

ITEM NO: 12

DECISION-MAKER:	AUDIT COMMITTEE		
SUBJECT:	TRIENNEAL REVIEW OF SELF INSURANCE FUND		
DATE OF DECISION:	24 TH JANUARY 2008		
REPORT OF:	EXECUTIVE DIRECTOR OF RESOURCES		
AUTHOR:	Name:	Peter Rogers	Tel: 023 8083 2835
	E-mail:	peter.rogers@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE.

SUMMARY

In common with most large organisations the council self insures a proportion of risk via an excess or deductible that applies in respect of each and every insurance claim. Claims that fall within the excess are met from the self insurance fund which comprises contributions from all services areas as part of their annual insurance recharge.

The self insurance fund is subject to an actuarial review every three years in line with good practice. The purpose of the review is to consider, at a particular point in time, whether adequate funds are available to meet current and future liabilities.

RECOMMENDATIONS:

The Audit Committee is asked to:-

- (i) Note the summary report (Appendix 1) and in particular the 'key findings' and 'action'.

REASONS FOR REPORT RECOMMENDATIONS

1. The report is presented to the Audit Committee in their capacity as the member body with responsibility for providing independent assurance to the Standards and Governance Committee on the adequacy of the risk management framework and the internal control and reporting environment.
2. The Audit Committee is also responsible for providing assurance to the Standards and Governance Committee that appropriate action is being taken on risk and internal control related issues identified by the internal and external auditors and other review and inspection bodies.
3. The effective management of the self insurance fund is key component of the council's overall risk financing strategy.

CONSULTATION

4. Not applicable.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5. No alternative options have been considered.

DETAIL

6. The actuarial investigation of claims reserve exercise was undertaken by Aon Global Risk Consulting, a specialist actuarial consultancy, who are part of Aon Risk Services (the council's appointed risk and insurance advisors).
7. The purpose of the investigation was to estimate the reserve for insurance claims outstanding as at 31st March 2007 in order to allow the council to assess the adequacy of the self insurance fund. The investigation considered claims arising from employers' liability, public liability, property and contents and computers and contents risks.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

8. None.

Revenue

9. None.

Property

10. No specific property implications have been identified in this report.

Other

11. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

12. The Audit Commission Act 1998 and the Accounts and Audit Regulations 2003 require the council to adopt Good Governance arrangements in respect of the discharge of its functions. The above arrangements are intended to meet those responsibilities.

Other Legal Implications:

13. None.

POLICY FRAMEWORK IMPLICATIONS

14. None.

SUPPORTING DOCUMENTATION

Appendices

1.	Actuarial Investigation of Claims Reserves – Summary of findings
----	--

Documents In Members’ Rooms

1.	None.
----	-------

Background Documents

Title of Background Paper(s)

Relevant Paragraph of the
Access to Information
Procedure Rules / Schedule
12A allowing document to be
Exempt/Confidential (if
applicable)

1.	Actuarial Investigation of Claims Reserves	
----	--	--

Background documents available for inspection at: Internal Audit Office, North Block
Basement, Civic Centre

E-mail: peter.rogers@southampton.gov.uk

FORWARD PLAN No: N/A

KEY DECISION? N/A

WARDS/COMMUNITIES AFFECTED:

NOT APPLICABLE
