

NORTH LANARKSHIRE COUNCIL

REPORT

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| To: POLICY & RESOURCES (FINANCE) SUB-COMMITTEE | Subject: STRUCTURE REVIEW: RISK & INSURANCE SECTION, FINANCE DEPARTMENT | |
| From: DIRECTOR OF FINANCE | | |
| Date: 26 October 2004 | Ref: JV/LM | |

1 Introduction

- 1.1 The purpose of this report is to review the current establishment structure of the Risk & Insurance Section of the Finance Department and to make recommendations for improvement in the delivery of the insurance service to the Council.

2 Background

- 2.1 A cross-cutting review of insurance risk management and safety has been carried out as part of the Council's Best Value service review programme. The review highlighted a number of recommendations to improve the delivery of insurance and risk management services to the Council. The outcomes of the review were reported to the Policy & Resources (Finance) Sub-Committee in June 2004.
- 2.2 A review of the structure of the Risk & Insurance Section is necessary to implement the recommendations of the Best Value review.

3 Existing Structure

- 3.1 The current structure of the Risk & Insurance Section is set out in Appendix 1. The section is headed by the Risk & Insurance Manager whose primary responsibilities are to develop the Council's risk management strategy, ensure appropriate insurance cover for all risks and to supervise the Risk Management & Insurance Section. The Risk & Insurance Manager is assisted by five members of staff whose grades range from AP5 to GS1/2.
- 3.2 The section is split into 2 teams, one dealing with the Council's insurances and administration of claims against the Council, the other administering the home insurance policy for owners of former council houses. Both teams require specific specialist knowledge with the result that there is little interaction between the teams.

4 Considerations

- 4.1 One of the key recommendations of the review was that the Council should process in-house non-injury liability claims below £500. Currently, all claims are administered by the Risk & Insurance Section and passed to an external claims handler for assessment and finalisation. The review considered that in-house processing would improve customer service and that it would generate a financial saving of around £50,000 per annum. It is planned that this will take effect on 1 April 2005.

4.2 The move to in-house claims handling also provides the opportunity to create a number of generic posts covering all aspects of the insurance service. By necessity, this will require a review of the current structure within the section.

4.3 Home Insurance

4.3.1 There are currently two members of staff employed on the administration of the home insurance policy. It is felt that there is scope to reduce the number of staff involved in this process for several reasons:

- The number of policyholders has declined in recent years following the Council's decision to allow owners to seek their own insurance. The number of policyholders peaked at 11,010 in 2000 but has fallen to 7,833 in 2004;
- There has been an improved level of satisfaction of policyholders which has resulted in a reduction of complaints being handled by the team;
- A new home insurance IT system has been installed that has improved efficiency and has reduced the workload of the team.

4.4 Council Insurance – Claims Handling

4.4.1 1,235 liability claims were received by the Council in 2003/04. Of these, 583 were non-injury claims below £500. Currently, these claims are handled by external claims handlers, Marsh UK Ltd. The Best Value review concluded that, with adequate training, there was sufficient expertise within the section to assess and finalise these claims internally. However, it is acknowledged that handling such a volume of claims will increase the workload and responsibilities of that team.

5 Proposals

5.1 The creation of a single generic team would create greater flexibility and enable the increased workload in processing claims against the Council to be managed. This would also take into account the reduced workload in administering the home insurance policy.

5.2 In-house claims handling will create additional duties and responsibilities for the team, including:

- Liaising with departments on claims received and ensuring timeous completion of full and accurate reports on claims, visiting departments where necessary;
- Reviewing the evidence from claim forms, reports and other information and assessing liability for claims;
- Assisting claimants courteously and fairly during the claims process, maintaining contact with them on the progress of claims;
- Communicating with lawyers, members, MSPs, etc. on claims;
- Liaising with the liability insurer on more complex claims;
- Updating the claims database, monitoring files to ensure that reserves/estimates reflect the potential value of the claim;
- Providing statistics to assist in the analysis of claims for risk management purposes.

5.3 It is proposed, therefore, that three posts of Risk & Insurance Assistant be created at AP1. These posts will deal with the administration of the home insurance system as well as the processing of all claims against the Council and the handling of non-injury claims below £500 as outlined in 4.2 above. The job description for these posts is attached in Appendix 3. These posts would replace the three existing posts currently graded at AP1, GS3 and GS1/2.

5.4 The current Senior Clerical Assistant (AP1) has requested to be released under the provisions of the Local Government Pension Scheme (Scotland) Regulations 1998 in terms of the rule of 85 with no enhancement to service. Should the proposals contained within this report be approved, this request will be the subject of a separate report to the Policy & Resources (Early Retirement) Sub-Committee.

- 5.5 There will be an initial lull in claims activity in April 2005 because claims received in the early months of 2005/06 will relate to incidents prior to 31 March 2005. These will remain the responsibility of the current claims handler, Marsh UK Ltd. The vacancy created by the request for early retirement would be held in abeyance until the workload increased to reflect the increased volume of claims being passed from the claim handler to the Council. It is envisaged that this would be within a period of six months.
- 5.6 The other posts in the section will remain broadly similar although the job descriptions of the other members of staff have been updated to reflect the proposed change in structure. The proposed revised structure is attached in Appendix 2.

6 Corporate Considerations

- 6.1 The proposals set out in this report have been developed in consultation with the Head of Personnel Services.
- 6.2 The establishment numbers remain unchanged. The impact on the budget represents a maximum equivalent full-year increase in staffing costs of £3,029 in 2004/05. This increase enables the achievement of efficiency savings of some £50,000 per annum.
- 6.3 The proposals contained within this report were approved by the Policy & Resources (Establishment Monitoring) Sub-Committee on 26 October 2004.

7 Recommendation

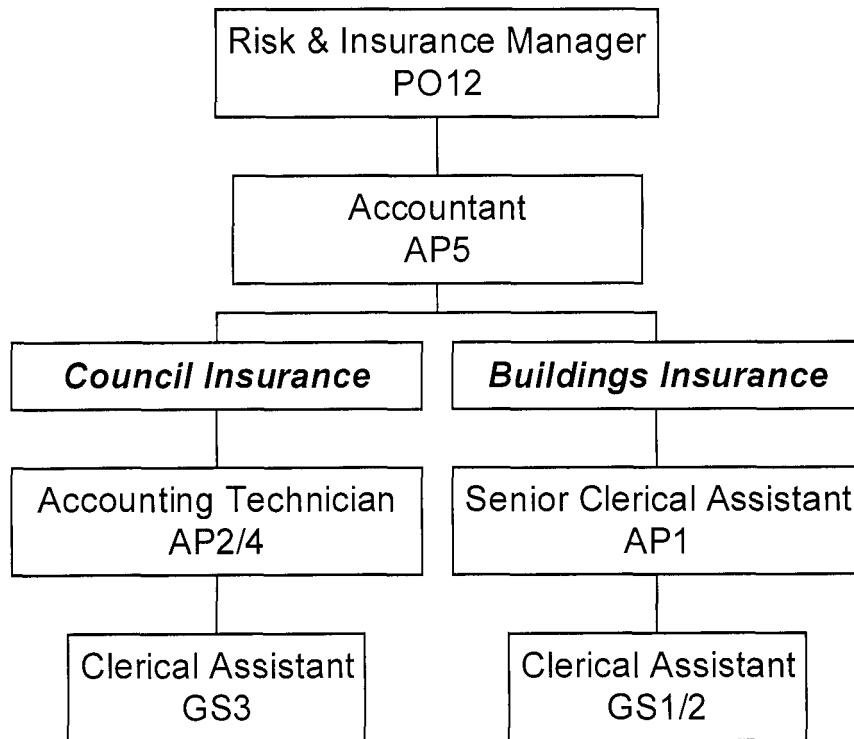
- 7.1 The Policy & Resources (Finance) Sub-Committee is recommended to approve:
- The revised staffing structure set out in the report; and
 - That the report be remitted to the Policy & Resources (Personnel) Sub Committee for consideration.



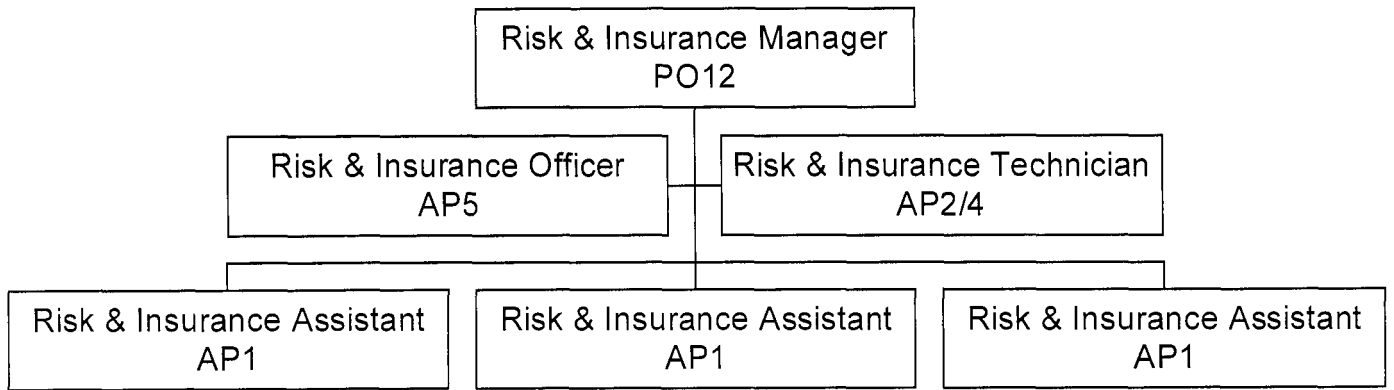
Director of Finance

For further information, please contact Les Moore on tel. ext. 2408

Risk & Insurance Section Current Structure



Risk & Insurance Section Proposed Revised Structure



NORTH LANARKSHIRE COUNCIL**JOB DESCRIPTION**

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| Department: | Finance |
| Division: | Accounting Services |
| Job Title: | Risk & Insurance Assistant |
| Responsible to: | Risk & Insurance Manager |
| Grade: | AP1 |
| Conditions of Service: | SJC |

Job Outline

This post is responsible to the Risk & Insurance Manager within the Technical Section of the Accounting Services Division. The primary responsibilities of the job are to assist in ensuring appropriate insurance cover for all risks, providing insurance advice and in ensuring the prompt processing of insurance claims.

Main Duties and Responsibilities

- 1 To receive and acknowledge claims made against the Council. To assist claimants courteously and fairly during the claims process and communicate with solicitors and other interested parties on claims.
- 2 To liaise with departments on claims received and ensure timeous completion of full and accurate reports for claims. To review evidence from claim forms, reports and other information and assess liability for claims. To arrange for payment of claims.
- 3 To monitor files to ensure that reserves/estimates reflect the potential value of the claim and maintain and update the risk management information system, ensuring a clear audit trail for decisions made.
- 4 To assist in processing Council property claims and monitoring of motor claims.
- 5 To provide statistics to assist in the analysis of claims for risk management purposes.
- 6 To update records, monitor payments, etc. relating to the block buildings insurance policy for former Council houses. To liaise with and advise buildings insurance policyholders on policy cover, authorise and issue claim forms and process invoices/refunds.
- 7 To represent the Council, Department and Senior Officers when necessary, including attending training sessions, seminars and meetings.
- 8 To develop a good working relationship with departmental senior management through awareness of communication and inter-personal skills.
- 9 To carry out any other duties that may be allocated by the Risk & Insurance Manager or Technical Manager.

This job outline is intended to indicate the broad range of responsibilities and requirements of the post. It is neither exhaustive nor exclusive but, while some variation can be expected in particular duties, the outline is considered to provide a reasonable description of the post.