



Department
for Education

Changes to the risk protection arrangement (RPA) for academy trusts from September 2016

Government consultation response

April 2016

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Introduction

The Risk Protection Arrangement (RPA) for Academy Trusts is an alternative to insurance where UK government funds cover losses that arise.

A consultation exercise was conducted on proposed changes to the Department for Education's Risk Protection Arrangement (RPA) Membership Rules and the Academies Financial Handbook with effect from September 2016, which included reducing the RPA General Annual Grant (GAG) deduction from £25 per pupil to £20 per pupil.

Who this was for

The following stakeholders were identified and consulted on proposed changes.

- Academy Trusts which are (or are interested in being) a member of the RPA, this includes free schools, faith schools that are academies, special academies, alternative provision academies, university technical schools, studio schools and Private Finance Initiative (PFI) Academy Trusts
- Church and other faith bodies
- Representative organisations and associations of academies
- Insurance industry and suppliers of insurance services

Consultation period

The consultation took place from 18 December 2015 to 31 January 2016. It was conducted online using the government's consultation software, or alternatively, respondents were able to email or send a response form.

About the consultation

Summary

The Department proposed to make changes to the Risk Protection Arrangement (RPA) Membership Rules from September 2016, including the reduction of the RPA GAG deduction from £25 per pupil to £20 per pupil.

Context

The RPA for Academy Trusts is an alternative to insurance where UK government funds cover losses that arise. The RPA started on 1 September 2014 with Academy Trust members subject to a deduction of £25 per pupil (per place in special and alternative provision academies) from their General Annual Grant (GAG), which was set at this level until 31 August 2016.

It is our policy to consult RPA Members and other affected stakeholders on any significant changes to the RPA, in order that we may consider their views and address any significant concerns, prior to such changes being implemented.

This document sets out our proposals for change and summarises the consultation responses to those changes.

Proposed changes to RPA

We proposed to:

- Reduce the RPA GAG deduction from £25 per pupil to £20 per pupil from September 2016.
- Scale up the RPA risk management audits further, currently discharged under a contract in place with Willis Ltd.
- Say more about risk management in the Academies Financial Handbook.
- Set a time limit on reimbursing academies for long term insurance arrangements.
- Reduce the period of notice, which RPA members must give before leaving the RPA, from six months to three months.
- Clarify the arrangements for Multi Academy Trusts (MATs) to join the RPA where only some of their academies are able to join in the first instance.
- Clarify that principles contained in the 'Membership Rules for church academies', are equally applicable to other faith and non-church bodies.
- Clarify that the RPA will consider providing an indemnity to a Member for claims that are normally dealt with on a 'claims occurring' basis under RPA.

Subject to the agreed output from this consultation, the proposed revised GAG reduction will take effect from 01 September 2016 and the current [RPA Membership Rules](#) and the [Academies Financial Handbook](#) will be updated to reflect these changes with effect from 01 September 2016.

Summary of responses received and the government’s response

This section sets out the views that we have received in response to the consultation on the proposed changes to the RPA for Academy Trusts from September 2016. It also sets out the decisions that have been taken following our consideration of the responses to the consultation.

In total there were 83 responses to the consultation. The majority of responses received were from academy trusts (88%).

Table A – Types of respondents

Respondent Type	Number of responses	Percentage
Academy Trust	73	88%
Insurance industry*	3	4%
Other	3	4%
Representative organisations and associations of academies **	2	2%
Church and other faith bodies ***	2	2%
Total	83	100%

*Association of British Insurers (ABI) has 250 members accounting for 90% of the UK insurance market

** National Association of School Business Management (NASBM) has 2800 members

** Association of School and College Leaders (ASCL) represents 18,000 school, college and system leaders across the UK

*** Catholic Education Service representing 2142 schools in England

*** The Church of England Education Office representing 4660 schools in England

A full list of the organisations that have responded can be found at Annex A.

Some respondents chose only to answer a subset of the questions that were posed. Throughout the report, the number of responses for each question is given and the percentages are expressed as a proportion of those answering each question, not as a proportion of all responses.

Main findings from the consultation

72% of the respondents to the consultation agreed with all the proposed changes to the RPA from September 2016.

The proposals were broadly welcomed in terms of providing savings, consistency, clarity and flexibility to the RPA and its Academy Trust members. We have considered the objections to our proposals, but concluded that they do not outweigh the broad support. We therefore intend to proceed with those changes, as set out in the consultation document, with effect from September 2016. A more detailed analysis for each proposal follows.

Proposal analysis

Proposal 1

Do you agree with the proposal to change the Risk Protection Arrangement (RPA) GAG deduction from £25 per pupil to £20 per pupil from September 2016?

There were 82 responses to this question		
Options	Responses	
Strongly agree	54	65.85%
Agree	21	25.61%
Neither agree nor disagree	3	3.66%
Disagree	1	1.22%
Strongly disagree	3	3.66%

The majority of respondents (91.46%) agreed to the change in GAG deduction from £25 per pupil to £20 per pupil. A number of respondents provided positive comments about the proposal.

Those who either disagreed or strongly disagreed come from the commercial insurance market and suggest the GAG reduction is not 'affordable'. We disagree, since the actuarial analysis we have undertaken takes into consideration all scenarios mentioned in these challenges and we have also had that analysis independently assured. We are satisfied the move from a £25 to £20 GAG reduction is affordable and prudent.

Government response

The proposed change brings about additional funds for academies to spend as they see fit. We will therefore proceed with this proposal from 1 September 2016. We will set the GAG reduction at £20 per pupil for the period from 1 September 2016 to 31 August

2018, and review the contribution in late 2017 to see if further variation is possible or necessary. Any variation in the GAG reduction will be subject to further consultation.

Proposal 2

Do you agree with the principle of increasing risk management audits for RPA members?

There were 80 responses to this question		
Options	Responses	
Strongly agree	18	22.50%
Agree	39	48.75%
Neither agree nor disagree	17	21.25%
Disagree	4	5.00%
Strongly disagree	2	2.50%

The majority of respondents 71.25% agreed to the proposed change.

Of the 7.5% who either disagreed or strongly disagreed their main concerns were that Risk Management (RM) audits introduced an extra layer of bureaucracy for academies given that many academies already had RM processes in place that they considered effective and were independently audited.

Government response

The RM process operates a risk based approach to audit selection. Any RM audit will take assurance from existing RM systems already operating, so will not therefore duplicate effort. If, after being selected for RM audits, an academy were to make it known that: a) its RM system was robust; and b) it was already independently assured; and c) the claims history and / or the current RM evaluation of the school did not otherwise give rise for concern, then it is unlikely a further RM audit would go ahead as this would not represent good value for money for all concerned.

It is also worth bearing in mind that RM audits are also looking to identify best practice examples that, with the permission of the academy in question, could be shared with the wider academy community to improve the level of risk management generally. We will therefore go ahead with increasing risk management audits.

Proposal 3

Do you agree with the principle of saying more about risk management in the Academies Financial Handbook, including a requirement that academies must co-

operate with risk management audits and risk managers and implement reasonable risk management recommendations?

There were 82 responses to this question		
Options	Responses	
Strongly agree	14	17.07%
Agree	45	54.88%
Neither agree nor disagree	14	17.07%
Disagree	7	8.54%
Strongly disagree	2	2.44%

The majority of respondents (71.95%) agreed to the change.

Of the 10.98% who either disagreed or strongly disagreed, their concern was that what may be perceived as subjective recommendations might be inappropriately imposed, and they were seeking assurance on what *'reasonable'* means and whether due regard would be given to varying environments across Academy Trusts where there may be competing pressures. We have sought to reassure RPA members by clarifying this in greater detail in the [RPA frequently asked questions \(FAQs\)](#).

Government response

We consider it appropriate to set the context of risk management in the Academies Financial Handbook (AFH) which is essential to raise awareness and the importance of continued risk management in terms of reducing the RPA exposure to risk. We will therefore proceed with implementation of this proposal by incorporating the following text in the next publication of the Academies Financial Handbook (AFH), to take effect from 1 September 2016.

“The trust must cooperate with risk management auditors and risk managers and implement reasonable risk management audit recommendations that are made to them, as explained in [DfE’s frequently asked questions](#).”

Proposal 4

Do you agree with the principle of setting a time limit on reimbursing academies for long term insurance arrangements? The proposal is that the Education Funding Agency (EFA) will not meet further claims after 31 August 2017, three years from the start of the RPA (September 2014).

There were 82 responses to this question		
Options	Responses	
Strongly agree	19	23.17%
Agree	30	36.59%
Neither agree nor disagree	28	34.15%
Disagree	2	2.44%
Strongly disagree	3	3.65%

The majority of respondents (59.76%) agreed to the proposed change.

A significant proportion of respondents (34.15%) neither agreed nor disagreed and very few (6.10%) disagreeing with the proposal.

Government response

Setting a time limit on reimbursing academies for long term insurance arrangements will bring about clarity and consistency to the academy sector around the process. With a significant majority of respondents in support of this proposal, the Education Funding Agency (EFA) will not meet claims relating to periods after 31 August 2017, three years from the start of the RPA.

Proposal 5

Do you agree with the principle of reducing the period of notice, which RPA members must give before leaving the RPA, from six months to three months?

There were 83 responses to this question		
Options	Responses	
Strongly agree	24	29%
Agree	41	49%
Neither agree nor disagree	18	22%

The majority of respondents (78%) agreed to the change.

We did not receive any objections to this proposal.

Government response

We believe reducing the period of notice, which RPA members must give before leaving the RPA, from six months to three months, will provide RPA members with more flexibility. The RPA is well established now and we consider this period can be reduced by three months, while still allowing EFA time to implement the relevant funding adjustments. We will therefore proceed with this proposal to take effect from September 2016.

Proposal 6

Do you agree with the principle of allowing Multi Academy Trusts (MATs) to join the RPA where only some of their academies are able to join in the first instance, but subject to their commitment that their remaining academies will also join the RPA as soon as practicably possible?

There were 81 responses to this question		
Options	Responses	
Strongly agree	22	27.16%
Agree	41	50.62%
Neither agree nor disagree	15	18.52%
Disagree	1	1.23%
Strongly disagree	2	2.47%

The majority of respondents (77.78%) agreed to the change and only 3.7% disagreed.

Government response

We are content for MATs to join in a phased manner where their other academies still have commercial insurance contracts in place, but only if they commit to their remaining academies becoming RPA members as soon as practicably possible. This has been standard practice since the start of the RPA and is being clarified in the rules.

Membership of the RPA by a MAT means that the central infrastructure of the MAT is covered by the RPA but there is no corresponding GAG reduction, since the MAT itself has no pupils. This is only reasonable if the academies belonging to the MAT, with their pupils, also join the RPA. We will therefore formally implement this proposal with effect from 1 September 2016.

Proposal 7

Do you agree with: expanding the scope of the 'Membership Rules for church academies' to include other faith schools and non-church bodies i.e. any trustee body in the same position in relation to the premises used by an academy as a diocese or other Church body; and the re-titling and the re-drafting of the Membership Rules for church academies to make this clear?

There were 72 responses to this question		
Options	Responses	
Strongly agree	13	18%
Agree	37	51%
Neither agree nor disagree	22	31%

The majority of respondents (69%) agreed to the change.

No disagreements were lodged.

Government response

We will proceed to clarify the principles contained in the 'Membership Rules for church academies', to explain that they are equally applicable to other faith and non-church bodies eg. any trustee body in the same position in relation to the premises used by an academy as a diocese or other Church body. This clarification will be incorporated in the Membership Rules by 1 May 2016.

Proposal 8

Do you agree in principle to the proposed RPA clarification that the RPA will consider providing an indemnity to a Member for claims that are normally dealt with on a 'claims occurring' basis under RPA (namely Sections 1, 2, 3, 4, 7, 8, 9, 10 and 11) but where a RPA Member has previously purchased an insurance policy on a 'claims made' basis. Claims will be considered at the request of the Member who will be required to provide evidence of the insurance cover previously purchased. Claims will not be considered in the following circumstances:

a. where the applicable claims made insurance policy was taken out or inception after the date of this consultation (17 December 2015)

b. for any claim where the cause of such claim occurred or that was alleged to have occurred prior to the date of the signing of the funding agreement for the relevant academy

- c. to the extent that an indemnity is provided by an insurance policy
- d. for claims that the Member had prior knowledge of before opting to join the RPA
- e. for claims or incidents that the Member was aware of but were not notified by the Member to the insurer before the policy expiry date (or where relevant discovery period)
- f. for claims related to a class of insurance where the Member had opted not to purchase an insurance policy

There were 69 responses to this question		
Options	Responses	
Strongly agree	9	13.04%
Agree	32	46.38%
Neither agree nor disagree	27	39.13%
Strongly disagree	1	1.45%

The majority of respondents 59.42% agreed to the change.

Government response

This proposal brings more clarity to the RPA Membership Rules and given the positive response, we will therefore proceed to implement this proposal.

Next steps

The Department will therefore make these proposed changes to the Risk Protection arrangement which will come into effect from 1 September 2016.

Annex A: List of organisations that responded to the consultation

Amaya Trust
Academies Enterprise Trust (AET)
Alperton Community School
Amery Hill School Academy Trust
Arthur J. Gallagher Insurance Brokers Ltd
Association of British Insurers (ABI)
Association of School and College Leaders (ASCL)
Augustine, Michael
Bishop Perowne Church of England College
Bishop Wordsworth's Church of England Grammar School for Boys
Bournemouth School for Girls
Bowland High
Camden Supplementary School Link
Cardinal Hume Catholic School
Catholic Education Service
Chaulden Junior School
Christ Church Chorleywood C of E School
Cirencester Deer Park School
Coast Academies
Corfe Hills School Academy Trust
Framwellgate School Durham
Fylde Coast Academy Trust
Great Torrington School
Heart of England School
Henleaze Junior School
Henry Hinde Infant School
Hertswood Academy
Hillview school for girls
Hinchingsbrooke School
Huntcliff School
Huntner, Steve
Hursthead Junior School)
Kendrick School
Landau Forte Charitable Trust)
Langley Grammar School
Longfield Academy Trust
Lynn Grove Academy
Malcolm Sargent Primary School
National Association of School Business Management (NASBM)
Neale Wade Academy
Outwood Grange Academies Trust

QE Academy Trust
Queensmead School
Rickmansworth School
Ripley St Thomas CE Academy
Rookery School
Salisbury Sixth Form College
Sandbach school
Sir Henry Floyd Grammar School Academy Trust
South Wiltshire UTC
Southend High School for Boys
Southworth, Mark
Sparkwell All Saints Primary Trust Ltd
Spiral Partnership Trust
Sponne School
St Anne's academy
St Anselms College
St. Peter's Catholic High School
Stanborough School
Summercroft Primary
Sunbury Manor School
The Academy of Central Bedfordshire
The Beaconsfield School
The Church of England Education Office
The de Ferrers Academy
The Greetland Academy
The Island Free School
The Marlborough School
The Olympus Academy Trust
The Redstart Primary School
The South Wolds Academy & Sixth Form
The White Hills Park Federation Trust
Truro and Penwith Academy Trust
Twynham Learning
Walderslade Girls School
West Lakes Academy
White Meadows Primary Academy
Whitehill Community Academy MAT
Woodcote High School
Young , Dennis
Zurich Insurance plc



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