

THE INDEPENDENT LEADER



DOES YOUR SCHOOL 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 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 department can be expected to oversee everyday risk assessment and management across an entire independent school 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 pupils and staff at risk. Clearly, safety incidents at school 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 the summer 2015 edition of *The Independent 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 school 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 schools during construction works — which include more robust protection for costs and lost income 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 an interesting Q&A with John Allen from Independent Outdoor, who tells us about this year's annual conference, so please read on to find out more.

In the meantime, if the time to review your school's insurance arrangements is looming, we'd be delighted to explain how Marsh can help — so please do get in touch on 01444 335100 or development.team@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 schools 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 school, 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, independent schools 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 school 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 school, 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, schools 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 independent schools, join the Marsh UK Education Forum on LinkedIn or visit uk.marsh.com/education.

* *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**

From emergency phone numbers to a hazardous substances record, a library of templates to assist in the running of your school can be found at: ecclesiastical.com/educationhub.

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 schools 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 schools, 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 SCHOOL PROPERLY PROTECTED DURING CONSTRUCTION WORKS?

These days, prospective pupils and their parents expect a high standard of living, so everything from boarding rooms to science labs and gymnasiums can represent a significant competitive advantage over other schools. This has led many independent schools to invest a great deal in upgrading existing facilities and building new ones.

But what about insurance during construction works? Schools have traditionally relied on the main construction contractor to provide insurance cover, but this approach can leave a school 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 school. 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 school 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 school could suffer a huge financial loss, including lost rent and the cost of finding alternative accommodation.

Under an OCIP arrangement, schools 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 school'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 education team at Marsh has placed more than 180 education-related OCIPs, ranging from a small school gymnasium extension to multi-million pound science laboratories and student accommodation schemes — clearly, schools increasingly see this approach as both cost-effective and offering more secure cover.

Summer Building Works?

Is your school undertaking building works this summer? 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, opportunities exist, for example, for fraudsters, purporting to be from the building firms to seek bank details. As the fraudsters are becoming increasingly skilled in their ability to misappropriate funds from schools, a review of internal procurement policies and procedures could prevent a major loss.

To understand how to protect your school against supplier fraud, please read our new adviser guide *Supplier Fraud — The Key to Prevention is Education*, available at uk.marsh.com/education.

The Fine Art of Protecting Listed School Buildings: In June this year, we worked with Funding for Independent Schools (FIS) magazine and the insurer Ecclesiastical, to host a roundtable discussion focused on schools' fine art collections and the challenges of running a school in listed buildings. The event was a tremendous success, and we'd especially like to thank Rod Cook (bursar at Queen Elizabeth's Hospital School), Jo Baker (heritage officer at Westonbirt School), Eloise Kench (chartered building surveyor at Wells Cathedral School), Michael Stewart (assistant bursar at Clifton College), Shane Rutter-Jerome (former bursar at Cranleigh School), and Laura O'Hagan (associate director at BuckleyGrayYeoman architects), who all contributed to a fascinating discussion.

A summary of the discussion will feature in the September issue of FIS magazine, so be sure to pick up a copy — and please do get in touch if you would be interested in attending future roundtable events.

UPCOMING EVENTS

28 - 30 September

IAPS Annual Conference
Celtic Manor Resort, Newport

16 November

Independent Outdoor Annual Conference
Plas y Brenin, Conwy



JOHN ALLEN — CHAIR INDEPENDENT OUTDOOR (IO)



Where were you born?

I was born in Portadown, County Armagh, Northern Ireland.

Where did you study?

Bangor Grammar School, followed by University College of Wales, Aberystwyth.

What was your first ever job?

I joined the circus! At age 15, I was a follow-spotlight operator at Fossett's Circus.

How did you become involved in the education sector?

I started out in residential outdoor pursuits with the Outward Bound Trust, and then moved to Birkdale School, Sheffield, as head of outdoor pursuits, and later chaplain, more than twenty years ago.

What is your role with Independent Outdoor (IO)?

I am chair to a team of three, with Eric Cittanova (treasurer) from Manchester Grammar and Rory Sellar (secretary) from Abbotsholme School.

What are the benefits of joining IO?

Members have access via the website to up-to-date information on issues facing outdoor pursuits practitioners in independent schools and contact with other like-minded colleagues for networking and support. We share a lot of advice informally between members both through the year and at the annual conference.

Tell us about this year's annual conference?

This year's conference takes place on Monday 16 November at Plas y Brenin, the National Mountain Sports Centre in North Wales. This year we are excited to be welcoming Tim Gill and Professor David Ball to speak to us about risk in all

its glory, including how to manage it, examples of some less-than-encouraging episodes of risk management, plus some predictions about how the landscape of risk and young people is likely to look in 20 years' times.

Tim is a leading thinker in this area; see his website www.rethinkingchildhood.com. His excellent and thought-provoking book *No Fear* is available for free download from the IO website.

David is Professor of Risk Management at Middlesex University, with a vast body of work experience in this area; see his website www.davidjball.com. He teaches on risk management to Doctoral level, and has acted as an expert witness on a range of cases related to the outdoor sector.

More information about the conference is available at www.independentoutdoor.org.uk.

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

Eat regular, balanced meals, and get plenty of sleep.

What book are you currently reading?

The Bible (a few chapters, most days) and, of course, *No Fear* by Tim Gill.

Favourite films?

The Shawshank Redemption and *Napoleon Dynamite*.

First ever car?

A Fiat 126, white, two-door and 500c of throbbing power!

Preferred weekend getaway destination?

North Wales, to go climbing.

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