

**Executive Board**  
**22<sup>nd</sup> December 2016**

**Schools Staff Absence Scheme**

**Recommendations / key decisions required:**

To endorse the establishment of a Schools Staff Absence Scheme

**Reasons:**

- To ensure value for money by pooling contributions into a central absence scheme for the benefit of Schools and the Authority rather than paying external insurance premiums enabling any net surplus to be shared by participating schools
- To support proactive and positive attendance management within schools to aid the reduction of absence and use of supply cover

Relevant scrutiny committee to be consulted N/A

Exec Board Decision Required                      YES

Council Decision Required                         YES

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr Mair Stephens (Human Resources)

**Department:**  
Chief Executive's

**Designation:**

**Tel No. / E-Mail Address:**

**Name of Head of Service**  
Paul R. Thomas

Assistant Chief Executive (PM)

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**EXECUTIVE SUMMARY**  
**Executive Board**  
**22<sup>nd</sup> December 2016**

**SCHOOLS STAFF ABSENCE SCHEME**

**Background and Introduction**

Most schools currently source their own insurance policies through a range of providers to cover the replacement costs of teaching, learning support and other staff absent from school. The cover provided by these insurance policies varies greatly, as do the costs and the benefits.

105 schools are currently covered by insurance policies with premiums costing in excess of £1m for primary and secondary schools. Income received from claims in recent years is approx £850k.

In order to ensure value for money, the People Management and Finance Divisions have undertaken a review of the external insurance provision. This has been done in collaboration with the Department of Education & Children and in consultation with schools within the County to develop this Schools Staff Absence Scheme. Our research has shown that a Schools Staff Absence Scheme can provide financial and operational benefit to schools and the local authority where similar schemes have been introduced.

This scheme has been designed to operate on the principles of partnership with the purpose of raising funds from its membership (collectively called its *members*), which can then be used to provide common shared benefits to all members of the scheme.

Current insurance premiums and absence patterns within Carmarthenshire schools have been considered in developing the scheme to assure CMT that a well administered and structured Schools Staff Absence Scheme can operate successfully and within the contributions. This is subject to sufficient membership by schools. Based on current levels, a surplus net of expenditure and administration costs will be achieved for the benefit of the members of the scheme instead of them paying insurance premiums to external providers at a net loss when compared to the reimbursements received.

In the event that the level of claims from scheme members exceeds the available funds, Carmarthenshire County Council will carry forward the deficit and off set against future year gains. It is therefore in both the schools and the Authority's interest to manage attendance positively and proactively in line with the Authority's Model policies to benefit from reduced premiums in future years. Based on the data available and a commitment from all interested parties to adhere to guidance and policies the risk of a deficit is deemed to be low.

The scheme launch will be supported by a structured communication plan with relevant stakeholders within schools once formally adopted by Executive Board from November 2016 in collaboration with the Finance Division and Department of Education & Children.

### **Financial implications**

Based on analysis over the last 3 years, there is a net cost to the schools overall in purchasing premiums from external providers in excess of £100k on an annual basis. On an individual school level, the majority have not benefitted financially. It must be noted that due to the obvious ad hoc nature of staff absence, there will be fluctuations in trends. For this reason the scheme will be reviewed on an annual basis but with the clear ambition that the longevity of the scheme is critical to the success of it.

It is planned that up to 2 administrative officers time will be funded from the scheme. In the first year this will include previous financial year set up costs to be reimbursed to the HR reserve.

It is anticipated that with a combination of HR support and improved management of absence and administrative processes by schools, a net surplus will be achieved which will be accumulated into an earmarked reserve to fund future years cost variations.

### **People Management Implications**

The reliance on insurance to cover the cost of supply cover is counter-productive to pro-active attendance management and the application of CCC Model Attendance policies. There is a disincentive to commence formal attendance processes as once an employee returns to work from long term sick, the insurance may not cover subsequent absence if the reason for absence is related to the initial period of absence.

From communication with schools it is clear that maternity cover is currently a significant reason for purchasing absence insurance. Whilst the majority of the maternity cost is reimbursed to the schools, the level of supply cover required to be purchased for maternity absence impacts on schools budgets. This has been analysed and it is considered appropriate for a contribution to be made for maternity absence. This will be further scrutinised to ensure that the scheme is of maximum benefit to the schools whilst being efficient.

The HR Support Team will:

- Provide advice and guidance to schools on the Schools Staff Absence Scheme;
- Provide advice and guidance to schools on relevant attendance policies;
- Administer the claims process in conjunction with finance colleagues.

An additional resource of **2 FTE** (Subject to Job Evaluation) will be required to support the administration of a centralised scheme funded from the annual contributions made by schools who are members of the scheme. This resource will provide advice on attendance management policies, determine eligibility of claims, administer claims, update Resourcelink, liaise with the Occupational Health Centre/Attendance team, confirm or decline claims with reasons, handle claim queries and liaise with finance for the transfer of funds.

### **Duration of the Scheme**

The Schools Staff Absence Scheme will operate initially for a period of two years commencing on 1<sup>st</sup> April 2017 until 31<sup>st</sup> March 2019 and will operate as a non- profit making partnership fund for the benefit of participating members. It will be reviewed annually to ensure ongoing financial viability into subsequent financial years.

### **Joining the Scheme**

Schools can join the Schools Staff Absence Scheme on the first day following the expiry of an existing insurance policy or can join the scheme on an agreed date where no current insurance is in place.

During the first year of the Schools Staff Absence Scheme a school's contribution will be determined by reference to any existing insurance policy and their current premium. A comparative with similar sized/structured schools will be used for schools that do not have a current insurance policy.

### **Member contribution**

Each school that wishes to become a member of the scheme will pay an annual contribution into the Schools Staff Absence Scheme. If the scheme is viable to continue into future financial years the annual premium will be reviewed to include analysis of the level of claims made against the fund in the preceding financial year.

The annual contribution made by each school will be pooled into the Schools Staff Absence Scheme to contribute towards the replacement cost of supply cover for schools who are members, following receipt of a claim and submission of appropriate supporting evidence.

### **Scheme Cover**

The Schools Staff Absence Scheme will provide a set contribution towards the replacement cost of absence cover for teaching and learning support staff, i.e. those requiring registration with the Education Workforce Council, employed locally by a school as defined within **Appendix A and B** and administer quotations and manage the claims process on behalf of schools.

The School's Staff Absence Scheme will not cover:

- Absence where a school does not comply with the Authority's Model School Sickness/Attendance Policies and/or the advice provided by the HR Team and the Occupational Health Centre;
- Exemptions within a schools existing insurance policy prior to joining the School's Staff Absence Scheme (subject to review after the first year);

**DETAILED REPORT ATTACHED?**

**NO**

# IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Paul Thomas, Assistant Chief Executive (People Management)

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>NONE</b>	<b>YES</b>	<b>YES</b>	<b>NONE</b>

## 1. Policy, Crime & Disorder and Equalities

The recommendations support the Council's Strategic Aims 'Building a Better Council' and 'Making Better Use of Resources'

## 2. Legal

Legal have been consulted in the development of the Schools Staff Absence Scheme. S111 of the Local Government Act 1972 gives the statutory power to the Authority to undertake any action which facilitates or is conducive to any of its statutory functions. As the provision of education services is one such function, it is entitled to ensure that schools have cost effective cover to facilitate the provision under our powers.

## 3. Finance

An additional resource of 2 FTE Grade D (subject to JE) will be required to support the administration of a centralised Schools Staff Absence fund. These will be funded from the annual contributions made by schools who are members of the scheme. It is envisaged that one officer will be required from December 2016 to enable the scheme to be 'live' from April 2017. The costs will be funded from the scheme contributions received in 2017/18. This will therefore require funding from a contribution from a reserve fund in 2016/17 to be reimbursed to the reserve in 2017/18.

Anticipated financial position in a typical year:

Current annual spend on premiums	£1m
Annual income from claims	£850K
Estimated Cost of staff (2 FTE grade D)	£50k
Anticipated saving	£100k

The affordability of the scheme will be determined by the take up from schools, This will be managed from November to December 2016 to ensure that the scheme will only commence with sufficient membership. It is essential that the majority of schools support this initiative to ensure the scheme is sustainable.

Earmarked reserve to be set up to carry forward year end balances for future use to off-set cost variations in future years.

#### **4. ICT**

It is proposed to utilise ICT solutions to develop an online e-claim forms to reduce administration in the process subject to the ability of schools to interface with the corporate web platform

#### **Risk Management Issues**

5. Risk management has been consulted in the development of the Schools Staff Absence Scheme. There will be no financial implications centrally as the surplus or shortfall will be met by the fund members.

#### **Staffing Implications**

6. The HR Support Team will provide advice and guidance to schools on the Schools Staff Absence Scheme, relevant attendance policies and administer the claims process in conjunction with finance. An additional resource of 2FTE (subject to JE) will be required to support the administration of a centralisation schools attendance fund self funded from the annual contributions made by schools who are members of the scheme. This resource will provide advice on attendance management policies, determine eligibility of claims, administer claims, update Resourcelink, liaise with the Occupational Health Centre/Attendance team, confirm or declining claims with reasons, handle disputes.

#### **7. Physical Assets**

None

# CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Paul Thomas Assistant Chief Executive (People Management)

## 1. Scrutiny Committee

N/A

## 2. Local Member(s)

N/A

## 3. Community / Town Council

N/A

## 4. Relevant Partners

N/A

## 5. Staff Side Representatives and other Organisations

Schools have been consulted to gauge interest and provide feedback on current insurance scheme cover to develop the schools attendance fund

## Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

**THERE ARE NONE**

Title of Document	File Ref No.	Locations that the papers are available for public inspection