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**Manchester City Council  
Report for Resolution**

**Report to:** **Schools Forum**

**Subject:** **Insurance for Schools**

**Report of:** **Directorate Finance Lead – Children’s and Schools**

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**Summary**

The Department for Education (DfE) has extended the Academies Risk Protection Arrangement (RPA) currently operational for academy trusts to the local authority maintained schools sector in England, so that the sector can benefit from financial savings academies have gained through membership of the RPA. There are differences regarding what is covered by the Council insurance and the RPA. If maintained schools decide to become members of the RPA, they will need to ensure that differences are adequately covered by undertaking additional “gap” insurance.

**Conclusion and Recommendation**

The RPA offers an opportunity for cost savings for some schools and it is acknowledged that a primary duty of head teachers and governing bodies is to secure maximum value for money for their schools and pupils. For some schools, the RPA will offer a lower cost alternative, but value for money consideration needs to be based on costs as well as the overall value that is obtained from the service and the right protection for the school.

Schools Forum members (maintained school members) are asked to note and provide a view on the DfE’s RPA scheme.

Schools Forum members are asked to note and comment on the DfE’s Risk Protection Arrangements.

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## **1. INTRODUCTION**

- 1.1 For Academy schools, since September 2014 the 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. RPA is recognised by the Association of British Insurers (ABI). The arrangements will also be offered to maintained schools on a voluntary opt-in basis from 1 April 2020 with no penalties for not joining. It will be open to any Council maintained primary or secondary schools that are not contractually committed to another arrangement; and also open for individual local authorities to join up all their schools after securing approval from the Schools Forum.
- 1.2 The extension of RPA is intended to help drive down the costs of insurance premiums for schools and academies, and to reduce the number of claims through effective risk management initiatives and developments. It is expected that all schools will ultimately benefit from the RPA extension, whether they join RPA or not, in that it will open up the insurance marketplace and the competition should reduce the insurance premiums currently faced by schools.

## **2. INSURANCE ARRANGEMENTS – MAINTAINED SCHOOLS**

- 2.1 Insurance is a delegated item for schools. The Council arranges a central contract, and Manchester’s Scheme for Financing Schools confirms the following: “Funds for insurance are delegated to schools within the individual schools budget share. Schools are required to ensure that cover relevant to the Local Authority’s insurable interest, under a policy arranged by the governing body, is at least as good as the relevant minimum cover which would otherwise be arranged by the Local Authority.”
- 2.2 The level and range of cover will vary from time to time and schools considering arranging their own policies must obtain advice including minimum cover levels from the City Treasurer before entering into negotiations with insurers to ensure the right level of protection is acquired. Once quotations have been obtained from insurance companies and before entering into a contract with an insurance company, schools must inform the City Treasurer’s Insurance and Risk Management Group. A representative of the group will then arrange a discussion with the head teacher and/or finance officer to review the adequacy of the cover and arrange for the financial appraisal of the insurance underwriters. Written advice will then be provided to the school by the Insurance and Risk Management Group within seven working days.
- 2.3 The school must notify the City Treasurer as soon as possible of the date when insurance will come into effect. Contingent insurance will then be arranged to cover the possibility of the failure of the schools insurance. The contingent

insurance will cover each of the major areas of risk and details can be obtained on request.

### **3. RISK PROTECTION ARRANGEMENTS (RPA)**

- 3.1 In Autumn 2019, the DfE undertook a consultation proposing to allow the maintained schools to also enter into the RPA scheme rather than the Council's scheme. The DfE have also confirmed that all primary and/or secondary maintained schools in a local authority can join collectively by agreeing through the Schools Forum to de-delegate funding, as they currently can for purposes including insurance. Manchester did not propose the LA would apply for membership en-masse on behalf of all schools at budget setting in January 2020 as it was considering the coverage provided by the RPA and the current insurance, ongoing contracts with insurers and the financial commitments therein.
- 3.2 A comparison of the coverage of the Council's scheme and RPA was set out in renewal letters to schools currently buying insurance from the Council. This was issued on 28 February and a copy of the comparison is provided in Appendix one. The letter also explained some of the reasons why the Council's coverage might be considered preferable including the local advice, support, assessment and support provided by the service. In terms of policy coverage the main differences are:
- The RPA provides unlimited cover on employer and public liability claims whereas the Council policy has caps in place at £100m.
  - The Council's policy includes cover for sudden and unforeseen damage arising from engineering (pressure plant and lifting equipment) which is excluded from the RPA.
  - The Council's policy includes extensions for minibus cover and for maternity cover that are not offered as extensions to the RPA arrangements. Whilst the maternity scheme is likely to continue, schools opting into RPA will not be able to obtain cover for minibus from the Council.
- 3.5 If individual schools decide to opt into RPA arrangements, the Council will seek assurance over management arrangements for the following areas:
- That the RPA is in place, payments have been made and are up to date so that cover is in place.
  - That any amendments to the core terms of the RPA agreed with the School are notified to governors and the Council.
  - Annual inspections are in place for statutory compliance including engineering and maintenance inspections.

#### **Points for consideration**

- 3.6 The Council is in an agreement with external insurers and this cannot be cancelled without penalty. As such, the Council cannot encourage or sign all

schools up to the RPA without this likely being considered a material breach of the agreement and this would attract penalty costs.

- 3.7 Schools are not contractually obliged to remain with the Council for the provision of insurance. The Council will continue to offer insurance coverage for 2020/21 and depending on decisions taken by schools and volume of renewals will consider the position for the future. The Council's offer is based on cost recovery and based on current costs of policies and claims, it is not possible to price match the RPA rates across all schools.
- 3.8 Schools opting into the RPA will need to provide assurance to the City Treasurer as set out above so that the Council can be assured that appropriate insurance cover is in place.

#### **4. RECOMMENDATIONS**

- 4.1 The RPA offers opportunity for cost savings for some schools and it is acknowledged that a primary duty of head teachers and governing bodies is to secure maximum value for money for their schools and their pupils. For some schools the RPA will offer a lower cost alternative, but value for money consideration needs to be based on costs as well as the overall value that is obtained from the service and the right protection for the school.
- 4.2 Schools Forum members (maintained school members) are asked to note and provide a view on the DfE's RPA scheme.

## Appendix One:

[illegible]

<b>Personal Accident - Pupils on Work Experience</b>	limited to assault only for employees on official business; wider personal accident cover is provided for employees whilst on business trips abroad and on some business trips within the UK.	The maximum benefit is £120,000	Compensation for accidental bodily injury to employees, governors, trustees, volunteers and pupils of the school whilst on the business of the school in the UK	£100,000
	The insurance cover provides a scale of benefits for pupils who suffer injury whilst on excursions away from the school.			
	The insurance cover provides a scale of benefits for volunteers who suffer injury whilst undertaking activities in support of, and with the authorisation of, the School.	The maximum benefit is £25,000.		£100,000
	The insurance cover provides a scale of benefits for pupils who suffer injury whilst undertaking work experience.	The maximum benefit is £37,500.		£100,000
		The maximum benefit is £10,000.		
<b>Fidelity Guarantee</b>	Schools are insured against loss, destruction or damage of Money or other property occurring as a direct result of any act of fraud or dishonesty by any employee committed with the clear intent of obtaining an improper financial gain for themselves or for any other person or organisation intended by the employee to receive such gain.	£10m	<b>Employee and third party dishonesty</b> :Direct pecuniary loss due to the dishonesty of school employees and/or theft of money by computer fraud	£5000,00
<b>Engineering</b>	The insurance covers: Sudden & Unforeseen Damage (including Explosion and Collapse) – all Pressure Plant and Lifting Equipment: Limit of Indemnity £1,000,000 Damage to Own Surrounding Property (caused by Steam Boilers): Limit of Indemnity £5,000,000	£10m	<b>Not included and not available as an additional cover</b>	<b>Not included and not available as an additional cover</b>
<b>Travel - Medical Expenses</b>	The insurance covers medical expenses, cancellation, baggage and money of members, community representatives and employees on business trips abroad.  The insurance covers medical expenses, cancellation, baggage and money of pupils on excursions away from the school.	Medical Expenses (Abroad) £Unlimited Cancellation £10,000 Baggage £5,000 Money £5,000  Medical Expenses (Abroad) £Unlimited Cancellation £10,000 Baggage £500 Money £500	School journey (winter sports included) Compensation for travel related costs in the UK and overseas. cover includes: medical expenses, loss of baggage, cancellation, curtailment, rearrangement, change of itinerary and accidental bodily injury to employees, governors, volunteers and pupils whilst on business of the school	£10,000,000 medical expenses cover
<b>Extended Services</b>	<b>Please note that this is not a stand-alone option, policy coverage can only be obtained alongside the Insurance Risk SLA.</b>	<b>Annual policy</b>	<b>Risk Pooling Arrangement</b>	
<b>Minibus</b>	This cover is available in respect of School vehicles other than vehicles hired from Environment & Operations - Fleet Management.	The cover is comprehensive and includes uninsured loss recovery services.	<b>Not included and not available as an additional cover</b>	
<b>Maternity Cover</b>	Under the Teachers Maternity/Paternity/Adoption Leave Scheme, in return for an annual charge, the Council will make payments to the academy/school for all teaching staff, as designated as a Teacher by payroll (excluding nursery nurses and teaching assistants) for maternity pay, paternity pay and for adoption leave in line with the payment terms	See Maternity SLA for terms and conditions	<b>Not included and not available as an additional cover</b>	