
Risk Protection Arrangement for Schools

Report being considered by: Schools' Forum on 7th December 2020

Report Author: Leah Rinaldi

Item for: Discussion **By:** All Forum Members

1. Purpose of the Report

1.1 To advise the group of the RPA for maintained schools.

2. Recommendation

2.1 That the RPA scheme is highlighted to schools with a comparison of WBC's Insurance programme.

Will the recommendation require the matter to be referred to the Council or the Executive for final determination?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
---	-------------------------------	---

3. Introduction/Background

- 3.1 The DfE introduced the Risk Protection Arrangement for Academy schools as an alternative to traditional insurance cover. Local authority insurance is not able to cover Academies as the local authority does not have an insurable interest in an Academy. The scheme has now been made available to maintained schools.
- 3.2 The RPA is not insurance; it is a risk transfer mechanism. An insurance policy is a legally enforceable contract; under the RPA, claim payments are discretionary.
- 3.3 The current cost of the RPA is £18 per pupil, per year and £18 per place, per year for special and alternative provision academies, special schools and pupil referral units. According to the DfE, the cost for the next financial year (2021/2022) will be reviewed at the end of 2020. The price per pupil could easily rise in the current economic conditions – a 25% increase is expected increasing the price per head to £23 - £24. Under WBC's arrangements, schools are charged a proportion of WBC's external insurance premiums based on the sum insured of the school buildings and the school's payroll cost, together with the cost of the Insurance's team services to schools and not a per pupil price. WBC's total price also includes Engineering Insurance and Inspection which is not provided by the RPA. It is not yet known if there will be changes to the scheme itself when it is reviewed at the end of the year.
- 3.4 3 WBC schools joined the RPA scheme with effect from 1 April 2020.

4. Supporting Information

4.1 There are many pros and cons of the RPA scheme to be considered by schools when considering joining the scheme. The RPA cover is currently in many respects much wider than that offered by insurance generally, e.g. Public Liability indemnity level is unlimited whereas WBC's limit of indemnity is £50m. It is not known whether an unlimited level of cover is financially sustainable.

- 4.2 Most local authorities, with insurers help, have proactively worked with schools over many years to improve the risk, ensuring buildings are safe, secure and pupils are safeguarded. There is no suggestion that the RPA will be able to offer proactive help and assistance.
- 4.3 The RPA has no risk management provision, with the cost being a fixed price. It highlights there is no incentive for schools to improve or effectively manage their risks. Local authority insurers often undertake a programme of schools surveys to help identify risks and make recommendations to improve them.
- 4.4 Under a conventional insurance contract, as long as the policy conditions are met, the insured is entitled to indemnity and the insurer will pay claims. The RPA, like a discretionary mutual, is not contractually obliged to pay out on claims.
- 4.5 In the event of a major loss, the RPA is not obliged to replace a school to the quality or requirements for the community; insurers have a proven record of working with the school, community and local authority in this area, both in the short-term after a major loss, and in the long-term.
- 4.6 The RPA does not cover the risks of Engineering insurance and inspection, motor insurance and medical malpractice insurance. All 3 covers are included in West Berkshire's package. Under the RPA, cover for Works in Progress is limited to £250,000 – this is cover for the works at properties which are undergoing repair, renovation or major rebuilding work. The Council cannot arrange alternative or additional cover as the cover goes with whoever is responsible for the property insurance. It is not clear who will cover any shortfall, if anyone.
- 4.7 If a large number of schools leave the Council's arrangements, either in one go or over the policy year, there is the possibility that the current property insurer will consider this to be a break of the Long Term agreement (LTA) the Council has with them and therefore decline to cover the remaining schools.
- 4.8 If a significant number of schools leave the Council's arrangements, then the Council will need to decide whether it is viable to still offer an insurance package to the remaining schools. The Council will not achieve any economies of scale for those schools remaining. Those remaining schools would then either need to join the RPA or source their own insurance arrangements. Any alternative arrangements must meet the Council's minimum requirements and standards.
- 4.9 If a large number of schools leave the Council's arrangements, there is no guarantee of any refund of premium from the insurer, as again this may be considered a break of the LTA.
- 4.10 The Insurance Team works with schools to resolve claims and offer support on risk improvements. Insurance and Risk teams have knowledge and can offer support that is fundamental when a school has an issue and needs someone to help them. Under the RPA this knowledge and support will not be there.
- 4.11 It is unclear how the RPA will provide information and opportunities to schools, so they are aware of current and emerging risks and have the knowledge and skills to manage them.

5. Options for Consideration

- 5.1 The RPA scheme should be highlighted to schools as a possible alternative for schools to WBC's current arrangements.

6. Proposals

- 6.1 Information on the RPA scheme is passed to schools for individual decisions