

**North Northamptonshire Schools Forum: 14<sup>th</sup> December 2023**

**Agenda Item 12**

**2024-25 De-delegation - Schools Insurance Service**

## **1 Background**

North Northamptonshire Council (NNC) accesses insurance cover via a procurement framework in collaboration with Solihull MBC and others called the Schools and Academies Insurance Framework (SAIF).

Schools insurance arrangements are currently de-delegated for all maintained primary and secondary schools with a traded option for nursery and special school settings. For those schools not de-delegated the insurance team provide insurance quotations for acceptance prior to arranging cover.

Schools currently benefit from an insurance programme that provides comprehensive cover for the risks associated with the services provided. The initial contract with Zurich Municipal commenced in 2021 and was for an initial period of three years, ending 31<sup>st</sup> March 2024, the agreement carries with it an option to extend for a further two years.

The purpose of this report is to seek agreement from Schools Forum for the continuation of de-delegated insurance services for schools for 2024-25 and to advise schools forum on the expected level of premium for core insurance covers.

## **2 The Schools Academy Insurance Framework (SAIF) Scheme offered by the Local Authority**

### **2.1 Cover**

As stated above the existing insurance arrangements have been in place since 2021 and are arranged via the Schools Academy Insurance Framework (SAIF). SAIF is operated by a group of local authorities and managed by Solihull MBC, the framework has been subject to a full procurement process and Zurich Municipal are the insurance provider to the framework.

Zurich Municipal have reviewed the performance of the insurance programme for schools within North Northamptonshire and at this stage can offer an extension for one year commencing on 1<sup>st</sup> April 2024, however due to factors discussed below they require an increased premium rate for the cover although this does remain £0.52 per pupil lower than the RPA alternative.

Within this option cover is as currently provided to NNC schools with the policy continuing to provide a comparable level of core cover as the Risk Protection Arrangement (RPA).

Whilst the RPA offers some unlimited indemnity levels on liability insurances, which we do not consider are necessary, in the main the cover provided by the SAIF scheme is comparable and there are additional benefits these are summarised below.

- Business interruption cover for loss of revenue is not provided by the RPA, cover via the SAIF scheme includes £150k of revenue protection in the event of an insured loss with a 48 month indemnity period
- Business interruption cover for loss of data is not provided by the RPA, cover via the SAIF scheme is provided at a level of £25k
- Theft cover under the SAIF scheme is for all theft whereas the RPA cover is limited to theft incidents involving forceable entry/exit.
- The sum insured for works in progress cover via the SAIF scheme is higher than that provided by the RPA at £500k (RPA is limited to £250k). The cover is also flexible and can be extended as required for an addition premium. The RPA does not allow this, and cover would need to be purchased elsewhere in the event of a contract exceeding £250k in value.
- The sum insured for employee and third party dishonesty (fraud) via the SAIF scheme is higher than that provided by the RPA at £1m (RPA £500k).
- The sum insured for legal expenses via the SAIF scheme is higher than that provided by the RPA at £250k (RPA £100k).
- Additional optional covers not included within the RPA, engineering insurance cover and statutory inspection services, motor and motor occasional business use, are available via the SAIF scheme at an additional premium. Schools do not then need to source their own policies as would be the case if cover is taken via the RPA.

NNC schools are currently receiving all of the above.

## **2.2 Additional services**

In addition to the cover set out in 2.1 the Local Authority is able to provide schools the ability to access added value services provided by Zurich at no additional cost, these include:

Zurich Risk Advisor – a digital risk self-assessment, review and management tool which provides a structured self-assessment for the review and management of risks and allows users to access guides to manage risks.

- Safer Schools App – an online platform that enables schools, pupils and parents to access a wealth of resources to support safeguarding practices.
- Fika Mental Fitness Platform - aimed at school staff. Fika helps to facilitate positive team behaviours by strengthening core mental fitness skills with training that fits into the education working day.
- Webinars specifically for school audiences on topics such as property risk management and understanding liability insurance

Additionally, schools will have access to services provided by the Lead Authority Shared Services agreement between NNC and Cambridgeshire. This enables schools to access a dedicated contact provided by the insurance service that supports the Local Authority who will be able to provide guidance and support in respect of insurance queries and issues with claims.

## 2.3 Overview of the Standard Package and Additional Covers

The main insurance product is provided within a standard package at a per pupil price which is inclusive of insurance premium tax. The price per school will be updated in April 2024 to reflect the actual number of pupils for each school based on the previous October census, i.e., the 2024/25 price will be based on the October 2023 census.

Schools will need to take out additional cover for engineering and motor insurance. Engineering cover is mandatory when insurance cover is taken via the Local Authority due to the link to liability insurance but cannot be included in the de-delegated budget. This charge will therefore be invoiced to schools separately and will need to be funded from school budgets.

Motor insurance is optional and will need to be funded from school budgets.

The premium charge for engineering and motor is assessed based on the extent of equipment inspected and the number of vehicles so the price varies school to school. For the Local Authority policy this will be administered by the insurance team who will advise 2024/25 prices as part of the renewal process in due course.

## 2.4 Market Conditions

Zurich Municipal, like the rest of the insurance market, are seeing challenging market pressures such as building sums insured and claims inflation and the impact of global weather events which have increased loss costs and are placing significant pressure on the cost of reinsurance. This has meant that they are having to increase prices for the SAIF cover, however they have stated that their aim is to remain competitive against the RPA in terms of price whilst continuing to provide an enhanced service in partnership with Local Authority Insurance Teams.

SAIF scheme insurance premiums per pupil are set out in the table below, it is worth noting that the alternative for schools via the RPA has seen increasing costs during the period that NNC schools have been insured via the SAIF scheme whilst Zurich Municipal have worked hard to hold their premium per pupil for the last 2 years despite the market factors mentioned above. Future RPA costs have not yet been published but the increase in cost is a trend which could continue and is likely to see the RPA rate remain higher than the SAIF offering.

<b>Policy Period</b>	<b>SAIF Scheme Per Pupil Price</b>	<b>RPA Scheme Per Pupil Price</b>	<b>Difference Per Pupil</b>
2021/22	£17.75	£19.00	-£1.25
2022/23	£18.00	£21.00	-£3.00
2023/24	£18.00	£23.00	-£5.00

## 2.5 2024-25 Pricing

Zurich have advised that they expect to be offering a per pupil rate of £22.48 for the period 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025. Whilst this is not yet formally set and is subject to approval by the SAIF group and senior underwriters within the insurer. The reason for the increase in price is as stated in 2.4.

As shown in the table below this is less than the price set by the RPA which is currently £23 per pupil for the period 1<sup>st</sup> September 2023 to 31<sup>st</sup> August 2024.

<b>Policy Period</b>	<b>SAIF Scheme Per Pupil Price</b>	<b>RPA Scheme Per Pupil Price</b>	<b>Difference Per Pupil</b>
2024/25	£22.48	£23.00*	-£0.52*

\*Note that the RPA price is only confirmed until 31<sup>st</sup> August 2024 at which point it may increase. The Zurich price is for the period 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025.

## 3 Options available to schools

Due to the limited market for school insurance schools have two options for insurance cover, either to purchase cover via the Local Authority and the SAIF scheme or join the RPA.

In addition, Forum can determine that the schools insurance arrangement are either de-delegated or traded.

A de-delegated arrangement will allow schools to ensure continuity of insurance coverage and price certainty for the 2024-25 period without the need for schools to obtain quotations, complete lengthy proposal forms and provide underwriting information.

A traded option does allow schools the flexibility to join the RPA, if a traded option is selected the insurance service shall provide each school a personalised quotation for consideration. Schools will be required to formally approve the placement of their insurance and schools who select not to join or do not respond will not be insured by the SAIF scheme moving forward, in this case it is incumbent on the school to ensure they have appropriate cover in place that is no less comprehensive than the local authority scheme.

The insurance service is unable to confirm whether the cost of providing insurance cover as a traded service will be maintained at the levels put forward for the de-delegated approach.

As noted above engineering and motor cover is available outside of the de-delegated arrangement as a traded service.

The local authority preference is for schools to continue to participate in the SAIF scheme and it will not allow schools to procure insurance via any other route than either SAIF or RPA schemes.

#### 4 Outcome from Schools Consultation

A total of 4 out of 38 maintained schools responded to the Schools Consultation; three were primary schools and one was a secondary school.

The responses to the questions are as follows:

Question	Yes	No	Total
Do you agree to de-delegate for Schools Insurance Service in 2024-25?	4	0	4
If yes do you agree for the schools insurance service de-delegation charge rate of £22.48 per pupil plus the additional mandatory traded service charge for engineering cover and engineering inspection?	4	0	4
If no do you agree to the service being provided as a traded service for all settings with no guarantee on cost?	1	3	4
If no is your school purchasing via the RPA at a premium of £0.52 per pupil higher than the SAIF scheme offered by the Local Authority?	1	3	4

#### 5 Recommendations for Schools Forum

The Schools Forum are asked to note the available purchasing options for insurance:

Option 1 - The Schools Forum agree the de-delegation of the service to primary and secondary schools at £22.48 per pupil with the provision available to other types of school as a traded service. Schools will also need to buy in the traded elements of the insurance cover, namely Engineering, Motor and Occasional Business use.

Option 2 – The Schools Forum refuse the de-delegation of the service to primary and secondary schools at £22.48 per pupil and the provision of insurance cover through the local authority will become a traded service for all settings with no guarantee on cost.

Option 3 - Schools purchase via the RPA at a premium of £0.52 per pupil higher than the SAIF scheme offered by the Local Authority.

It is the authority's recommendation that the Schools Forum agree the de-delegation of primary and secondary schools with a traded service to nursery and special schools.

#### 6 Next steps

Following the vote by the Schools Forum, whether the service is de-delegated or offered on a traded basis, Insurance Service will contact all schools to collect the information required by underwriters to renew the cover with effect from 1<sup>st</sup> April 2024.

If the service is de-delegated this process will pick up the requirements of schools in terms of the optional motor covers.

Once terms are confirmed by the insurer Insurance Services will contact all schools to advise of the premiums for each area of cover as follows:

- Package (per pupil element)
- Engineering cover (mandatory with package)
- Engineering inspection (mandatory with package)
- Motor (optional)
- Occasional Business Use (optional cover relating to Staff Business Use of personal vehicles)

Schools using the traded service will need to confirm their purchasing decision upon receipt of a quotation.

Assuming de-delegation is agreed primary and secondary schools receiving quotations for motor and occasional business cover will need to confirm their purchasing decision.

## **7 Financial implications**

The Schools Forum is asked to note that the cover provided by the local authority is comparable to the RPA and offered at a lower price saving £0.52 per pupil.

## **8 Risks**

The Schools Forum is asked to note that the market for school insurance cover is very limited.

Should continued use of the SAIF scheme decline insurers may decide to withdraw from the market which is likely to lead to the Local Authority being unable to offer an alternative to the RPA scheme therefore removing choice and competitive pricing.

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