

SOLIHULL METROPOLITAN BOROUGH COUNCIL

Meeting date:	26 th November 2020
Report to:	Solihull School Forum
Subject/Report Title:	INSURANCE OPTIONS FOR MAINTAINED SCHOOLS - 2021 - 2025
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Schools affected:	<input type="checkbox"/> All Schools <input type="checkbox"/> All Primary <input checked="" type="checkbox"/> All Secondary <input checked="" type="checkbox"/> All Special <input checked="" type="checkbox"/> All Primary and Secondary <input checked="" type="checkbox"/> Maintained Schools Only <input type="checkbox"/> Academy Schools Only <input type="checkbox"/> PVI Settings <input checked="" type="checkbox"/> PRUs <input type="checkbox"/> Other (specify)
Type of Report	For Forum to Decide
Forum Voting	Maintained School Members Only
Public/Private report:	Private - Not for Publication
Exempt by virtue of Paragraph:	<p>Information relating to the financial or business affairs of any particular person (including the authority holding that information).</p> <p>Information which reveals that the authority proposes:-</p> <p>(a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or</p> <p>(b) to make an order or direction under any enactment.</p>

1. Purpose of Report

- 1.1 The report is an appraisal for the options available for future general insurance arrangements for maintained and voluntary aided schools.
- 1.2 The report sets out the options available and comparisons to the DfE's Risk Protection Arrangement (RPA)
- 1.3 The report provides details to Academies about the future insurance provision available to them via the Insurance Services team at the Council.

2. Decision(s) recommended

- 2.1 The decision recommended is for maintained and voluntary aided school members to remain within the Solihull Council School Academy Insurance Framework (SAIF) for the provision of general insurance protection.

- 2.2 The decision will ensure that schools retain a full service support package from the Council in respect of insurance and protection arrangements in relation to insurance advice, claims assistance and major loss support.

3. What is the issue?

- 3.1 In 2016 the DfE set up the Risk Protection Arrangement (RPA) for Academy Schools. The RPA is a pool whereby members pay an annual contribution (currently £18 per pupil) in exchange for protection from certain risks and liabilities. The premise of the scheme was because the Education Skills Funding Agency (ESFA) discovered large variations in premiums academy schools were being charged by the insurance market leading to an increase in expenditure within the academy sector.
- 3.2 In 2019 the DfE announced their intention to expand the RPA to maintained and voluntary aided schools. This was based on the fact not all Local Authorities were providing a consistent level of protection for schools and / or where charging rates higher than what academies were being charged within the RPA.
- 3.3 The ESFA had a desire for all schools of any type to join the RPA but had not considered some of the specific frameworks that had been created by Local Authorities in Cornwall, Essex, Somerset, Leicester and the Midland Academy Insurance Group (MAIG, (Solihull MBC, Walsall MBC, Wolverhampton MBC, Sandwell MBC, Lincolnshire CC, Cambridgeshire CC and Northamptonshire CC)) and Solihull Schools Insurance Framework (SIF, (Solihull MBC, Milton Keynes BC)).
- 3.4 Solihull has been running MAIG since 2011 and the SIF since 2015 and has consistently been able to reduce the cost of insurance protection to academies and schools throughout that time providing support and expertise to over 180 separate schools.

4. What options have been considered and what is the evidence telling us about them?

- 4.1 MAIG and SIF were both coming to natural contract expiry in 2020/21. As a consequence and as part of due diligence the Council entered early negotiations with the RPA. These discussions had three specific objectives;
- (a) To establish whether the RPA was a viable and safe alternative for Solihull's maintained and aided schools and whether the Council was able to continue offering support to schools, including the cost of resourcing the support.
 - (b) To ensure that the rules for maintained and aided schools incorporated and protected the interests of the Local Authority, their assets and liabilities.
 - (c) To establish the future development path and additional costs that may be incurred for protection the RPA could not provide, such as motor and engineering inspection services.
- 4.2 The discussions with the RPA were productive and we felt that the protection offered was adequate in most circumstances with some notable exclusions;
- (a) Wraparound and privately run nurseries, along with any other enterprise run by a school are not covered by the RPA, additional insurance cover would need to be purchased for these areas.
 - (b) Contract works cover is limited to £250k per contract. If a contract is more than this it would require additional cover from the insurance market.

- (c) Additional covers such as motor cover and engineering services would still need to be purchased. The insurance market premium is higher as these additional products are often subsidised by insurance package policies.
 - (d) The RPA would not cover the costs for Council insurance teams to continue to provide support to schools by way of dealing with queries, providing advice, claims and major loss support. They suggested that if support was provided that the Council would make an additional charge to schools in addition to the payment to the RPA. The estimate charge would be around £1 to £1.25 per pupil.
- 4.3 Discussions were held with the insurance market about the impact of the RPA and whether, if we carried out a procurement exercise we could achieve competitive rates with the RPA.
- (a) It should be noted that the RPA is having a detrimental effect on the insurance industry with several providers no longer able to provide cover and the associated expertise of education risks reducing.
- 4.4 Before final consideration could be given to the RPA we, along with our partner Local Authorities wanted to carry out a procurement exercise to combine and renew both MAIG and SIF into a new framework. We carried this out which has now been concluded with an extremely positive outcome. We also included additional lots for emerging risks as follows;
- (a) Lot 1a and 1b – Package Insurance – Awarded to Zurich Municipal
 - (b) Lot 2 – Terrorism Insurance – Awarded to Arthur J. Gallagher
 - (c) Lot 3 – Motor Insurance standalone – Awarded to Zurich Municipal
 - (d) Lot 4 – Engineering Inspection Services - Awarded to Zurich Municipal
 - (e) Lot 5 – Cyber Liability Insurance – Awarded to Arthur J. Gallagher
 - (f) Lot 6 – School Absence Cover - Awarded to Sovereign Risk Management T/A School Advisory Service (SAS)
- 4.5 Costs Summary – A full breakdown of costs is shown in Appendix 1 for general insurance. Schools included are all current maintained or aided schools. All costs are adjusted to 18,578 pupils.
- (a) The proposed cost for the RPA for all schools is £382,492. This includes all current motor and engineering inspection requirements as per the rates provided for Lot 3 and Lot 4 above. NB; Motor and engineering rates are higher than the package cost.
 - (b) The proposed cost for the SAIF for all schools is £380,305 for 2021/22 and £384,950. This includes all current motor and engineering inspection requirements as per the package rates. The per pupil rate for the main package is £17.75 inclusive of all taxes and fees for 2021/22 and £18.00 inclusive of all taxes and fees for 2022/23 on. The Council secures 5% in work transfer fees from this premium to support schools and run the framework.
 - (c) The difference in cost between the SAIF and the RPA is a saving of £2,187 for 2021/22 and an increase of **£2,457** for 2022 on assuming the RPA rate remains at £18 per pupil.
- 4.6 The preferred option is for schools to continue with the Council's School Academy Insurance Framework for the next three years with a two year option to extend.

5. Reasons for recommending preferred option

- 5.1 The RPA represents a strong proposition to protect schools but the offer is no more than a pool of funds with discretion as to what and who is paid resting with the RPA administrators.
- 5.2 The Council is unable to support schools that join the RPA as the cost to do so would be passed on to the schools via a separate fee around £1 - £1.25 per pupil. This would make the move to the RPA less cost effective than if schools remained with the SAIF. The only source of queries via the RPA is an email inbox whereas the Council is available by telephone, email and face to face and will respond immediately to major loss and will continue to have access to developments and services across the framework.
- 5.3 The products and services via the SAIF are regulated by the Financial Conduct Authority. This means that payments in the event of a claim or in the event of insolvency are guaranteed (if within the policy terms).
- 5.4 The products and service via the SAIF provide additional added value and support with the country's leading experts in dealing with education risk and claims with a proven track record in the event of major loss ensuring that schools can be up and running in the minimum amount of time with the least amount of impact on the community. An example of this value is provided in Appendix 2 and Appendix 3.
- 5.5 Schools and academies will receive exactly the same products and services at the same rates and if a school converted during the term, the cover would be continuous reducing additional work to change provider or policies.

6. Implications and Considerations

6.1 Delivery of the Council's priorities:

How will the options/proposals in this report contribute to the delivery of Council Priorities (*select which priority/priorities and also specify which key programme/s*):

- Improve Health and Wellbeing -
- Managed Growth -
- Build Stronger Communities -
- Deliver Value – The SAIF is designed to deliver value across the Midlands geographical region. The aim is provide competitive insurance and protection products and services and ensure schools have access to best service and expertise available.

6.2 Implications for children and young people, vulnerable groups and particular communities:

- (a) There are no implications.

6.3 Consultation and Scrutiny:

- (a) Throughout the process, the Council has engaged with various stakeholders, external legal advisors and insurance providers along with the DfE.

6.4 Financial implications:

- (a) The benefits of joining the SAIF would be a reduction in premium for 2021/22 of £2,187 against the RPA. This equates to a small increase in premium of £2,457 against the RPA in 2022/23 assuming the RPA rate remains at £18 per pupil.
- (b) The financial analysis assumes that the Council would no longer support schools if they joined the RPA but if support did continue it would add between £18,578 and £23,223 to the total RPA cost.
- (c) Schools will save £171,109 on insurance costs against the 2020/21 charge.

6.5 Legal implications:

- (a) There are no legal implications.

6.6 Risk implications:

- (a) There are no significant risk implications.

6.7 Statutory Equality Duty:

- (a) [Click here to enter text.](#)

7. List of appendices referred to

- 7.1 Appendix 1 – Costs Summary (not available on-line, please contact amcwilliam@solihull.gov.uk)
- 7.2 Appendix 2 – Best value brochure from Zurich Municipal
- 7.3 Appendix 3 – Safer Schools brochure

8. Background papers used to compile this report

- 8.1 2020 RPA membership rules for LAMS

9. List of other relevant documents