

THE FE COLLEGE LEADER



DOES YOUR COLLEGE HAVE A POSITIVE RISK CULTURE?

The results of a recent survey looking at risk management in education, commissioned by Marsh*, make for interesting reading. It finds that, while awareness of risk management issues at senior management level is strong, with 82% of schools and colleges having a formal risk management strategy, just 20% actively engage staff in managing risk as part of ongoing training.

This is a potentially serious issue. No one person or team can be expected to oversee everyday risk assessment and management across an entire college site. Risks of all shapes and sizes can evolve and emerge on a daily basis, driven by a range of factors — from loose flooring and blown light bulbs, to more significant building maintenance issues, and the presence of contractors on site.

The truth is that risk management can only be effective as part of a risk culture, one in which everyone understands its importance and in which no-one can simply walk away from a potential problem.

Why Make it a Priority?

First, a positive risk culture is proven to help avert incidents that can put students and staff at risk. Clearly, safety incidents at college undermine efforts to provide a safe and secure environment and can cause serious reputational damage — prevention is better than cure here.

Continued overleaf



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Welcome to this summer 2015 edition of *The FE College Leader*. I hope that the holiday period provides the luxury of a little time to read the topical issues we cover in this edition.

I would particularly like to draw your attention to our lead article, which looks at the importance of developing and maintaining a strong risk culture — a culture in which everyone at the college plays an active role in identifying, reporting, and managing everyday risks as they emerge. The benefits of this kind of culture, from a financial and a safety point of view, can be significant.

We also look at the advantages of owner-controlled insurance programmes, in terms of protecting colleges during construction works — which include more robust protection for costs incurred during delays, and ongoing protection in the event of contractor liquidation.

In addition, we have the usual mix of news in brief, as well as Q&A with Paula Cook our head of client services (General Insurance). Find out why Paula once owned two Vauxhall Vivas at the same time.

In the meantime, if you have any other insurance or risk related questions please do get in touch on 01444 335175 or further.education@marsh.com

On top of this, efforts to provide a safe environment have positive financial consequences. The return on investment in safety, health, and environmental programmes is currently estimated to be four to one^{**}, and colleges with strong risk cultures, as evidenced in claims records, can realise significant savings on insurance premiums.

Vulnerabilities and Challenges

The strength of any organisation's risk culture can never be taken for granted, but it is during times of organisational stress that a weak culture can be really exposed.

Financial underperformance and the need to cut costs can lead to corners being cut, and good practices being forgotten. Similarly, rapid growth, a merger or partnership with another local college, and an increased use of third-party suppliers may all reduce the everyday, cultural focus on risk management.

The symptoms of a poor risk culture are many and varied, but affected organisations commonly show a high degree of fragmentation with respect to expected behaviours, and a low level of accountability for decisions and actions.

With this in mind, colleges should consider how members of staff might interpret what is expected of them and find ways to modify perceptions where necessary. Similarly, it is important to ensure that risk management practices do not promote a "fixation with checklists" — staff should be prepared to take the initiative, not just be focused on "ticking boxes".

Developing a Robust Approach

Quite simply, a college has a strong risk culture when staff at all levels consistently exercise sound judgment in the face of everyday risk.

This means individually and collectively anticipating risks and reporting issues of concern, looking out for each other and the college, and responding to evolving situations in line with overall risk management processes.

Developing a risk culture often means finding ways to be more creative about engagement — a mix of formal training and informal "nudges" or reminders, and employing a range of discussion formats, is vital to ensuring desired behaviours become part of a culture in which risk management is second nature.

In the end, colleges that successfully develop a risk culture will reap the rewards — accidents and reputational damage will be less likely. On the other hand, those that pay lip service to the issue or adopt a piecemeal approach may be setting themselves up for a fall.

To keep up-to-date with the latest trends in risk management for FE colleges, join the Marsh UK Education Forum on LinkedIn or visit uk.marsh.com/FEcolleges.

* *Making the Grade? A Marsh Survey into Risk Management in the Education Sector 2015*, London, 2015.

** *"Financial Decision Makers' View on Safety: What SH&E professionals should know"*, Professional Safety, 2009.

DID YOU KNOW?

**FAST
FACT**

The EU threshold above which public bodies must put contracts out to tender is £172,514.

HOW DO YOU CHECK YOUR EMPLOYEES' DRIVING RECORDS?

Since June 2015, the paper counterpart to the photocard driving licence has not been valid and is no longer issued by the Driver and Vehicle Licensing Agency (DVLA) in Great Britain. Therefore, you are no longer able to rely on the paper copy of the licence to check whether an employee is legally permitted to drive, or to discover any driving convictions your insurer may require you to disclose.

Information concerning endorsements and vehicle driver entitlement is now held on the DVLA's driver record, and can be accessed online, by phone, or by post.

The online facility *View My Licence* will allow an employee to generate a one-off "check code" to pass to their employer, allowing the employer to see the driving licence record including entitlements and/or penalty points with the driver's consent.

Should colleges wish to contact the DVLA for a licence check by post or by phone, they will be charged at £5 per check. In both instances the driver's permission is required.

The Marsh Adviser, *Abolition of Paper Counterpart Driving Licences*, sets out further the implications for colleges, advises on how to carry out licence checks, and provides additional guidance on other risk management actions to take.

Further information is available at: uk.marsh.com/education, the Marsh UK Education Forum on LinkedIn, and via the DVLA website.

IS YOUR COLLEGE PROPERLY PROTECTED DURING CONSTRUCTION WORKS?

These days, prospective students expect a high standard of college facilities, so everything from science labs to gymnasiums can represent a significant competitive advantage when it comes to attracting the new intake. This has led many colleges to invest a great deal in upgrading existing facilities and building new ones.

But what about insurance during construction works? Colleges have traditionally relied on the main construction contractor to provide insurance cover, but this approach can leave a college vulnerable in the event of contractor liquidation or a delay in completion.

One alternative is to cover construction risks by way of an owner-controlled insurance programme (OCIP). An OCIP is a project-specific construction policy that is procured by the property owner in the joint names of the main contractor and themselves. The OCIP arrangement provides protection during the lifecycle of a development, and lends itself to any construction-related project.

The benefits of a well-designed OCIP are many and varied. For instance, it will offer non-cancellable protection for the duration of works, while claims monies are paid directly to the college. In addition, this kind of arrangement rarely represents an additional cost. Indeed it may be more cost-effective overall since contractors will pass on insurance premiums in their tender bids — ultimately, the college pays for insurance whether it buys direct or not.

The benefits of OCIPs are not limited to the cost of cover, however — these programmes also provide more complete protection. For instance, if there was a major fire during the construction phase, which resulted in a delay in completion, the college could suffer a huge financial loss, including lost rent and the cost of finding alternative accommodation.

Under an OCIP arrangement, colleges can protect against these losses by including cover for consequential financial loss in the event of a delay. On the other hand, contractor-provided insurance would not cover these losses since the contractor has no insurable interest in the college's continued revenues.

Similarly, in the event of contractor liquidation, an OCIP would remain in place — so the partially completed site would still be protected even if the contractor defaulted and was no longer occupying the site.

In the end, the growth of OCIPs tells its own story. Over the last three years, the team at Marsh has placed more than 180 education-related OCIPs, ranging from a small college gymnasium extension to multi-million pound science laboratories and student accommodation schemes — clearly, colleges increasingly see this approach as both cost-effective and offering more secure cover.

Summer Building Works?

Is your college undertaking building works? Make sure risk management and insurance are both part of the process. Building works (especially any “hot works”, such as blowtorches) may require separate insurance, so check with your insurer or insurance broker.

NEWS IN BRIEF

How to Fight Supplier Fraud:

The summer is often the prime time for acts of supplier fraud to be committed. With contractors' hoardings often on display outside college buildings, opportunities exist, for example, for fraudsters, purporting to be from the building firms to see bank details. As the fraudsters are becoming increasingly skilled in their ability to misappropriate funds from colleges, a review of internal procurement policies and procedures could prevent a major loss.

Colleges are urged to remain vigilant when dealing with notifications of changes to bank account details from their suppliers, and, if necessary, to review their procedures for dealing with and verifying any changes.

To understand how training, IT systems, and well defined processes can protect your college against supplier fraud, please read our adviser guide *Supplier Fraud — The Key to Prevention is Education*, available at uk.marsh.com/education.

24 Hours Small Claims Settlement:

Did you know small claims can be settled within 24 hours? We understand that our clients want a faster, simpler, and more efficient claims-handling service. So for losses up to £2,500, RSA will settle claims within 24 hours of receipt of the relevant claim details and supporting documentation.

For further information, speak to your Marsh client executive today.

Have You LinkedIn® Yet?

Thank you to everyone who has joined Marsh UK Education Forum on LinkedIn®. The response from all those who have joined the group has been really positive and topics such as crisis communications, travel guidance, pandemic preparedness, and cyber risks have already been covered. The more of you that get involved, the more ideas and experiences will be shared, and the more useful it will be.



PAULA COOK — HEAD OF CLIENT SERVICES, (GENERAL INSURANCE) — MARSH



Where were you born?

I was born in Cuckfield, West Sussex.

Where did you study?

Central Sussex College, Haywards Heath.

What was your first job?

I was a receptionist for a Ford Main Dealer. I loved dealing with all the customers and took great pride in remembering their car registration numbers so that I could show them how much I cared!

What is your role with Marsh?

I am Head of Client Services — General Insurance (GI) and it is my role to ensure the smooth running of the GI support team based in Haywards Heath, so that all our clients receive only the highest level of service and advice. We pride ourselves on our high levels of client retention and you can only achieve this through excellence of service and the quality of advice provided.

What do you think are the key ways Marsh, as an insurance broker, can support an FE College?

Experience counts for a lot and the education practice has been working with schools and colleges since 1926. There's not much we haven't seen before, so I would encourage our FE College clients to see us as their own internal risk management/insurance functions. Any questions, no matter how big or small, please do ask.

From a "risk" perspective, if you could convince colleges to do one thing differently, what would it be?

Every college must have a detailed and thoughtful business continuity plan (BCP) that is supported and adopted by all the key stakeholders. Crucially, it must also be regularly tested and refined. Desk-top and full

participation exercises will ensure that lessons are learnt, knowledge is shared and responsibilities identified. You don't need to run through the whole plan every time, but key stakeholders must have confidence in it and understand the roles they play. You need to be ready for the call from the press, know what to do when there is a flood, and know how you are going to continue to educate if the college is closed due to an outbreak of illness within the teaching staff.

You are the Chartered Insurance Institute (CII) training champion for the education practice — why are the CII qualifications so important?

It's vital for personal career progression but also demonstrates a commitment to our core company values, ensuring that our clients receive advice from knowledgeable and highly qualified staff with whom they can build long lasting relationships based on trust.

What is the best bit of professional advice you've ever been given?

"Realise that you will make mistakes, the only way to make sure you do not is to do nothing".

What book are you currently reading?

"Put That Dog Out" by Jayne Leaney. Jane is my best friend and this is her first published book.

Favourite films:

Forest Gump and The Godfather.

First ever car:

A Vauxhall Viva. My father paid £50 for two identical blue Vivas. He decided to buy two on the basis that I would almost certainly crash the first one very quickly — I took great pleasure in proving him wrong!

Preferred weekend getaway destination:

Anywhere hot — the hotter the better.

For further information, please contact:

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