

Committee: Merton Schools Forum

Date: 30 January 2020

Subject: Insurance for LA Maintained Schools

Contact officer: Tom Procter – Head of Contracts and School Organisation

Moji Odusoga – Insurance Manager

This report is for information and discussion at this stage

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The purpose of this report to provide a briefing to Schools Forum on a recent announcement from the Department for Education in relation to school insurance.

2 DETAILS

- 2.1. Insurance is a delegated item for schools. The council arranges a central contract and Merton's Scheme for Financing Schools confirms the following *"If a governing body decides not to participate in a centrally arranged insurance contract, the LA will require the school to demonstrate that cover relevant to an LA's insurable interests, under a policy arranged by the governing body, is at least as good as the relevant minimum cover arranged by the LA. The LA must have regard to the actual risks, which might reasonably be expected to arise at the school in questions, rather than applying an arbitrary minimum level of cover for all schools."*
- 2.2. For Academy schools, since September 2014 the Department for Education (DfE) has operated a "Risk Protection Arrangement (RPA)" for schools to voluntarily enter into. The RPA is not an insurance scheme but provides the same cover to schools as a mechanism through which the cost of risks that materialise will be covered by government funds.
- 2.3. In autumn 2019 the DfE undertook a consultation proposing to allow LA Maintained Schools to also enter into the scheme. Earlier this month their response to the consultation confirmed that this should be implemented from 1 April 2020.
- 2.4. Schools would therefore be able to decide whether to purchase into the RPA rather than the council's scheme. However, the DfE propose that it should also 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. In that case the DfE propose the LA would apply for membership en-masse on behalf of all schools, though LA maintained schools would become individual members and make individual claims. In order to facilitate this the DfE intend to add the RPA to the current paragraph in Part 6 of Schedule 2 to the

Schools and Early Years Finance Regulations that allows schools to de-delegate funding from their budget share for insurance.

- 2.5. The DfE has stated that there is no reason why LA schools shouldn't be charged the same sum as Academies i.e. £18 per pupil in 2019/20. Merton's current insurance arrangements charges £30.24 per pupil for primary and special schools and £29.13 for secondary Non-PFI. Therefore a 420 place primary school would be paying £5,140 less under the DfE Risk Protection Arrangement scheme (£7,560 rather than £12,700)
- 2.6. Due to this announcement coming so close to this Schools Forum meeting it has not been possible to undertake a detailed analysis of the differences in the council's insurance cover versus the DfE's RPA scheme.
- 2.7. The DfE publishes the arrangements for Academy Schools here:
<https://www.gov.uk/government/publications/risk-protection-arrangement-rpa-for-academy-trusts-membership-rules> A summary of the cover is appendix 1 to this report
- 2.8. Full details of the consultation are here:
<https://www.gov.uk/government/consultations/extending-the-academies-risk-protection-arrangement-to-la-schools>
- 2.9. The Council's Insurance Managers advises that schools should have access to actuarial and underwriting information to make informed decisions. They may wish to consider the following:
 1. Scope of Cover
 2. Recent actuarial valuation report of the fund
 3. Scope for handling catastrophic losses
 4. Capital Capacity of the Fund including reinsurance or Government Backing
 5. Claims Experience
 6. Basis of Liability cover: claims made or occurring
- 2.10. The Schools Forum is invited to discuss this proposal prior to any future vote on whether schools should join the scheme as per paragraph 2.4 of this report, or Merton schools should choose to join individually.

Appendix 1

Summary of Cover provided by RPA (From "Risk protection arrangement (RPA) for academy trusts - Membership rules - September 2019)

Type of risk	Description	Limit	Member Retention
Material damage	Loss or damage to buildings, contents, computers and stock owned by or the responsibility of the academy	Reinstatement value of the property	£250 (Primary Academy) £500 (all other Members) each and every loss other than subsidence (£1000)
Business interruption	Compensation for increase in cost of working, resulting from interruption or interference with the business following a material damage loss	£10,000,000 any one loss	£250 (Primary Academy) £500 (all other Members)
Employers liability	All sums the academy may become legally liable to pay (including claimants' costs and expenses) following death, injury or disease sustained by Employees and arising out of and in the course of their employment by the academy	Unlimited	Nil
Third party liability	For all sums the academy may become legally liable to pay (including claimants' costs and expenses) as damages in respect of accidental third party injury or third party property damage	Unlimited	Nil
Governors' liability	Governors' liability expense	£10,000,000 any one loss and any one membership year	Nil
Professional indemnity	Actual or alleged breach of professional duty	Unlimited	£1,000 each and every loss

Employee and third party dishonesty	Direct pecuniary loss due to the dishonesty of academy Employees and/or theft of money by computer fraud	£500,000 any one loss and any one membership year	£250 (Primary Academy) £500 (all other Members) each and every loss
Money	Loss of money whilst in transit or elsewhere	Various, including cash on premises or in transit £5,000	£50 (Primary Academy) £100 (all other Members) each and every loss
Type of risk	Description	Limit	Member Retention
Personal accident	Compensation for accidental bodily injury to Employees, governors, trustees, volunteers and pupils of the academy whilst on the business of the academy in the UK	Death and capital benefits £100,000	Nil
United Kingdom travel	Compensation for travel related costs including loss of baggage, cancellation, curtailment, rearrangement and change of itinerary	Baggage and money £2,000 per person. Cancellation £1,000 per person	Nil
Overseas Travel (including winter sports) and Personal Accident	Compensation for travel related costs outside of the UK including medical expenses, loss of baggage, cancellation, curtailment, rearrangement and change of itinerary Compensation for accidental bodily injury to Employees, governors, trustees, volunteers and pupils of the academy whilst on the business of the academy outside of the UK	Medical expenses £10,000,000 per person Baggage £2,000 per person Cancellation £4,000 per person (£250,000 per trip) Death and capital benefits £100,000 per person	Nil in respect of Medical Expenses £50 in respect of Baggage Nil in respect of Cancellation

Legal expenses	Reimbursement of legal expenses relating to employment disputes, contractual disputes, tax investigations, civil actions in relation to school expulsions	£100,000 any one loss and any one membership year	£250 (Primary Academy) £500 (All other Members) each and every loss
Cultural Assets	Loss or damage to Cultural Assets (including works of art) owned by or the responsibility of the academy	£10,000 per item, maximum £250,000 any one loss of multiple cultural assets	£50 (Primary Academy) £100 (all other Members)