



Insurance arrangements for academies in academic year 2013/14

Introduction

1. Academies are responsible for making their own insurance arrangements and for ensuring that they have carried out a competitive procurement process. It is imperative that a converting academy is insured from midnight of the date of conversion so that there is continuity of cover.

Obtaining Insurance

2. In obtaining insurance, the academy must follow normal public procurement rules and ensure that the policy offers value for money. In particular, it must follow EU procurement directives where they apply, and if a multi-year agreement is under consideration it is possible that the EU threshold for the Official Journal for the European Union (OJEU) advertisement will be reached. Information regarding OJEU thresholds is available at: <http://www.thecpc.ac.uk/help/eudirectives.php>.
3. The Department has worked with the Crescent Purchasing Consortium (CPC) to provide a compliant route to the insurance market. The framework has already demonstrated savings of up to 50% for individual academies and academy chains. One sponsored academy trust saved £586k (49%) in insurance costs across all its academies, and another reported, "Our academy Insurance premium reduced from £85k in 2011 to £60.3k in 2012 saving almost 30% by using the new CPC insurance framework".
4. The CPC insurance framework was advertised in the OJEU as an open procurement, which invited all insurance suppliers to express an interest.
5. The CPC insurance framework for academies can be used by academies to select the broker/insurance company which best meets their specific requirements in terms of price and the service offered. The framework has four suppliers (detailed on the CPC website) and, by its very nature, encourages competition between suppliers. Each of the framework suppliers offers bespoke insurance advice and risk management support to their academy customers. A simplified questionnaire ensures that all insurers are presented with a comprehensive and consistent level of data that can be used accurately to underwrite policies on the best terms possible.



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6. CPC, in partnership with Risk 2 Value, will also provide comprehensive and independent advice about insurance needs at no charge and assist with the using the framework to select the most appropriate supplier.
7. More information is available from the CPC Academies Zone website, <http://www.academies.thecpc.ac.uk/> and in a Q&A Annex to this document.
8. There is no obligation on academies to use the CPC framework and they are free, within the constraints of the relevant procurement policies and processes, to procure an alternative insurance provider, where they offer better value for money.
9. An academy may contact their Local Authority (LA), which could have a group policy for schools tendered in compliance with EU rules. The LA may be willing to have an academy included in this. Please be aware, however, that if an LA simply directs an academy to their commercial insurance provider, this does not constitute participation in the LA's scheme and the academy must then follow a competitive procurement process, such as the CPC framework, for their insurance.
10. The authority may not be able to extend the cover to include an academy. The three main reasons for this are:
 - i. The LA may take the view that offering insurance to academies is trading outside its statutory powers.
 - ii. The LA scheme may have a high threshold, i.e. excess level – typically £250k, which the authority would have to meet before any payment by the insurer. The LA would naturally not wish to meet this for an academy.
 - iii. The LA or the insurer may take the view that the LA has no 'insurable interest' in the academy and therefore cannot be covered by the LA's policy. The concept of insurable interest means that the body taking out insurance must be in a position where it would suffer loss, directly or indirectly, if the event being insured against took place. This is intended to protect the insurer against fraud. In most cases the LA and insurer would not consider that there is an insurable interest for liability insurance and, in those cases where LA's are including academies in group schemes, it is normally only for premises and sometimes business interruption.



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11. An academy which has had approval for conversion should keep its assigned Department for Education Project Lead up to date with its progress in obtaining insurance because of the need for continuity of cover.
12. Existing academies that are currently in a one year single tender waiver should follow the guidance as laid out in this document for new academies to ensure a competitive process is followed for future years. Single tender waivers must not be extended.

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N.B. This note does **not** deal with insurance schemes for staff absence through sickness etc. which is not regarded as insurance in the same way as the risks set out above.



Questions and answers: CPC framework

1. What is the Crescent Purchasing Consortium Academies Insurance Framework?

Academies are obliged to follow relevant procurement regulations and achieve value for money through competition when purchasing their insurance. To assist academies, the Department has worked with the Crescent Purchasing Consortium (CPC) to provide a legally compliant procurement and user-friendly route to the insurance market. The new CPC academies insurance framework has four providers, which can be used by academies to select the broker/insurance company which best meets their specific requirements in terms of price and the service offered. The framework, by its very nature, encourages competition between the suppliers. Each of the framework suppliers offers bespoke insurance advice and risk management support to their academy customers.

2. Q: What is the Crescent Purchasing Consortium (CPC)?

The Crescent Purchasing Consortium is owned by the Further Education sector. Its primary function is to provide a first class procurement service to its FE and academies members, mainly through a range of multi-supplier purchasing frameworks. CPC currently has around 1,500 member institutions throughout the UK, more than half of which are academies.

Membership is free of charge and gives access to a large-number of professionally-arranged contracts for a wide range of goods and services. The only thing CPC asks prospective members to do is to nominate a member of staff to become the Liaison Officer between the institution and the CPC.

3. How will academies purchase insurance through the CPC Framework?

An academy will complete one questionnaire form, in relation to which CPC provides a free advice and checking service, and quotes will be provided by the four suppliers on the CPC framework. Academies will then select the insurance company which best meets their specific requirements in terms of price, service and other evaluation criteria.

4. How do I access the CPC website?

CPC's Academies Zone website address is: <http://www.academies.thecpc.ac.uk/>.

5. How do I use the CPC website?

The CPC website provides information about how the CPC Framework works. If academies want further information or advice they can contact CPC on 0161 295 5354.



6. External insurers have tended to treat single academies as more risky insurance candidates than those in chains – will the new CPC insurance framework do the same?

Each academy will have its own individual risks, so it is not possible to give a definitive answer to this question. The new CPC academies insurance framework has four providers, which can be used by academies to select the insurance company which best meets their specific requirements in terms of price and the service offered. The framework, by its very nature, encourages competition between the suppliers. Each of the framework suppliers offers bespoke insurance advice and risk management support to their academy customers. The competition between insurance suppliers on the framework is designed to reduce the cost of insurance. It is an advantage for individual academies that they will be joining a large group of academies by using the CPC Insurance Framework.

7. New academies have found that their new insurers have demanded changes and additional safeguards which have been expensive to implement – will the new CPC insurance framework reduce this happening?

The circumstances for each academy are different and therefore it is not possible to give a definitive answer to this question. However it should be emphasised that any insurer will want to improve the risk at individual academies by making recommendations, but this will also help academies to reduce the risk of claims and, therefore, also the risk of increased premiums in the future. Each of the framework suppliers on the CPC framework offers bespoke insurance advice and risk management support to their academy customers.

8. Some academies going through the conversion process found that the CPC Framework did not have the capacity to process their applications in a timely fashion which meant that they went with other providers – have these capacity issues been resolved?

CPC has always had sufficient capacity; the problem has been that schools were approaching CPC much too late to get through the process in time for conversion. The CPC process is streamlined, efficient and flexible, and takes into account the time required by schools to gather essential information and also to assess tenders after they are submitted by the providers. Our advice is that buying insurance through the CPC framework should where possible commence at the beginning of the conversion process. Schools and existing academies should contact CPC as soon as they can to agree an individual timeframe for purchasing insurance. CPC will also provide comprehensive and independent advice about insurance needs at no charge.

9. Will the Department advise the level of insurance cover that an academy should purchase?

It is for each academy to decide what level of cover they should obtain. However, the circumstances of each academy are different and therefore the individual academy must take responsibility for the level of insurance cover that it requires.



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If an academy uses the CPC Framework, advice is available regarding levels of insurance cover that should be considered.

10. My academy does not want to purchase insurance through the CPC Framework, what other options do I have?

Academies are obliged to follow relevant procurement regulations and achieve value for money through competition when purchasing their insurance. To assist academies, the Department has worked with the Crescent Purchasing Consortium (CPC) to provide a legally compliant procurement route to the insurance market.

Academies are not required to use CPC but they must purchase their insurance in a legally compliant way and be able to demonstrate that a competitive process has been used.

11. Why is the Department encouraging academies to use the Crescent Purchasing Framework?

Academies are obliged to follow relevant procurement regulations and achieve value for money through competition when purchasing their insurance. To assist academies, the Department has worked with the Crescent Purchasing Consortium (CPC) to provide a legally compliant and user-friendly procurement route to the insurance market.

12. Will providers on the CPC framework provide risk management advice?

Yes, the insurance companies on the CPC framework all offer value-added services to academies including property valuations and risk management.