

Date of meeting:	Thursday, 12 March 2020
Title of report:	Risk Protection Arrangement (DfE alternative to Insurance arrangement)
Type of report: Delete as required	For decision and discussion
Executive summary: Including reason for submission	To provide an overview of the Risk Protection Agreement offered by the DfE (alternative to current Insurance arrangements for LA maintained schools). To highlight the tight timescales for the 2020/21 insurance year and the proposed actions of the Insurance and Risk Management Service over the 2020/21 period.
Budget / Risk implications:	Potential impact on maintained school budgets and Insurance and Risk Management
Recommendations:	<ol style="list-style-type: none"> 1. To consider the information provided in relation to the RPA. 2. To consider the timing of schools in joining the RPA. 3. To consider allowing the Insurance and Risk Management Service to undertake investigative actions during 2020/21 and then report back to the Schools Forum.
Voting requirements:	Schools members only
Appendices: To be attached	None
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Presenting officer: If not the originator	Fiona Sowerby (Head of Insurance and Risk Management, Central Services Directorate) Fiona.Sowerby@northyorks.gov.uk

1.0 PURPOSE OF THE REPORT

- 1.1 To provide an overview of the Risk Protection Agreement (alternative to Insurance Arrangement being offered by the DfE).
- 1.2 To highlight the tight timescales for the 2020/21 insurance year and the proposed actions of the Insurance and Risk Management Service over the 2020/21 period.

2.0 BACKGROUND

- 2.1 The Risk Protection Agreement (RPA) was set up by the Government to cover the losses and liabilities of academies, instead of insurance. The Agreement 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) has advised that the RPA will be available to Local Authority Maintained Schools (LAMS) from 1st April 2020, provided they are not contractually committed to another arrangement. This information is in the public domain and schools are able to take this offer if they wish to.
- 2.3 The RPA advise that their purpose is to offer choice, reduce the cost burden and where possible widen the offering of risk protection cover. The DfE is content that where the LA or the insurance sector offers good value for all schools, then they are happy for schools to continue with these arrangements.
- 2.4 It will 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, as they currently can for purposes including insurance. However, the DfE do not expect that mass membership through de-delegation will be used, as there is unlikely to be enough time for LAs to agree it with their schools and the Schools Forum.

3.0 RPA COVER AND SUPPORT

- 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 the Council. However, unlike academies, the Council still has responsibilities and therefore an insurable interest in maintained schools. This includes employment of staff (excluding VA schools), ownership of the buildings and owner's liability for the buildings.
- 3.2 The RPA has been asked how they will amend the wording of the RPA membership to include the interest of the Council and allow Council access to the protection offered. The RPA has not yet advised how the wording will be amended to reflect these requirements, but has advised that this will be available from the end of February 2020 (not yet available at the time of writing this report, verbal update to be provided at the meeting).
- 3.3 The RPA has advised that they will inform the Council which schools have joined, so that we can ensure all maintained schools have appropriate insurance. The RPA will

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keep the Council advised of the claims from Maintained schools via regular claims reports to the Council.

- 3.4 The RPA advise that support will be available to members including risk management and claims handlers. Examples of best practice will be shared and members will have the chance to network with other members in their geographical area at workshops, which are delivered throughout England. Schools will have to raise and manage any insurance queries and claims themselves.

4.0 COST OF RPA

- 4.1 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.
- 4.2 The DfE has decided that the most straightforward funding arrangement is to deduct the membership fees from the LA's DSG. In year 1 (2020-21), the DfE does not expect that mass membership through de-delegation will be used, as there is unlikely to be enough time for LAs to agree it with their schools and the Schools Forum.
- 4.3 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.

5.0 COUNCIL COVER AND SUPPORT

- 5.1 The Council currently offer the following four Insurance Schemes to maintained schools:
- County Insurance Scheme
 - Balance of Risks Insurance Scheme
 - School Journey Insurance
 - Personal Accident of Pupils on Site
- 5.2 Should schools choose to join the RPA, there is no reason why the existing LA insurance team could not continue to provide a service of ad hoc general insurance and risk matters to their schools, for a service fee. It is for the LA and schools to determine whether they want to continue to be involved in this process or for the schools to deal directly with the third parties.
- 5.3 We are concerned that if schools join the RPA, there will be a loss of liaison between schools, the RPA and associated sub-contractors, and Council support services such as Legal Services, Health & Safety Risk Management, HR etc.
- 5.4 If schools are interested in continuing with an Insurance and Risk Management Service from the Council, then a package could be made available.
- 5.5 The RPA does not currently offer cover for Motor insurance and Engineering Inspections. The Council will continue to offer these services to schools.

6.0 COST OF THE COUNCIL'S INSURANCE SCHEMES

- 6.1 The cost of the Council'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.

7.0 NOTICE PERIODS AND KEY DATES

- 7.1 30th September 2021 - The Council's current contract with insurers ends and we are still waiting to hear from insurers as to whether they expect the Long Term Agreement to apply to maintained schools.
- 7.2 28th Feb 2020 - Schools have to give notice to the Council by about whether they are joining our Schemes or not.
- 7.3 End of February 2020 - RPA propose to advise how they will change their cover to reflect the interest of maintained schools and the Council (not yet provided).
- 7.4 End of February 2020 – The Council needs to declare the numbers of school pupils joining the School Journey and Personal Accident for Pupils policy (not yet provided).
- 7.5 Mid-March 2020 - Maintained schools will be able to join the RPA via their online portal.

8.0 RECOMMENDATIONS

- 8.1 To consider the information provided in relation to the RPA.
- 8.2 To consider the timing of schools in joining the RPA. Due to lack of clarity regarding the cover for maintained schools and tight timescales provided by the RPA, and recognising that it is essential that maintained schools continue to be insured.
- 8.3 To note that the Insurance and Risk Management Service will undertake the following during 2020/21 and then report back to the Schools Forum in May 2020
- Review the clarified cover provided by the RPA for maintained schools to ensure that it is suitable and will cover the same risks as the Council cover.
 - Liaise with insurers to see whether maintained schools are bound by the current Insurance Long Term Agreement.

FIONA SOWERBY
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