

<b>Report to:</b>	<b>SCHOOLS' FORUM</b>
<b>Date:</b>	11 February 2020
<b>Reporting Officer:</b>	Tim Bowman – Assistant Director of Education Tom Wilkinson – Assistant Director of finance
<b>Subject:</b>	<b>INSURANCE FOR SCHOOLS</b>
<b>Report Summary:</b>	To present the Government consultation response in relation to Extending the Academies Risk Protection Arrangement (RPA) to the Local Authority Maintained Schools sector.
<b>Recommendations:</b>	The Schools Forum agrees to opt in all maintained primary and secondary schools to the RPA en masse. On the basis that further clarification is obtained regarding PFI schools and that Church Schools will need the written approval from their trustees.
<b>Corporate Plan:</b>	Education significantly supports the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supports Aspiration and Hope through learning and moving with confidence from childhood to adulthood.
<b>Policy Implications:</b>	In line with financial policies and financial regulations
<b>Financial Implications: (Authorised by the statutory Section 151 Officer &amp; Chief Finance Officer)</b>	The Insurance charges to schools for 2019/20 totalled £852k, whilst the cost of RPA based on the 2019/20 data and rate of £18 per pupil would be in the region of £353k, generating a saving across the school estate of approximately £500k. As a result of a move to RPA there will be a £5k loss of income from schools to the Council's Insurance Team that will be absorbed following a review of the service.
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	The Schools Forum in considering the proposal will need to ensure that the RPA provision is comparable and meets the insurance needs of member schools. Whilst the costs savings are attractive, account will need to be taken of the cost of Engineering Inspections and clarity provided as to the individual school's responsibility for organising and paying for inspections. Further account will need to be taken of the membership rules which are detailed at Appendices B and C and the consequences of a failure to comply. THERE IS A SIGNIFICANT RISK CARRIED BY THE SCHOOL AND INDIVIDUALS IF THE OBLIGATIONS ARE NOT COMPLIED WITH AND THE SCHOOL IS IN EFFECT LEFT UNISURED.
<b>Risk Management:</b>	The RPA scheme is not an insurance scheme but a mechanism through which the cost of risks will be covered by government funds. The risk to the LA is that the scheme does not cover all claims and these fall back to the Council.
<b>Access to Information:</b>	<b>NON-CONFIDENTIAL</b>
	<b>This report does not contain information which warrants its consideration in the absence of the Press or members of the public.</b>

**Background Information:** The background papers relating to this report can be inspected by contacting Wendy Poole, Head of Risk Management and Audit Services

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## **1. INTRODUCTION**

- 1.1 The Department for Education has been considering extending the Academies Risk Protection Arrangement (RPA) currently operational for academy trusts (ATs) to the local authority maintained schools (LAMS) sector in England, so that the sector can benefit from financial savings such as ATs have attained through membership of the RPA.
- 1.2 The consultation ran from 9 September 2019 to 4 November 2019.
- 1.3 In total there were 148 responses to the consultation and the breakdown is as follows:-

<b>Respondent Type</b>	<b>Number of Responses</b>	<b>Percentage</b>
Governor	14	9%
Headteacher/ Principal Teacher	7	5%
Industry Expert	4	3%
Insurance Company Employee	2	1%
Local Authority Finance Officer	34	23%
Local Authority Insurance Manager	33	22%
Not Answered	1	1%
Other – Please provide role details	9	6%
Parent	3	2%
School Business Professional	41	28%
<b>Grand Total</b>	<b>148</b>	<b>100%</b>

## **2. SUMMARY OF FINDINGS**

- 2.1 The headline findings can be summarised as follow:-
  - 55% of respondents to the consultation supported the proposed extension of the RPA cover to Local Authority Managed Schools (LAMS). They suggested that their current commercial insurance was potentially not cost effective and they could save money if the RPA was extended to LAMS.
  - 25% of respondents disagreed with the proposal and suggested that the current commercial market worked well and they did not consider it was necessary to extend RPA to LAMS.
  - 20% of respondents were unsure and noted that they would need further information before reaching a decision.
- 2.2 The cumulative response from the LAMS related sector (School Business Professionals, Headteachers / Principal Teacher, Governors and parents) was strongly positive, with 83% agreeing to the extension of the RPA to LAMS, from April 2020.
- 2.3 In response to the consultation the Government have concluded that:-

**After careful consideration of the responses and measuring the pros and cons of the proposal, Ministerial approval has been given and changes to the School and Early Years Finance regulations have been put in train to allow for the RPA to operate for LAMS from 1 April 2020.**
- 2.4 The detailed report is attached at **Appendix A**.

## **3. CURRENT RPA OPERATION**

- 3.1 The RPA is not an insurance scheme but is a mechanism through which the cost of risks will be covered by government funds, effectively the government insuring itself. It is a voluntary arrangement currently available to all ATs and multi-academy trusts (MATs),

including free schools, 16-19 academies, schools designated with a religious character that are academies, special academies, alternative provision academies, UTCs, studio and PFI schools.

- 3.2 Since it was launched in September 2014, over 6,100 academies have joined.
- 3.3 The document states that the coverage of risk by the RPA is commensurate with that offered by commercial insurers. Schools have to comply with the membership rules which are detailed at **Appendices B and C**.
- 3.4 The RPA provides extensive free risk management support services to members through third party risk management advisory company Willis Towers Watson. However, whilst the service is free any requirements arising from risk management advice/reviews will fall on the schools budget.
- 3.5 Claims are handled by a third party administrator (TPA) TopMark Claims Management Limited.

#### **4. MEMBERSHIP**

- 4.1 There are several options available for schools to become members of the RPA:-
  - A LA could opt in all maintained primary and/or secondary schools to the RPA en masse on the vote of the Schools Forum.
  - Individual governing bodies of schools may also decide to join the RPA if they are free to procure their own insurance
  - The governing bodies of LAMS are able to opt out of LA arrangements, however where a school is tied into a Long Term Agreement (LTA) negotiated by the LA, they may be obliged to wait until it expires or can negotiate an early release.
- 4.2 There are a number of membership issues:-
  - Church academies are only permitted to join the RPA if they have written approval from their trustees and this would apply to Church LAMS.
  - It is acknowledged that in most maintained schools the LA will retain ownership of the school property and the associated liabilities relating to providing an education service, staff employment and property maintenance and will need to be satisfied with the overall risk cover that a school has in place.
  - PFI schools will need to be reviewed as the document states that for PFI schools who pay for premises/Building insurance via the PFI Unitary Charge, it is unlikely that they would benefit from joining the RPA. Under the current arrangements for academies, MATs are allowed to leave them out and this would need to apply to LA PFI schools to.
  - The RPA does not cover statutory inspections, often known as engineering inspections, which must be carried out by law. Statutory inspections can be procured through a PSBO, an insurer or body with authorisation to carry out these inspections. Some schools already procure these services outside of the LA's arrangements.
- 4.3 RPA is offered on a voluntary opt in basis from 1 April 2020 with no penalties for not joining. It is open to any LA maintained primary or secondary schools not contractually committed to another arrangement; and also open for LAs to join up all their schools after securing approval from the schools forum.

## 5. COSTS

- 5.1 The cost of RPA for academies for 2019/20 was £18 per pupil and it is proposed that LAMS would pay the same amount.
- 5.2 It is intended that the Schools and Early Years Finance (England) Regulations for the funding period 2020/21 will provide LAs with a duty to deduct the membership fees from the budget shares of all schools joining the RPA.
- 5.3 The Insurance Charges recharged to schools by the LA to date have included:-
- Premiums;
  - Contribution to the Internal Insurance Funds for property (£100K) and combined liability (£300k);
  - Claims Handling; and
  - Risk Management and Insurance Team Fee.
- 5.4 Table 1 below provides an example of the price comparison.

**Table 1 – Price Comparison**

School	Insurance Charge 2019/20	Pupil Numbers	RPA Charge at 2019/20 rate	Saving to School
Canon Burrows C of E – Ashton	19,925	455	8,190	11,735
The Heys - Ashton	13,513	261	4,698	8,815
St Stephen's C of E - Audenshaw	9,437	211	3,798	5,639
St Anne's - Denton	8,933	213	3,834	5,099
Ravensfield – Dukinfield	23,564	459	8,262	15,302
St Paul's C of E – Hyde	5,312	237	4,266	1,046
Mottram C of E – Longdendale	6,668	138	2,484	4,184
Buckton Vale – Stalybridge	11,823	304	5,472	6,351
Mossley Hollins (PFI) – Mossley *	34,705	804	14,472	20,233
Denton Community College (PFI) – Denton *	47,522	1,281	23,058	24,464
Cromwell High - Dukinfield	16,378	72	1,296	15,082

\* Building insured by PFI Provider

- 5.5 **Appendix D** details the 2019/20 LA Recharges compared to the RPA Charge for 2019/20 at £18 per pupil.

## 6. CONCLUSION

- 6.1 As the RPA charge is based on pupil numbers only, the charges from the LA based on commercial insurance are not competitive.
- 6.2 The LA is currently out to tender for its insurance portfolio with new arrangements commencing from 1 April 2020 therefore schools are not restricted by any LA Long Term Agreements at the current time.
- 6.3 PFI schools will need to be reviewed and the best option determined for them going forward, as the guidance is not clear and therefore clarification will be needed.
- 6.4 Statutory inspections will need to be reviewed as the Engineering Inspections have not been charged back to schools in previous years. Some schools currently arrange their own and the LA's expectation would be that these services are procured by schools.

6.5 The report was published on 21 January and we have yet to see if there is any response from the insurance sector.

## **7. RECOMMENDATIONS**

7.1 As set out at the front of the report.