



NORTH YORKSHIRE SCHOOLS FORUM

Date of meeting:	Thursday, 17 September 2020
Title of report:	Risk Protection Arrangement (DfE alternative to Insurance arrangement)
Type of report: Delete as required	For discussion and decision.
Executive summary: Including reason for submission	<p>To provide a comparison of insurance cover offered by the Risk Protection Arrangement (RPA) (which is the alternative to Insurance Arrangement being offered by the DfE), with the current Insurance Schemes offered by North Yorkshire County Council (NYCC).</p> <p>To note that NYCC will no longer offer Insurance cover to Local Authority Maintained Schools (LAMS) from 1st April 2021. This effectively means that all maintained schools are to join the RPA from 1st April 2021.</p> <p>To note that Insurance and Risk Management can continue to offer insurance support services and Motor insurance. The Property Service can continue to offer the statutory Engineering Inspection service.</p>
Budget / Risk implications:	
Recommendations:	<ol style="list-style-type: none"> 1. To consider the information provided in relation to the RPA cover. 2. To note that the NYCC will not offer the four Insurance Schemes to LAMS from 1st April 2021 and recommend that LAMS are referred to the RPA.
Voting requirements:	Schools members only
Appendices: To be attached	Appendix A - Comparison of insurance cover offered by NYCC and the RPA (To Follow).
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Presenting officer: If not the originator	Fiona Sowerby (Head of Insurance and Risk Management, Central Services Directorate)

1.0 PURPOSE OF THE REPORT

- 1.1 To provide a comparison of insurance cover offered by the Risk Protection Arrangement (RPA) (which is the alternative to Insurance Arrangement being offered by the DfE), with the current Insurance Schemes offered by North Yorkshire County Council (NYCC)
- 1.2 To propose and agree that NYCC no longer offers Insurance cover to Local Authority Maintained Schools (LAMS) from 1st April 2021. This effectively means that all maintained schools are to join the RPA from 1st April 2021.

2.0 BACKGROUND

- 2.1 The Risk Protection Arrangement (RPA) was set up by the Government to cover the losses and liabilities of academies, instead of insurance. The RPA was put in place due to the high costs of insurance being faced by academies. Charges are on a per pupil basis and deducted from the academies grant at the beginning of the financial year. Losses are covered from the charges made to the schools and by the Government.
- 2.2 Following the outcome of a consultation in November 2019, the Department for Education (DfE) advised that the RPA was available to Local Authority Maintained Schools (LAMS) from 1st April 2020, provided they were not contractually committed to another arrangement.
- 2.3 However, due to the timing of the DfE's announcement the majority of LAMS had already joined NYCC's Insurance Schemes from 1st April 2020 to 31st March 2021.

3.0 COMPARISON OF INSURANCE COVER OFFERED BY THE RPA WITH THE INSURANCE SCHEMES OFFERED BY NYCC

- 3.1 The RPA advise that the cover of the LAMS arrangement will be the same as for academies. We believe that the cover is likely to be comparable with the insurance offered by NYCC. Please see **Appendix A**, which provides a summary of the comparison of cover.
- 3.2 However, unlike academies, NYCC still has responsibilities and therefore an insurable interest in LAMS. This includes employment of staff (excluding VA schools), ownership of the buildings and owner's liability for the buildings. Therefore, we are making enquiries with the RPA to ensure that the interest of NYCC is covered and allows NYCC access to the protection offered.
- 3.3 The RPA has advised that they will inform NYCC which schools have joined, so that we can ensure all LAMS have appropriate insurance. The RPA will keep NYCC advised of the claims from LAMS via regular claims reports to NYCC.

4.0 NYCC COVER AND LONG TERM AGREEMENT

- 4.1 NYCC currently offers the following four Insurance Schemes to LAMS:
 - County Insurance Scheme
 - Balance of Risks Insurance Scheme
 - School Journey Insurance

- Personal Accident of Pupils on Site
- 4.2 When schools join NYCC's Insurance Schemes they are then covered under the NYCC's procured insurance programme. The insurance programme is subject to a Long Term Agreement (LTA), which means that providing insurers offer the same terms and conditions at renewal, NYCC is contracted to renew with the insurer.
- 4.3 NYCC's Liability insurers have advised that although they do not regard schools leaving as a break in the Long Term Agreement, they will not reduce the premium as the claims that exceed the current £500,000 deductible do not involve schools.
- 4.4 NYCC's Property insurers ZM, who would see a reduction in premium, have advised that they would regard schools leaving the insurance placed with them as a break in the Long Term Agreement. ZM advise that they believe the RPA are expecting schools to observe any current LTA's under NYCC's insurance programmes.
- 4.5 The current Property LTA ends on 30th September 2021. Therefore, when NYCC tenders for insurance in 2021, there will be a new LTA from 1st October 2021 for three to five years. A decision needs to be made as to whether LAMS will be part of the tender and therefore signed up to a new LTA. The options for consideration are:
- LAMS can be included in the insurance tender and insured from 1st October 2021. However, this would mean that LAMS would be contracted to be part of the new LTA for three to five years.
 - LAMS are not included in the insurance tender; and they will not be insured or contracted to a new LTA insured from 1st October 2021.

5.0 RPA COST

- 5.1 At present LAMS that join the RPA will be charged £18 per pupil/place for the financial year 2020-21 year. This was originally £25 per pupil/place. Where a LAMS joins the RPA for part of the financial year, the amount per pupil/place will be pro-rated accordingly using the calculation $(£18 \times \text{number of days until and including 31 March}) / 365$. The RPA will provide the costs per pupil from 1st April 2021 at the end of 2020.
- 5.2 The DfE has decided that the most straightforward funding arrangement is to deduct the membership fees from the LA's DSG.
- 5.3 It is not possible to predict how sustainable the £18 per pupil will be in the future, as many schools that may transfer to the RPA will be low in pupil numbers e.g. small primary schools, special school and PRUs, but still have buildings and liability risks to insure.

6.0 NYCC INSURANCE COST

- 6.1 The cost of NYCC's current insurance schemes is allocated to schools in a traditional way, based on 50% risk exposure (e.g. buildings values and salary) and 50% claims experience. The costs are then split between the schools based on risk exposure. If we were to convert this to charge per pupil the average costs would be approx. £35.67 per pupil.
- 6.2 This is higher in comparison to the RPA charge possibly due to the following reasons:
- The RPA has no historic claims
 - The RPA does not need to pay 12% Insurance Premium Tax
 - The RPA does not need to pay insurers profit.

- 6.3 Due to a high number of fixed insured costs, we reviewed the potential to match the RPA £18 per pupil, so that LAMS could continue to be insured under NYCC's Insurance Schemes. However, when the costs of claims are taken into account, NYCC would be in a worse financial position and subsidising the schools, therefore this option is not possible.
- 6.4 As NYCC is not able to match the RPA price per pupil, it is anticipated that many LAMS will choose to join the RPA from 1st April 2021 and the reduction of economies of scale will mean that the price of insurance will increase for any LAMS that do choose to insure through NYCC.
- 6.5 If LAMS join the RPA from 1st April 2021, this will mean that NYCC will be paying the premium costs for schools for the period 1st April 2021 to 30th September 2021.

7.0 RECOMMENDATIONS

- 7.1 To note insurers stance that schools are included within any Long Term Agreement and the timing of the insurance tender and new Long Term Agreement from 1st October 2021.
- 7.2 To note that NYCC is not able to match the RPA's price of £18 per pupil and the current average rate offered by NYCC is £35.67 per pupil.
- 7.3 To agree that NYCC does not offer the four Insurance Schemes to LAMS from 1st April 2021 and recommend that LAMS are referred to the RPA.
- 7.4 To note that the Insurance and Risk Management Service will continue to offer the insurances not covered by the RPA such as Motor. The Property Service will continue to offer Engineering Inspection Services (formerly included as part of the County Insurance Scheme), that is not provided by the RPA.
- 7.5 To note that schools can continue with services offered by NYCC's Insurance and Risk Management Service, and package is available.
- 7.6 It may be possible for all primary and/or secondary maintained schools in an LA to join collectively by agreeing through the Schools Forum to de-delegate funding. However, the DfE did not expect that mass membership through de-delegation will be used, as there was unlikely to be enough time for LAs to agree it with their schools and the Schools Forum. This paper does not seek to request de-delegation at this time.

Report Prepared by Louise Gigante, Insurance and Risk Officer