



Catholic Academies – Property Protection and Insurance

1. The CES and the Catholic Church Insurance Association (“CCIA”) have for some considerable time been concerned about the arrangements for the building insurance of Catholic schools.
2. A Working Group was set up by the CES, the membership of which comprised representatives of the CES, the Diocesan Education Services, Financial Secretaries, CCIA and DE Ford. The consensus of agreement of the Working Group was that the existing arrangements did not sufficiently protect the interests of the trustees.
3. The outcome from the Working group was the development of an insurance policy available for all Catholic education establishments. In accordance with the wishes of the Bishops, expressed through the meetings of the Insurance Committee, that policy allows for equalisation of risk between all education establishments so that no school is excluded from cover or is paying excessive premiums, which was considered to be for the common good.
4. With the advent of academies the CES negotiated that academies could, following conversion, continue to occupy the land and premises on the same basis as the school i.e. through a mere licence terminable upon two years notice. It is at the absolute discretion of the Trustees whether they wish to regularise that occupation through a lease.
5. The Supplemental Agreement, the signatories of which include the Secretary of State and the Trustees, allows for two options for buildings insurance. It was always intended that Option 1 (copy attached) would be used for Catholic academies. Option 1 provides for the Trustees to undertake building insurance with the Academy Trust reimbursing the cost.
6. It was intended that dioceses would require the use of Option 1 as a condition of consent and, in relation to voluntary aided schools that dioceses should work towards transferring all their schools to the single Catholic policy, to ensure that the Trustees interests were properly protected.
7. It has become apparent that this is not happening in practice and, in particular that Academy Trusts are being allowed to utilise Option 2, which provides that the Academy Trust will insure in the joint names of the Academy Trust and the Trustees.
8. Allowing the Academy Trust to effect the insurance carries with it a number of risks. Given the legal capacity for the Diocesan Bishops and Trustees to use Option 1, allowing the Academy Trusts to insure Diocesan Property under Option 2, is unnecessarily risky, and is financially and administratively inefficient.
9. In those cases where Academy Trusts are allowed to insure under Option 2, and where the Diocesan Trustees are not included as an insured party under the contracts of insurance, i.e. the policy is not in joint names, the following risks arise:
 - The site may be lost to the ownership of Church property;
 - Where there is no insurance in the name of the Diocesan Trustees, the Trustees will have no access to insurance monies to effect the repair and reinstatement of their property following sudden and unforeseen damage;



- Where the insurance has been taken out by the Academy Trust independently, the Academy can use the proceeds of an insurance claim as they chose, with no reference to the Diocesan trustees;
 - There is no gainsaying that the Academy Trust will have the competency to effect insurance in the right manner and in the right amount, to protect all the necessary interests – these decisions would be entirely in the hands of the Academy Trust if there is no proper oversight on behalf of the Diocesan Trustees;
 - A charitable asset of the Diocesan Trust may well be lost as a consequence, opening up the potential for significant difficulties with the Charity Commission;
 - A Catholic school may end up not being replaced, presenting serious reputational risks to the Bishops and Trustees.
10. It is for reasons such as those above that the CES negotiated the protections under Option 1, for the Diocesan Trustees to arrange the insurance of Trust property. Option 1 addressed all the above risks, at no risk, no cost and no additional administration at diocesan level. CCIA undertake all the administration on behalf of dioceses where Option 1 is used.
11. Those dioceses that have elected to use Option 2 (where the Academy Trust insures), instead of Option 1 (where the Diocesan Trustees insure), may have done so under the misapprehension that Option 2 is administratively lighter than Option 1. In practice it is anything but.
12. Where Option 2 is being used, in order to satisfy their duties the Diocesan Trustees will need to have a system of audit in place which will satisfy them that, every year, each Academy Trust has insured the Trust property in the joint names of the Academy Trust and the Trustees, properly, for the full value, against the right perils, with a sound insurer, complied with all contract conditions and warranties, paid the premium and properly presented any claim for repair of any damage to Trust property. None of this administrative burden applies where Option 1 has been used, and where the CCIA scheme has been used to protect the Diocesan Trustees' interests under the national scheme for Catholic education establishments.
13. Whilst the Trustees are not subject to EU Procurement requirements (the Academy Trust is) the Insurance Committee has nonetheless, recognising that public money is being used, ensured that the Catholic policy provides value for money.
14. If the Academy Trust obtains a quote which is less than that provided by the Catholic policy it may be tempted to take the cheaper quote, notwithstanding that the policy is not sufficient to meet the needs of the Academy Trust or the Trustees.
15. It is acknowledged that an Academy Trust which is a good risk may obtain a cheaper quote. If all such academies were to do so this would mean that the cost for other schools/academies remaining in the Catholic policy would be increased and the aim of the Bishops to act for the common good will be frustrated.
16. Up to now the Academy Trust has effected insurance, passed the invoice to the DfE and has been reimbursed. The DfE, recognising the considerable increased cost of insuring single academies which do not enjoy the benefits of the purchasing power of the local



authority, has recently amended the Funding Agreement so that the arrangements for academy insurance will change. In future a set figure, currently £45.00 will be included in the Academy Trust's General Annual Grant ("GAG").

17. In addition the DfE requires the Academy Trust to follow a set procedure to ensure that it is compliant with the EU procurement requirements. This includes obtaining an insurance quote from Crescent Purchasing Consortium ("CPC"). It is entirely possible that this will provide a cheaper quote, but is not necessarily a fair comparison.
18. Whilst the DfE has stated that the Academy Trust does not have to accept the quote if it is not suitable, it is likely that there will be Academy Trusts which will do so, simply because they do not understand that they do not have to do so, wish to save money or are not armed with sufficient knowledge to make a proper comparison.
19. The CES has been informed by the DfE that CPC is not able to furnish quotes at this time for joint insurance. This raises concern about those Catholic academies which are already effecting their own insurance which, if they have done so through a quotation from CPC, will not be suitable.



OPTION 1 FOR CLAUSE 14 - FOR SCHOOLS WHERE THE BOARD OR TRUST WILL INSURE THE LAND:

14. [Whilst the Academy operates from the Land otherwise than pursuant to a lease between the [Board] [Trustees] and the Academy Trust and in recognition of the funding provided by the Secretary of State to the Academy Trust for the running costs of the Academy, including, but not limited to, grant advanced for the purposes of enabling repairs, servicing, maintenance and arranging for appropriate insurance of any buildings on the Land and its grounds, provided that the Academy Trust meets the cost of such repairs, servicing, maintenance and insurance, the [Board] [Trustees] will:

- a) facilitate any maintenance, upkeep or replacement of any buildings or facilities on the Land by the Academy Trust so that the Academy Trust may keep the Land clean and tidy and may make good any damage it causes to the Land and / or any deterioration to the condition of the Land consequent upon its use of the same that may arise from the date of this Agreement;
- b) keep the Land insured in the joint names of the Academy Trust and the [Board] [Trustees] with a reputable insurance office against loss or damage by the Insured Risks in the sum the Academy Trust is advised represents the reinstatement value of the Land from time to time;
- c) pay the premiums for insurance promptly as they become due and maintain in force the policies of insurance on the Land;
- d) following the incidence of damage to or destruction of the Land and subject to receipt of all necessary consents licences permissions and the like apply the proceeds of the policy of the insurance received for those purposes in rebuilding and reinstating the Land (provided that this clause should be satisfied if the Academy Trust and/or the [Board] [Trustees] provides premises not necessarily identical to the Land as the same existing prior to such damage or destruction occurring) as soon as may be reasonably practicable;
- e) produce to the Secretary of State a copy of the insurance policy whenever reasonably requested and the receipt for the last or other evidence of renewal and up to date details of the amount of cover (but no more often than once in any period of 12 months in both cases);
- f) not knowingly do anything whereby any policy of insurance relating to the Land may become void or voidable; and
- g) insure against liability in respect of property owners' and third party risks including occupiers liability.]