2	165,200	0	-
2013/2014	2	731,533	0	-	0	-
2014/2015	7	239,276	1	12,650	1	2,000
2015/2016	18	903,973	1	158,696	2	7,685
2016/2017	39	632,237	1	14,020	11	51,289
2017/2018	269	492,506	2	50,920	32	120,445
Total	351	3,956,035	21	540,753	46	181,419

*Other claims being Property, Motor, Other Liability and Own Policies

- 7.7.2 We currently have open 21 Employers Liability claims, of which 14 are disease related claims with reserves of £139.3k. 12 of the disease claims are for noise related injuries and two for vibration white finger. Liability has not been accepted against any of these disease claims.
- 7.7.3 The majority of open claims are of a low value with 56% (236 claims) being valued at less than £1k. This is because the majority of claims we received relate to vehicle damage caused by the highway conditions. A further 35% (148 claims) are valued between £1k and £25k. Whilst 56% of the number of claims are valued under £1k, the combined value of these claims (£63k) represents just 1% of the overall reserve of £4.7m.
- 7.7.4 We have eight claims that are valued above £100k – the combined reserves of these claims being £2.1m. Liability is denied against one of the claims, with a reserve of £670.2k. The claim relates to an incident involving injuries sustained following a vehicle hitting a pothole. Two claims have been accepted, with estimated payments of £693.5k. This includes one claim valued at £581.5k following a vehicle aquaplaning due to flood water causing the driver suffering personal injuries. The other five high value claims are currently under investigation.
- 7.7.5 Of the 418 claims open, just over 41% have been repudiated (172 claims) and as such the £1.6m reserved against these claims is not likely to be paid. However there is the possibility of a challenge to these decisions which could result in legal action (and increased costs in some areas). 219 claims remain under investigation at present and 27 claims have been accepted and we are negotiating settlement. The value of the accepted claims being approximately £0.9m.

Illustration 5 – Open claims by detailed status

Status	Number	Value
Accepted	27	£ 906,327
Repudiated	172	£ 1,638,637
Under Investigation	219	£ 2,133,244
Total	418	£ 4,678,207

- 7.7.6 During 2017/2018 a total of three cases went to Court and it is pleasing to note that we successfully defended all three cases, saving the Authority over £54k.

7.8 Municipal Mutual Insurance (MMI) Clawback

- 7.8.1 In previous years we reported that as MMI were no longer able to foresee a solvent run off, the Scheme of Arrangement was implemented and a levy was applied to creditors in early 2014 resulting in a payment by Shropshire Council of £834,000.

- 7.8.2 Following the publication of the accounts in 2015 it was confirmed that a levy of a further 10% would be applied to creditors. This resulted in a second payment by Shropshire Council of £444,303 in 2016.
- 7.8.3 There is the possibility that MMI will still be unable to reach a solvent runoff despite the 25% levy already applied, in which case a further levy increase may be made. Within the industry the advice is that Scheme Creditors should be reserving for a final levy of between 50% to 100% of payments made.
- 7.8.4 As the MMI years relate to the old Shropshire County Council days before the Telford & Wrekin split, the above payments are split between Shropshire Council and Telford & Wrekin.
- 7.8.5 In addition to the payments detailed above, there is an ongoing 25% contribution to all claim payments that has to be made by Old Shropshire on an ongoing basis.

7.10 Other Policies

- 7.10.1 With the move to commissioning and new ways of working the insurance policy has been extended to include the name of STAR Housing. Therefore this company is covered under the same policy and conditions as Shropshire Council.
- 7.10.2 The Insurance Team supports and advises the above company in the same way it supports Shropshire Council.

7.11 Reporting

- 7.11.1 The insurance team have access to detailed management information regarding the number of claims received, the cause and the cost and can report on trends happening within any service area. To this end we provide regular reporting to key service areas such as highways, property services, and transport operations group which informs their decision making. We also work closely with services to manage their risks and to ensure that incidents do not happen again which have given rise to a claim.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Annual Governance Statement

Risk Management Audit Report, Insurance Audit Report

Opportunity Risk Management Strategy

Business Continuity Management Policy

Business Continuity Plan

Insurance Annual Report

Cabinet Member

David Minnery, Portfolio Holder Finance, Governance & Assurance

Local Member

N/A

Appendices