

## **WIRRAL COUNCIL**

**SCHOOLS FORUM - 6<sup>th</sup> JULY 2011**

### **REPORT OF INTERIM DIRECTOR OF CHILDREN'S SERVICES**

#### **PROVISION OF INSURANCE SERVICES TO SCHOOLS**

##### **EXECUTIVE SUMMARY**

This report summarises the insurance and ancillary services currently made available to schools. It explains how charges are calculated and describes some of the future influences on the services.

##### **BACKGROUND**

For many years the authority has offered schools a package of insurance and ancillary services (such as claims handling, plant inspection and risk management support). With the delegation of the relevant budget several years ago, insurance is now provided as a traded service. The package of covers has been improved and extended over time and now includes -

- Liability (Public / Employers / Officials Indemnity / Libel and Slander)
- Property (Buildings and contents)
- Equipment
- Business Interruption (increased cost of working and loss or revenue)
- Money
- Fidelity Guarantee
- Engineering (Inspection and Insurance)
- Personal Accident
- Motor
- Glazing

Additional services have also been introduced. These include a 'risk ranking' programme supported by the Department for Education through which schools are visited to assess their management of a range of insurable risks. The assessment is scored, resulting in each school being ranked against the others. An individual report is also prepared highlighting areas of good practice and issues requiring improvement.

##### **CURRENT POSITION / UPDATE**

At present all primary (both controlled and voluntary aided) and special schools purchase their insurance through the authority. All secondary schools also buy the authority's insurance services, with the exception of 4 former grant maintained schools.

Under the Governments 'Academies' programme a number of secondary schools have converted to academy status or are in the process of doing so. The legal status of such schools means that they cannot participate in the

authority's existing insurance programme. However, a proposal has been created under which the authority's Risk & Insurance team support academies in procuring cover from respected insurers and continue to assist with claims handling and the provision of insurance and risk management advice in a similar way to before.

More schools are expected to become academies in the coming years. Whilst this should reduce the exposure to loss under the authority's insurance programme, the effect is not necessarily pro-rata. So charges for those schools that remain in the common 'pool' could increase as economies of scale reduce.

## **FUNDING**

Individual charges are calculated for each type of insurance for each school. The method of calculation has been refined over the years to ensure equity for each school. For the major classes of business the premium comprises two main elements - the value at risk (such as building values or payroll) and the school's claims experience. For some minor classes of business (such as glazing) the premium is essentially determined by the claims history. For secondary schools only the total premium is adjusted by the school's position in the risk ranking table. A 5% discount is given to the best performing schools and a 10% loading is added to those at the bottom of the table. The Risk & Insurance team recovers its charges by adding an on-cost (currently 10.5%) to each school's total premium.

Having fallen sharply in the past 2 years, insurance costs for schools overall are now broadly stable (because all major policies are subject to Long Term Agreements until April 2014). However it should be borne in mind that the charges for an individual school can fluctuate from one year to the next according to its size, claims history and position in the risk ranking table. As indicated above the growth in academies could also place upward pressure on charges.

## **RECOMMENDATIONS**

That the report be noted.

Ian Coleman  
Director of Finance