

**Report of the Senior Head of Audit, Corporate Governance and Insurance - Strategy & Resources**

**Report to the Leeds Schools Forum**

**Date: 20th June 2024**

**Subject: Transfer of Insurance arrangements from LCC to Department of Education (DfE) Risk Protection Agreement (RPA) or alternate arrangements, cessation of the Service Level Agreement (SLA) & School Sickness & Absence Scheme (SSAS)**

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**Executive Summary**

The Department for Education (DfE) has a decade long established risk pooling scheme known as the **Risk Protection Agreement (RPA)** originally set up to provide a commercial insurance alternate arrangement for Academies (as they are separate legal entities and cannot be insured by Local Authorities), it was expanded to other Local Authority Maintained Schools (LAMS) in 2020 and as of January 2024 now has 50% of all Schools in England.

The “cover” provided is comparable if not better than that of the LCC Insurance programme with much lower excesses (nil in some cases). Application to the RPA is a simple process with no complicated lengthy proposal/declaration forms to fill in (**see Appendix C**). Some 25 LCC schools have already moved or are applying to move to the RPA. We anticipate the RPA will have all schools in England within 10 years or less.

The RPA charge per pupil/placement per year is less than that LCC charge for Insurance. LCC propose to stop providing insurance to all remaining schools with new arrangements to be in place with the RPA/alternate providers by the 1<sup>st</sup> April 2025.

Given the large insurance deductibles on LCC Insurance policies the Council provides schools with a **Service Level Agreement (SLA)** which covers sub excess claims that would otherwise be paid on the insurance policy. The overall aim of the agreement is to be cost neutral but overall (over the last 7 years) it has not managed to achieve this and is unsustainable given the financial pressures LCC face, however when schools move to the RPA/alternate arrangement then this scheme would be redundant and is proposed to cease on the 31<sup>st</sup> March 2025.

LCC also offer a **School Sickness & Absence Scheme (SSAS)** which allows schools to purchase sickness/absence cover for certain full and part time staff. The scheme covers all sickness absences that fall within the LCC sickness notification procedures. Premiums are

based on staff types and excess periods. As with the SLA the aim of the scheme is to be cost neutral but over the last 7 years has not achieved this. As schools leave LCC Insurance arrangements they can no longer take part in the SSAS and so again the scheme is not sustainable with the current financial challenges the Council faces and it is proposed to cease on the 31<sup>st</sup> March 2025 to marry with the RPA/SLA changes (as such the scheme would be offered for the first 7 months only of the 24/25 academic year subject to sufficient take up). Alternate staff sickness schemes are available via the RPA procurement solution.

## Background

1. The DfE has a risk transfer pooling scheme known as the Risk Protection Agreement (RPA) which was originally set up in 2014 to support new Academies seeking viable insurance alternatives. In 2020 the scheme was opened up to Local Authority Maintained Schools (LAMS). As of January 2024, the RPA scheme now covers some 10,910 schools across England (50% of all schools). If the RPA continue to retain schools at their current rate and attract new ones at their current rate, then they will likely have all English schools within the next 10 years or less.
2. Whilst the RPA is not commercial insurance, we will use terms that are commonly understood in this report. The RPA charge a flat fee per pupil/placement per annum regardless of claims experience or risk circumstance (24/25 rate is £25 per pupil/placement), there are no complicated proposal/declaration forms to fill in nor are there any commissions/insurance premium tax (12%) to pay. In the majority of cases the RPA cover is equal or higher to that provided under the LCC Insurance Programme with much lower or nil excesses applying (**see Appendix G**). The RPA even provides cyber cover which LCC currently cannot secure. The RPA does not currently provide Motor or Engineering Inspection Insurance, but this can be secured by schools via the RPA Procurement solution. The RPA flat fee per pupil is lower than that LCC are charging (LCC charging rate for 24/25 is £35 per pupil/placement for Standard/PFI schools and £29 for C of E/Voluntarily Assisted). Over the last 10 years the RPA has built up a number of additional Risk Mitigation Services (RMS) which make it comparable to those provided by large Insurers/Brokers (**see Appendix B**).

Securing Property Insurance for schools is becoming increasingly challenging and expensive due an increase in insurer large losses, building repair and contents replacement inflationary factors and an ageing estate. By moving to the RPA the associated risk is transferred to HM Government via the DfE.

3. Schools are able to join the RPA/or make alternate arrangements as they wish and as of writing over 25 “LCC Schools” have done so or are planning to do so. This number will only increase and likely at a faster pace especially as DfE Audits point to the benefits of switching to the cheaper RPA alternate scheme.
4. Given the high excesses on most of LCC Insurance policies, LCC have provided for some time a Service Level Agreement (**see Appendix A**). The level of premium depends on the type of school as well as their claims experience in the previous year. The scheme will pay for school claims covered under the main LCC Insurance policy covers but below the Insurers deductible (less a token maximum excess). The aim being that the SLA premiums received will be sufficient to cover claims made under the scheme (cost

neutral). However, over the last seven financial years the scheme has not achieved an overall breakeven position.

5. Motor Insurance (compulsory cover) – this is currently not covered by the RPA and so schools would need to secure this cover via the RPA procurement solution (**see Appendix E**) where they have minibuses etc. Feedback from other Local Authorities and some LCC schools that have already moved have advised it has been relatively easy to secure this cover. The LCC Insurance Section/Insurers will assist in the provision of claims experience to each school with vehicle(s) as they will need this information to secure new cover.
6. Engineering inspections (compulsory cover) is also not provided under the RPA scheme but can be secured via the RPA procurement solution (**see Appendix E**). Examples of items that have to be statutory inspected at least annually are: - boilers, lifts, lighting gantries, exhaust systems, assistance hoists, stair lifts etc). The LCC Insurance Section/Insurers will assist in the provision of inspections currently being carried out per school as this detail will be needed to secure new cover.
7. LCC have also provided a School Sickness & Absence Scheme (SSAS) for an extended period. Schools have the option to purchase sickness absence cover for both full-time and part-time staff (some staff types are excluded namely Catering/Cleaning, Drivers & Escorts, Lunchtime Supervisors, Assistants and Dinner Money Collectors). The scheme covers all sickness absences that fall within the LCC sickness notification procedures.  
  
The SSAS provides benefits for up to 190 term time working days for staff covered under the scheme (195 term time days less 5 statutory training days). Benefits are paid at a rate per day of absence for an agreed number of working days. As with the SLA the goal of the scheme is to be cost neutral, however over the last seven financial years the scheme has not managed to achieve an overall breakeven position (albeit significantly impacted by Covid-19 claims which the scheme would never have been designed for).
8. Claims – Given most claims are below LCC’s large insurance deductibles our in-house claims team deal with the majority of them directly or via Legal or external Solicitors/Loss Adjusters. The RPA have their own dedicated Claim Teams which will free up some much needed resource in our in-house team.

## **Conclusion and Recommendations**

It is proposed that all remaining schools covered by the LCC Insurance Programme should transfer to the DfE RPA from the 1<sup>st</sup> April 2025 (or make their own alternate arrangements). Where they have Motor vehicles/Engineering Inspection requirements they can use the RPA procurement solution or seek alternate arrangements as they wish.

The SLA scheme is proposed to expire on the 31<sup>st</sup> March 2025 having become redundant and that the SSAS is proposed to expire on the 31<sup>st</sup> March 2025 having only been offered for the

first 7 months of the 2024/25 Academic Year (subject to adequate take up) with schools required to make their own arrangements via the RPA procurement solution or elsewhere from the 1<sup>st</sup> April 2025.

Schools will benefit from better cheaper overall cover and lower excesses overall with minimal effort on their part. LCC will benefit from reducing its overall risk profile, premiums/claims handling and payments and making it more attractive to future re-tendering.

From the new Academic Year, the Insurance Section will make contact with schools to provide information and answer any questions they have – they will also provide links to DfE webinars that are regularly run explaining the purpose of the RPA and how to join etc.

More information is also on the DfE RPA website (**see Appendix D**).

**Lee J Allen** ACII, Chartered Insurance Practitioner  
Leeds City Council Insurance Manager – June 2024

# **Appendix (A – E)**

## **(A) LCC Service Level Agreement Cover**

### **Insurance Cover Provided**

- School premises and their contents against losses arising out of the physical loss or damage caused by specific risks (see Appendix C for a list of the specific risks).
- Necessary additional expenditure reasonably incurred in order to maintain the delivery of education at the School following a fire (e.g. alternative accommodation).
- Claims for damages against the School for death, injury or disease made by employees or former employees. Payment will only be made if legal liability for negligence is proved.
- Any other claims for damages against the School for death, injury or loss of or damage to property. Payment will only be made if legal liability for negligence is proved.
- Claims for damages against the School for libel or slander. Payment will only be made if legal liability is proved.
- Claims for damages against the School for death, injury or loss of or damage to property arising out of the use of a motor vehicle owned by, hired by or loaned to the School and whilst being used on School business. Payment will only be made if legal liability for negligence is proved.
- Loss of School money from safes, premises or en route to bank.
- Theft of money or goods by employees of the School.
- Loss of or damage to "Work in Progress" when schools are extended or refurbished.
- Lump sum benefit for employees of the School disabled or injured by accident or assault whilst at work.

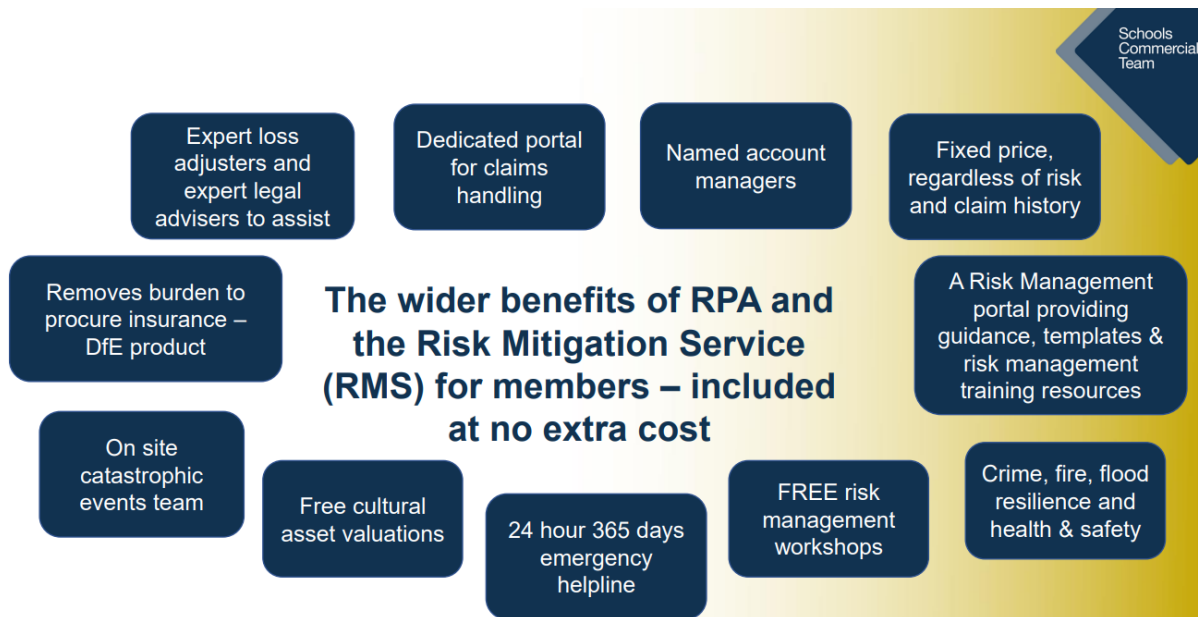
### **Additional Cover/Services Provided**

- Balance of Risks
- School Journey Travel (including Winter Sports Cover)
- Comprehensive Motor Insurance (i.e. damage to own vehicles)
- Statutory Inspection of Boilers, Plant, Machinery, Lifts & Lifting Equipment, Local Exhaust Ventilation Equipment (LEVs)

### **Principal Exceptions to Insurance Cover**

- War Risks
- Nuclear Risks
- Wear and tear, depreciation, gradual deterioration
- Damage caused by vermin or insects
- Pollution or contamination of land
- Theft of moveable property in the open
- Storm damage to moveable property in the open

## **(B) Wider benefits of RPA membership**



## **(C) How to sign up to the RPA**

### **How to sign up to the RPA**

The Super user/Approver will need to access your organisations DfE Sign in account to approve your access

1. From DfE Sign In go to 'Services' page. Go to 'Manage Users' from the tab at the top of the page and select the users name from the manage users screen
2. In the Manage Users screen. Select '**Add services**' from the right-hand list. **How to Add RPA to the users account.** Tick the box against the Online collections service. Check it is ticked and continue.
3. In Manage users screen, Select roles: Tick the box against the Risk Protection Arrangement, then continue. Review new services screen, check correct and submit.
4. Once you have completed all the onboarding steps RPA will be displayed in the list of services within DfE Sign In.
5. Continue through the service until you get to the 'Opt-in details' page. Input the date you need your school to join the RPA and indicate which membership rules you wish to apply.

## **(D) DfE/RPA website address for more information**

[Join the risk protection arrangement \(RPA\) for schools - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

## **(E) RPA Procurement solution for Motor, Engineering inspections and staff sickness**

[Get help buying for schools - a free procurement service for schools and multi-academy trusts - Get help buying for schools](#)

## Appendix G – “Cover comparison”

<b>"Cover" Type</b>	<b>RPA Max Limit</b>	<b>LCC Insurance Cover limit</b>	<b>RPA "Excess"</b>	<b>LCC Insurance Cover Excess</b>
Public Liability	Unlimited	£40m	Nil	£500,000
Employers Liability	Unlimited	£40m	Nil	£500,000
Property Damage – Buildings & Contents	Unlimited	Each school has max reinstatement and contents figure so average could apply if underinsured and a claim is made	Various Max £1,000	£250,000
Business Interruption	£10m	£6m	£500 max	Range between £100,000 to £1.8m
Governors Liability	£10m	Ranges from £5m to £40m (incident dependant)	Nil	£500,000
Crime (dishonesty)	£500,000	£10m	£500 max	£500,000
Professional Indemnity	Unlimited	£5m	£1,000	£100,000
Money	Various, including cash on premises or in transit, £5,000	No cover	£100 max	No cover
Personal Accident	£100,000	£5,000 (student work experience only)	Nil	Nil
Legal expenses	£100,000	No cover	£500 max	No cover
Travel UK	Baggage £2,000, Cancellation £1,000	Baggage £2,500, Money £500, medical expenses £10m, cancellation £3,000	Nil	Range from £50 to £100
Travel Overseas	Baggage £2,000, Money £750, medical expenses £10m, cancellation £4,000	Baggage £2,500, Money £500, medical expenses £10m, cancellation £3,000	£50 baggage, nil otherwise	Range from £50 to £100
Cyber	£250,000	No cover	£2000 max	No cover