

Report to: East Sussex Schools Forum

Date of meeting: 17 September 2021

Report By: Chief Finance Officer

Title: Schools Insurance issues (Maintained schools only)

Purpose: To compare the East Sussex County Council Schools' insurance programme against the Risk Protection Agreement offer and make recommendations for 2022/23.

RECOMMENDATION:

It is recommended that ESCC Maintained schools note the insurance charge for 2021 / 2022 and the ESCC Insurance programme for 2022 / 23.

1 Background

1.1 ESCC Maintained schools currently benefit from a comprehensive Insurance programme, arranged and managed by the Orbis Insurance team. This program is a mix of school specific insurances and relevant corporate insurances, and includes both externally and self-insured elements.

1.2 The 'Risk Protection Arrangement' (RPA) is an alternative 'insurance like' arrangement, provided and financed directly by the DfE, originally set up to provide cost effective insurance exclusively for academy schools. Since 2020 this has also been made available to all Local Authority Maintained schools, including those currently insured via Local Authority insurance programmes.

1.3 Schools can opt to join the RPA on an individual basis or collectively, by agreeing through Schools Forum to de-delegate appropriate funding.

1.4 At Schools Forum in November 2020, it was agreed that a paper would be presented to Schools Forum in September 2021, with an Insurance update and indication of insurance charges for schools for 2021 / 2022.

2 Supporting information

2.1 Full details of the cover offered by the RPA can be found on the DfE website. The cover offered is similar to the ESCC insurance programme, but there are some significant differences and omissions.

2.2 The table below compares the current ESCC insurance arrangements and requirements, against the RPA offer:

	POLICY	ESCC	RPA
<ul style="list-style-type: none"> Insurance required by ESCC to protect its assets and potential liabilities. 	<ul style="list-style-type: none"> Property & Contents Material Damage 	Yes	Yes
	<ul style="list-style-type: none"> Additional Expenditure / Business Interruption 	Yes	Yes
	<ul style="list-style-type: none"> Contract building works in progress 	Yes	Yes

	• Larger project building works in progress	Yes	No
	• Public Liability	Yes	Yes
	• Deterioration of Food Stock	No	Yes
	• Employers Liability	Yes	Yes
	• Professional Indemnity	Yes	Yes
	• Governor's /Officials Liability	Yes	Yes
	• Libel & Slander	Yes	Yes
	• Third Party Liability Top Up cover	Yes	No
	• Third Party Hirers Liability	Yes	Yes
	• All Risks cover for high value assets	Yes	Yes
	• Personal Accident for Pupils/Staff/Governors/Volunteers	Yes	Yes
	• Supporting pupils with medical conditions liability.	Yes	Yes
	• UK & Overseas School Travel	Yes	Yes
	• Motor	Yes	No
	• Motor Uninsured Loss Recovery	Yes	No
	• Money	Yes	Yes
	• Crime / Fidelity Guarantee cover	Yes	Yes
	• Statutory Engineering Inspection & Associated Insurance	Yes	No
•	• Free access to Safer Schools safeguarding app and training.	Yes	No

3. Cost and service.

3.1 The RPA 'premium' charge is a flat 'per pupil' annual rate, which will apply equally to secondary, primary and special schools. The rate for 2021/22 is **£19.00pp** and this will be subject to review every 2 years.

3.2 For ESCC schools that opt into the RPA, an additional 'retention premium' of **£2.50pp** will need to be applied by ESCC. This will cover the additional required insurances currently not included in the RPA offer and the cost of residual liabilities, where the RPA cover does not respond. The total cost for schools who wish to join the RPA is therefore **£21.50pp**.

3.3 In order to enable schools to compare the ESCC programme and the RPA, the ESCC insurance programme will be charged on a per pupil basis. The rate for 2021/22 has, therefore, been limited to **£21.50pp**. For most schools this will represent a further saving on insurance costs, and include the savings produced by the 2020 Insurance retender exercise and the incorporation of the Schools 'Optional Additional Insurance' in the main insurance charge (having previously been separately charged). This cost also includes the full professional advice and claims handling service provided by the ESCC / Orbis Insurance team based on extensive local knowledge and expertise.

3.4 Due to the slightly different insurance arrangements for Catholic Diocese schools, where only contents insurance is required, the ESCC charge for these will be £15.00 per pupil.

3.5 For schools who opt to join the RPA, they will only have access to a basic advice service from the ESCC / Orbis Insurance team. All enquires relating to policy coverage and all claims handling will be undertaken by the RPA's own insurance advisors and claims handling contractors.

4. Future review

4.1 The RPA has advised that the current rate will be held for 2022/23. ESCC is unable to confirm the rate for its insurance program since external premiums are not confirmed until February 2022. However, ESCC remains committed to providing a per pupil rate which is competitive with the RPA. The ESCC per pupil rate and RPA retention premium will be reviewed on an annual basis.

4.2 ESCC's insurers have confirmed that they will not provide pro rata return premiums where schools opt out of the ESCC program to join the RPA mid-year. Therefore, schools are required to inform the Orbis Insurance team by the end of January if they intend to join the RPA for the following financial year (from 1st April). It is appreciated that this deadline is before ESCC will be able to confirm the per pupil rate for that year. However, ESCC remain committed to providing a competitive alternative to the RPA, with the aim that all ESCC maintained schools remain within the ESCC schools' insurance programme.

4.3 There is currently no stated mechanism for schools to leave the RPA once they have joined. The RPA is not set up to provide the schools with a choice of insurance arrangements, and, unlike the ESCC programme, is not subject to competitive tendering. If schools do return to the ESCC programme, having previously left to join the RPA, there is no guarantee that competitive rates can be maintained.

4.4 Should a significant number of ESCC schools opt to join the RPA, there is also no guarantee that the ESCC schools' insurance program will remain competitive or sustainable.

5. Conclusion and reason for recommendation

5.1 There is currently no financial benefit to schools opting to join the RPA. However, since the 'per pupil' rates offered by both the ESCC Schools insurance programme and the RPA are subject to change over time, this situation will be reviewed on an annual basis for the duration of ESCC's existing Long Term Agreements with Insurance companies. While premium rates will vary, we will only report back to Schools Forum if there is a significant, material change, with ESCC rates being advised in the usual way through the Services to Schools process.

5.2 The per pupil rate for the ESCC Insurance programme is not intended to match the RPA charge and is unlikely to in future. However, the ESCC program currently offers schools a wider ranging and more comprehensive service, at a cost effective rate.

5.3 It is recommended that schools remain within the ESCC Insurance programme for 2022 / 2023 and do not opt to join the RPA scheme from April 2022, either collectively or on an individual basis. There is currently no financial benefit to joining the RPA and schools will lose the benefit of the locally based advice and claims handling service.

5.4 **Note:** Unfortunately, ESCC is unable to extend its existing insurance program to cover Academy schools. Therefore, when a maintained school transfers to academy status, they are required to make their own insurance arrangements, either via the RPA or the commercial insurance market.

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