



Department  
for Education

# **Extending the Academies Risk Protection Arrangement (RPA) to Local Authority Maintained Schools (LAMS)**

**Government consultation**

**Launch date: 9 September 2019**

**Respond by: 4 November 2019**

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## Introduction

The Department is considering extending the risk protection arrangement (RPA) currently operational for academy trusts (ATs) to the local authority maintained school (LAMS) sector, so that sector can benefit from financial savings such as ATs have attained through membership of the RPA.

This public consultation exercise seeks views on extending the RPA to LAMS provision and will allow those with comments, views or concerns to express them. The Government will then make a decision on whether the RPA should be extended to LAMS in England.

## Who this is for

- Local Authorities in England
- Governing bodies of local authority maintained schools in England
- Academy trusts
- Church and other foundation and trust bodies
- The insurance industry and suppliers of insurance services including relevant insurance trade bodies and associations

## Issue date

The consultation was issued on 9 September 2019.

## Enquiries

If your enquiry is related to the policy content of the consultation you can contact the team via email:

[RPA.consultation@education.gov.uk](mailto:RPA.consultation@education.gov.uk)

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the DfE Ministerial and Public Communications Division by email: [Consultations.Coordinator@education.gov.uk](mailto:Consultations.Coordinator@education.gov.uk) or by telephone: 0370 000 2288 or via the DfE contact us page.

## The response

The results of the consultation and the Department's response will be [published on GOV.UK](#) in December 2019.

# About this consultation

## Context

The department commenced the risk protection arrangement (RPA) on 1 September 2014, for academies, on an opt-in basis, as an alternative to commercial insurance.

The RPA project was initiated in order to help reduce the cost to the public purse of protecting academies against risk (an outline of the risks covered by the RPA is at Annex B). In 2014 the average cost of commercial insurance for academies was £49.93 per pupil. The RPA launched in September 2014 at a cost of £25 per pupil. In the light of claims experience to date, the RPA has been able to reduce its cost to £18 per pupil in 2019/20.

We are now looking at the potential to extend the RPA to LAMS in England in order to help reduce the cost of protecting them from risk.

It is not possible to be precise about the cost of insurance for LAMS. However, the statistical release (SR) on local authority and school expenditure in 2017/18, drawing on Consistent financial reporting (CFR) returns from LAMS, shows £46m spend on staff insurance and £140m on premises and other insurance<sup>1</sup>. The SR counts 4,244k pupils in LAMS, indicating an average annual commercial insurance spend per pupil of £44. Some of this would actually be spent by local authorities to insure LAMS and some by LAMS themselves.

To date the RPA has realised significant savings to the Academies sector for the areas of risk it covers, which has allowed the savings to be used for other purposes.

We believe that the LAMS sector is similar to Academies in its need for risk cover, since the operations of the schools are similar, and that extending the RPA to LAMS can also realise savings.

Academies are classified by the Office for National Statistics (ONS) as public bodies belonging to the central government sector. Governing bodies of LAMS are also public bodies and are regarded as part of the local government sector. Governing bodies spend money delegated to them by a local authority from their schools budget as the agent of the local authority (section 49(5) of the School Standards and Framework Act 1998). Consequently we believe that it is appropriate to consider extending the RPA to LAMS.

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<sup>1</sup> <https://www.gov.uk/guidance/consistent-financial-reporting-framework-cfr#consistent-financial-reporting-framework-2017-to-2018>

## The proposal

We propose that in principle the coverage of the LAMS arrangement and the cost per pupil should be the same as for the current RPA, since we believe the risks faced by LAMS are similar to those faced by academies. As in the academy arrangement, cost for special schools and alternative provision (pupil referral units) would be expressed per place rather than per pupil. A summary of proposed coverage, corresponding to the academy arrangement, is in the table at Annex B.

The arrangement rules set out the basis of membership, the risks covered and the process for making claims. We propose to have a modified set of rules for LAMS with Trustees, as we do already for Church academies. The academy and Church academy rules can be found at <https://www.gov.uk/government/publications/risk-protection-arrangement-rpa-for-academy-trusts-membership-rules>

We recognise that for other LAMS where the LA owns the premises and employs the staff there will need to be adjustments to the wording of the rules so that the coverage of risks works in the right way. We intend to discuss this with the Local Government Association and local authority representatives. We would also appreciate your views about what adjustments you think will be needed (see the questions in Annex A).

Academy trusts in membership of the RPA contribute to the RPA by having an amount deducted from their General Annual Grant before it is paid to them. In line with this approach, we propose that where individual governing bodies of LAMS join the RPA the financial mechanism will be an adjustment to their budget share and a corresponding adjustment to the local authority's Dedicated Schools Grant (DSG). In order to achieve this the Department proposes to amend Parts 2 and 3 of the new School and Early Years Finance Regulations to introduce a new formula factor of membership of the RPA which will result in a negative adjustment to the school's budget share. Local authorities would be required to use this factor. The Department would then make an equivalent negative adjustment to the local authority's DSG.

We propose that it will also be possible for all LAMS in a LA to join collectively by agreeing through the Schools Forum to de-delegate funding, as they currently can for purposes including insurance. In that case we propose the LA would apply for membership on behalf of all of the schools, though LAMS would become individual members and make individual claims. In order to facilitate that we intend to add the RPA to the current paragraph in Part 6 of Schedule 2 to the Regulations that allows

schools to de-delegate funding from their budget share for insurance. In that case the LA will be holding the money and only an adjustment to its DSG will be needed.

We propose also to make directed revisions to local authorities' schemes for funding schools so that wherever the scheme refers to insurance it also refers to membership of RPA for LAMS as an alternative.

## **Respond online**

To help us analyse the responses please use the online system wherever possible. Visit [www.education.gov.uk/consultations](http://www.education.gov.uk/consultations) to submit your response.

## **Other ways to respond**

If for exceptional reasons, you are unable to use the online system, for example because you use specialist accessibility software that is not compatible with the system, you may download a word document version of the form and email it or post it.

### **By email**

[RPA.consultation@education.gov.uk](mailto:RPA.consultation@education.gov.uk)

### **By post**

Risk Protection Arrangement for Academies Team  
Schools Commercial Team  
Piccadilly Gate  
Store Street  
Manchester  
M1 2WD

## **Deadline**

The consultation closes on 4 November 2019.

# Annex A: consultation questions

## Preliminary Questions

1. What is your name? (Where you wish to remain anonymous, please leave blank)

2. What is your email address?

If you enter your email address then you will automatically receive an acknowledgement email when you submit your response.

3. Are you responding as an individual or as part of an organisation?

- a. Individual
- b. Part of an organisation

4. What is the name of your organisation (if applicable)?

5. What type of organisation is this (if applicable)?

- a. Mainstream local authority maintained school
- b. Special local authority maintained school
- c. Academy or free school
- d. Multi-academy trust
- e. Independent school
- f. Independent special school
- g. Non-maintained special school
- h. Sector organisation
- i. Charity
- j. Local Authority
- k. Commercial Insurance Provider
- l. Insurance Body/Organisation
- m. Other – Please provide organisation details

6. What is your role?

- a. Governor
- b. Multi-academy trust member
- c. Headteacher/ Principal Teacher
- d. Parent
- e. Local authority councillor
- f. Local authority finance officer
- g. School Business Professional
- h. Insurance Company Employee
- i. Industry Expert
- j. Other – Please provide role details

7. Which local authority are you responding from? (where applicable)

8. Are you happy to be contacted directly about your response?

- a. Yes
- b. No



## **Questions on the consultation**

**(Please use the comments box to give more details for each question where relevant)**

9. Does the proposed RPA cover of Local Authority Maintained Schools impact you or your organisation directly or indirectly? Please let us know what the impact would be, and if this would cause any concerns or issues.
  - a. Yes
  - b. No
  - c. Unsure
  - d. Comments
  
10. In principle, do you or your organisation support the proposed extension of RPA cover to Local Authority Maintained Schools?
  - a. Yes
  - b. No
  - c. Unsure
  - d. Comments
  
11. Have you any comments on what adjustments you think would be needed to the rules of the RPA to cover the circumstances of Local Authority Maintained Schools?
  - a. Yes
  - b. No
  - c. Unsure
  - d. Comments
  
12. Have you any comments on the proposed arrangements for adjusting budget shares and DSG and amending the regulations in respect of the RPA?
  - a. Yes
  - b. No
  - c. Unsure
  - d. Comments
  
13. Do you wish for your response to remain confidential?
  - a. Yes
  - b. No

## Annex B: the proposed RPA LAMS membership rules - what the scheme will cover

The risk protection arrangement for LAMS will cover:

<b>Type of risk</b>	<b>Limit</b>
Material damage	Reinstatement value of the property
Business interruption	£10 million any one loss
Employers' liability	Unlimited
Third party liability	Unlimited
Governors' liability	£10 million any one loss and any one membership year
Professional indemnity	Unlimited
Employee and third party dishonesty	£500,000
Money	Various, including cash on premises or in transit £5,000
Personal accident	Death and capital benefits £100,000
United Kingdom travel	Baggage and money £2,000 per person. Cancellation £1,000 per person
Overseas travel including winter sports	Includes: baggage £2,000 in total per person (inner limits apply), money £750 per person, medical expenses £10,000,000, cancellation £4,000 per person..
Legal expenses	£100,000 any one loss and any one membership year
Cultural assets	£10,000 on any one cultural asset or £250,000 any one multiple loss



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