

Title of Report:	Insurance fund
Report to be considered by:	Overview and Scrutiny Management Commission
Date of Meeting:	24 February 2015

Purpose of Report: To set out the proposed recommendations to be made about the operation of the Council's Self Insurance Fund.

Recommended Action: To agree the proposed recommendations.

Overview and Scrutiny Management Commission Chairman	
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Executive Report

1. Introduction

- 1.1 At its meeting of 8 April 2014, the Overview and Scrutiny Management Commission agreed to examine the operation of the Council's Self Insurance Fund.
- 1.2 Following this agreement, the Self Insurance Fund was initially scrutinised at the Commission's 2 December 2014 meeting at which it was agreed that a small task group would be established to consider the matter in more detail
- 1.3 This report sets out Terms of Reference for the review, the methodology used, the task group's finding and a small number of draft recommendations.

2. Terms of Reference

- 2.1 In requesting that the topic be considered, Councillor Alan Law advised that the Commission's review should:
 - (1) Identify and recommend the required level of reserves to be held in the fund
 - (2) Recommend the balance that should be held between the assumed level of risk and size of the reserve
 - (3) Review the last 3 years of claims and performance.

3. Methodology

- 3.1 A task group comprising Councillors Jeff Brooks, Quentin Webb and Emma Webster met on Friday 13 February 2015 to examine the papers that had been previously received by the Commission and financial/claims data for the past 5 municipal years. The task group was supported by Ian Priestley, the Council's Chief Internal Auditor.

4. Finding

- 4.1 The task group found that the Self Insurance Fund has been set at an adequate and not excessive level for the past five years.
- 4.2 Members were of the view that the maintenance of the Fund between upper and lower limits would provide for a better mechanism for balancing the twin requirements of managing insurance risk (of a potential £930k excess per year) and utilisation of the Council's increasingly limited financial resources.

5. Draft recommendations

- 5.1 The Executive Member for Finance should maintain the Self Insurance Fund, through its existing and fluctuating operating mechanism, at a level of not less than £950k and not more than £1.5m annually.
- 5.2 The Executive Member for Finance should, along with the Head of Finance and the Chief Internal Auditor, review the level of the Self Insurance Fund annually, making adjustments as necessary to keep within the limits set at 5.1 above. A report on the outcome of the review should be made to the Governance and Audit Committee.

6. Recommendation

6.1 It is recommended that the Commission agrees the proposed recommendations.

Appendices

There are no appendices to this report.