

## What are the implications of a generic approach to academy insurance funding?

Every academy is unique. Why would your insurance requirements be the same as another's?



**In September 2013, the Department for Education (DfE)'s long-anticipated changes to academy insurance funding came to effect. What are the implications of an arrangement based solely on pupil numbers?**

For those schools that have converted to academy status, the complexities of a new way of purchasing bespoke insurance services still resonate. Now, academies are set to face ever more complicated decisions.

For some academies, the average per-pupil sum of £45 will be adequate; for many more it will mean a short-fall and some tough decisions when they come to renew their insurance.

### Challenging questions

Lucas Fettes & Partners predicts the potential underfunding of approximately a third of the academies it looks after. The very real questions such academies must ask include, "Can we reduce our existing cover?"; "How do we do so without exposing our school and the people in it to undue risk?"; "If we must subsidise the funding from our school budget, what will be the impact on our delivery of core education services?" For each and every school, the answers to these questions will be different.

### One size does not fit all

Mark Taylor, Director, Lucas Fettes & Partner says, "An insurance premium based on pupil numbers doesn't take into account any of the normal underwriting considerations that you would apply to a school or reflect nuances within an individual school." Every academy is managed differently. Why should the risks faced by your school be the same as another's? Why would your insurance policy be the same? Schools have effectively become SME businesses and must manage their finances accordingly.

Some examples - by no means exhaustive - of where your risks might differ from that of another academy, and possible implications, could include:

#### Location and construction

Your school's location will affect the level of cover you require. Likewise, the materials from which it's built have an impact; CLASP construction represents a far higher risk than modern construction. Listed properties present unique issues when assessing value and rebuilding costs. Correct cover is imperative.

#### Shared facilities

Do you share use of your facilities, e.g. your sports hall or canteen? If so, who has ultimate responsibility for the premises and staff? Your Public Liability cover needs to accurately reflect your responsibilities under contract.

#### Contractors and suppliers

What contractors and suppliers have you engaged? Who are the visitors to your site and what are the contract terms? It is your responsibility to ensure contracts are vetted and DBS (formerly CRB) checks carried out rigorously. Failure to do so could leave your academy exposed to liability claims.

#### Staff responsibilities

An employer's relationship with its staff is an area of increased litigation, particularly as employees' knowledge of their rights becomes increasingly sophisticated. What is your level of understanding of employment law and legal support? External legal advice on governance can be vital, in addition to financial protection for legal expenses incurred.

#### Disaster recovery

The risk of an incident that leads to the damage, loss or denial of access to your property, and consequent disaster recovery plans, will be unique to you. Have you anticipated how a loss might occur, and planned how to maintain the education of pupils in such an event? Engaging an expert in this field will prove invaluable should the unexpected happen.

#### Impartial advice can pay dividends

A good broker should visit you in person to undertake a risk assessment and address key areas of concern before designing an insurance and risk management programme that recognises who you are, not the generic idea of an academy.

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It is essential that they pose the right questions to ensure your available budget is allocated to the areas where you need it most.

In exceptional circumstances, where academies are unable to meet the costs of securing adequate insurance cover from their 2013/14 GAG, they will be able to apply for additional funding. However, the application process itself is not without complications and, should you choose to apply, you should seek impartial advice to maximise your chances of success.

## The importance of ongoing risk management

One way to attract lower insurance premiums is to demonstrate a robust risk management provision, minimising risk through effective health and safety and employment law policies and procedures and business continuity planning. Academies change and evolve over time; insurance placed on "day one" may soon be outdated. You and your broker should continuously review your insurance and risk management provision to be sure it's keeping pace.

## Talk to us

For further information on the services we provide to schools, academies and other educational establishments, please call us on **0161 972 2480**, email us at [education@lucasfettes.co.uk](mailto:education@lucasfettes.co.uk) or visit [www.lucasfettes.co.uk/education](http://www.lucasfettes.co.uk/education).