

Paper 8 - for information/consideration

Insurance Options for Maintained, Foundation, Special and Voluntary Aided Schools from April 2022

Key Messages

Forum members are asked to:

- Consider options for alternative insurance arrangements or transfer to the DfE's Risk Protection Arrangement (RPA).
- Return to vote (at the December Forum) on which option the whole school (Maintained only) population want to pursue for 2022-23 onwards.

1. Introduction/background

- 1.1. The Council's existing insurance programme long-term agreement (LTA) expires on 31 March 2022.
- 1.2. All Schools currently buy back into the Mandatory Insurance Scheme and Optional Locally Managed Scheme (LMS) provided in this programme. These schemes are not open to Academy Schools.
- 1.3. There are too few schools remaining in the Council's Insurance Fund to continue to insure on the existing basis.
- 1.4. The Risk Protection Arrangement (RPA) was established as an alternative to insurance for Academy Schools in 2014.
- 1.5. The DfE opened up the RPA to Local Authority Maintained, Special, Foundation, Foundation Trust and Voluntary Aided Schools in 2020 as an alternative to insurance for schools not already in an existing LTA with their Local Authority. This is charged on a per pupil cost calculation.
- 1.6. Zurich Municipal, in response to the RPA have launched their own per pupil costed option for Local Authority Maintained schools.
- 1.7. The RPA is a Membership scheme and is not an insurance contract.
- 1.8. The Zurich Municipal option is an insurance contract and is governed by the Financial Conduct Authority and insurance law.

2. Comparison of the Options

Comparison Table	
RPA	Zurich Municipal
£19 per pupil	£27 per pupil
RPA rate may increase	ZM rate fixed for 3 years
Schools will manage their own insurance queries, risk management requirements and claims direct with the RPA.	SCC Insurance Team will continue to deal with insurance queries, risk management and claims handling for schools within the fixed cost.
No motor Insurance cover – schools will need to purchase motor insurance separately. No longer available with SCC for this option.	SCC will continue to insure school vehicles at a fixed rate of £567.50 per annum for the next 3 years.
Cover for existing buildings and works in progress only provided for works up to £250K in value. School required to purchase separate cover above this value of works.	Cover can be extended on request for works above £250K and no additional cost to school for schemes up to £2 million.

- 2.1. Both options are similar in terms of the scope of cover provided for the key classes of insurance, including on School Travel Insurance, where neither currently has any Communicable Disease exclusions.
- 2.2. The existing LMS policy per claim limit of £27,500 is removed in both schemes so cover is better in respect of theft, malicious damage, accidental damage and escape of water claims.
- 2.3. The Zurich Municipal scheme and pricing is based on **all** eligible schools subscribing to the scheme. There is no scope for schools individually choosing either scheme. The only option available is to decide which of the two schemes **all** schools want to join from 2022-23.

- 2.4. The decision taken by the Schools Forum will need to be signed off at Executive Director level by SCC as the owner of most of the Assets and Employer of most of the employees covered by the schemes.
- 2.5. The Strategic Insurance Manager will recommend that the choice of the Schools Forum be accepted as both alternatives have already been assessed as appropriate means of delivering financial protection.
- 2.6. Pupil Referral Units will require a resolution approved by the Management Committee of the Unit to access the RPA if that is the selected option.

3. Overall Financial Impact

- 3.1. The aggregate saving to schools of the Zurich Municipal package in 2022-23 compared to the cost of insurance to schools in 2021-22 is circa £380,000 based on £27 per pupil.
- 3.2. The aggregate saving to schools of the RPA compared to the cost of insurance to schools in 2021-22 is circa £580,000 based on £19 per pupil.
- 3.3. Both figures are based on the October 2020 census.
- 3.4. The per pupil basis of calculating the premium will mean that savings will not be equally spread between all schools for either option.
- 3.5. A small number of schools, for instance PFI schools or those with minibuses insured via SCC if the RPA is selected, may face increased charges in 2022-23 if the RPA is the selected option.
- 3.6. If Schools opt for the Zurich Municipal option, we will review the RPA option again before the end of the three-year period.
- 3.7. If the RPA is selected it is unlikely that an alternative value for money option will be available to return to in future.
- 3.8. Analysis of published information for the RPA scheme suggests that the scheme is currently projecting a loss over the first six years with claims and administration costs exceeding income from Academy schools membership.
- 3.9. It is therefore more likely than not that the RPA rate per pupil will increase within the next three years. There was a £1 per pupil increase in 2021 and the scheme for Academy schools was originally launched at £25 per pupil.
- 3.10. For both schemes, schools that transfer to academy status will have their existing arrangement cancelled and will need to make alternative insurance arrangements or join the RPA academy school scheme.

4. Recommendations

Forum members are asked to:

- Research the RPA option and consider:
 - Impact of additional resources required in managing insurance queries and claims with the RPA direct without input from the Council's Insurance Team.
 - Potential effect of any loss of leverage with insurers that the Council enjoys on flexibility of cover and claims settlement by virtue of its relationships and overall premium spend.
 - Additional costs of Motor insurance or insurance for Building Works if applicable.
 - Risk of increase in the per pupil rate charged by the RPA in the next three years against fixed rate with Zurich Municipal.
- Return to vote for the preferred option at the December Forum.

Resources:

LA Maintained Schools RPA membership rules

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/973831/RPA_membership_rules_LAMS_Update_April_2021.pdf

VA and Foundation Schools RPA membership rules

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/973830/RPA_Membership_Rules_VA_and_foundation_Update_April_2021.pdf

Academy schools within Sheffield who are members of the RPA will have experience of the scheme and should be consulted about their experiences.