

Wiltshire Council

School Services Group

1st December 2011

Supply Pool Insurance Scheme

Purpose of the paper

1. To raise School Forum's awareness of the current position of the Supply Pool Insurance Scheme.

Background

2. The Supply Pool Insurance scheme has been running for a number of years providing schools with insurance cover for sickness absence. In 2008-09 and 2009-10 the scheme was improved by a number of enhancements which will continue. One of these was a cashback arrangement whereby if a schools total year's claims are less than 50% of their premium, they will be entitled to a cashback payment (see paragraph 8d for further details).
3. The forecast balance on the Supply Pool at the end of 2011/12 is £1.152m (estimate as at 11 November). Assuming 50% cashback of £0.128m to be distributed in June 2012) or £1.023m if 100% cashback is paid of £0.257m. See Appendix A for details.
4. The Supply Pool is underwritten by external insurers, which provides protection under a Stop Loss policy to the extent that if claims exceed the underwriter's advised retained layer (set at £708,375 in 2010/11), the Local Authority can invoke the policy which will then cover further claims up to £300,000 in excess of the retained liability. It should be noted that stop loss cover does not apply to employees suspended without a sick note as this is a local arrangement.
5. Officers believe that it would not be prudent to retain a balance of less than £1m.

Main Considerations

6. The aim of the proposals set out below is to encourage schools to remain loyal to the LA SPI Scheme and to encourage new schools to join the scheme. Currently there are 155, 72% schools participating in the SPI Scheme, plus 2 academies.
7. Academies – The underwriters have confirmed that there is nothing in the Stop Loss policy which says that we cannot allow academies into the scheme.

Proposals

8. a) We believe the pool is in a position to continue with previous enhancements (para. 2)

b) We would like to offer 2012/13 Premiums at a 0% increase on 2011/12's prices.

c) Cashback payments should continue.

d) As above in para. 3 we have estimated the pool to be safely above the desired level to be able to afford the 2011/12 cashback in June 2012. This is estimated to leave £1.280m. This is £0.280m above our considered prudent retained level (£1m). We feel that we are able again this year to increase the cashback calculation as set in the 2011/12 policy from 50% to 100%

The formula to calculate the cashback is 50% of Schools premium-claims/divided by 2 = cashback balance e.g.

	Schools premium	<u>£10,000</u>
	Calculate 50% of premium	£ 5,000
	Minus claims for financial year	<u>-£ 1,000</u>
Cashback =	Balance (100%)	£ 4,000 (a)
Or	50% of the above balance	£ 2,000 (b)

9. The balance on the pool, at the end of 2012-13 is estimated to be £1.182m or £1.311m dependant on which option is chosen:

	100%	50%
	A £m	B £m
Opening balance April 2012 (incl June 2012 cashback)	£1.023	£1.152
Premiums (11/12's figure)	£0.883	£0.883
Stop loss cover	-£0.042	-£0.042
Admin and Management	-£0.028	-£0.028
10/11 Claims	-£0.526	-£0.526
10/11 Claims paid in 2011/12	-£0.128	-£0.128
Closing balance @ 31 March 2013	£1.182	£1.311

Recommendation

10. Schools Forum is asked to:

- Agree the proposals set out in this report, paragraph 8a) to d)
- To decide the basis of the cashback calculation ie 100% (a) or 50% (b)

CAROLYN GODFREY
Director, Department for Children & Education

Unpublished documents relied upon in the production of this Report: NONE

Environmental impact of the recommendations contained in this Report: NONE
KNOWN

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