
Closure of School Insurance Buy Back Service

Report being considered by: Schools' Forum on 17th June 2024

Report Author: Leah Rinaldi

Item for: Information **By:** All School Members

1. Purpose of the Report

1.1 To advise the Schools' Forum of the closure of the School Insurance Buy Back Service and that no insurance buy back will be offered to schools from 1st April 2025. The relevant cost centre will be closed in 2025.

2. Recommendation

2.1 That the report be noted.

3. Introduction/Background

3.1 Maintained schools have been included in the Council's insurance arrangements since unitary status. Commercial insurance has been purchased and recharged to the schools.

3.2 Although long term agreements have been entered into with insurers, the premiums charged to schools have been affected by external pressures such as claims inflation and inflation generally.

3.3 The premium charged has been based on the individual school's property sum insured and salary figure.

3.4 Commercial insurance premiums are subject to Insurance Premium Tax, currently charged at 12%, which is passed onto the schools as a non-recoverable expenditure.

3.5 In 2014, the DfE introduced the Risk Protection Arrangement (RPA) scheme for maintained schools, to provide an alternative to commercial insurance for schools. The RPA is not insurance but a risk transfer mechanism.

3.6 The RPA rating is based on pupil numbers, i.e. a rate per pupil and as it is not insurance, it does not attract Insurance Premium Tax at 12%. The annual cost for the current financial year 2024/2025 is £25 per pupil and includes special and alternative provision academies, special schools and pupil referral units.

3.7 In 2014, 74 schools were included in the Council's arrangements. The number of participants has declined as schools join the RPA scheme and currently the number of schools in the Council's arrangements is 11.

3.8 The lack of participants in the Council's arrangements has put an unsustainable pressure on the revenue cost centre where the income target is unachievable. The

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Council has had to subsidise the costs to schools from 2019/2020 onwards from Council reserves as below, but this is not a long-term option going forward.

policy year	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
No of schools joining RPA	3	31	9	8	6
Cost Centre Deficit (£)	24,394	106,899	203,598	10,715	124,426

- 3.9 The RPA offers schools a sustainable option to Council provided insurance and offers comparable cover to Council provided insurance.
- 3.10 The Engineering Inspection service will still be offered to schools as this is not currently provided by the RPA.

4. Conclusion

- 4.1 The remaining schools in the Council's arrangements should look at alternative schemes such as the Risk Protection Arrangement, with effect from 1 April 2025.