

10. Consultation Response to Sickness Absence and Maternity Leave Pooling Arrangements

1. Introduction

- 1.1. The Local Authority (LA) consulted on changes to the Sickness Absence and Maternity Leave Pooling Arrangements. The consultation was published on 4th September 2019 and the deadline for responses was 30th September 2019.
- 1.2. The proposal from the LA was to cease these arrangements with effect from 1 April 2020 or fully recover administration costs of £30,000 p.a., where maintained schools who choose to participate are required to contribute for at least two years. This would allow the LA to employ a resource.

2. Background and context

- 2.1. At the time of inception of sickness absence and maternity leave schemes there was no external market or providers. However, there are now many specialist providers in the market able to offer an enhanced product.
- 2.2. The current arrangements have evolved over time. Originally these schemes were funded via a central dedicated schools budget and later through de-delegation. Risk was shared with all maintained schools. There is a current administration charge of £5,000 per annum, charged across participating institutions in proportion to contributions.
- 2.3. The pooling arrangements were initially set up at the request of schools to share the risk of additional costs when there is sickness or maternity absence.
- 2.4. The Authority is not legally obliged to provide any pooling arrangement or scheme.
- 2.5. Under the current arrangements, schools and children centres are required to contribute at a published rate per the FTE (Full Time Equivalent) of their staffing establishments at the beginning of the financial year. Claims are usually settled termly in arrears. The final balance of the pool is returned in proportion to contributions if in surplus. Should there be a deficit, schools are billed to cover the shortfall.
- 2.6. The scheme requires significant administration (£30,000 p.a.) which is currently not recovered through charges. If the scheme continues then the administration cost will be added to the current annual charge. The marginal cost of administration per FTE member of staff will increase as the total number of FTE of participants falls.

FTEs	Administration charge per FTE
400	£75
200	£150
100	£300

- 2.7. In 2017/18, there were 76 participants contributing £1.203m of which 46 were net contributors. In 2018/19, pooled contributions were £1.123m with 69 participants, of which 35 were net contributors. So far in 2019-20 there are 59 participants. Net contributors are defined as those schools who have contributed more to the pool, than have claimed.
- 2.8. As more schools purchase cover from external providers, the number of contributing schools will decrease, leading to significantly higher contribution rates per FTE as the number of schools in the pool falls.
- 2.9. Premiums to external providers should be relatively stable and should enable better planning at schools.
- 2.10. All claims for financial year 1 April 2019 to 31 March 2020 will be processed. Schools may wish to start making enquiries about alternative cover well ahead of the start of the new financial year.

3. Proposals

- 3.1. **Either** close the scheme from 1 April 2020;
- 3.2. **Or** continue with the arrangement, fully recovering the additional costs to employ an administration assistant on a 2-year fixed contract, and where maintained schools who choose to participate, will be required to commit to contributing to the scheme for a minimum of 2 years”.
- 3.3. **And** as the scheme is not available for academies, any school converting, will be required to pay the administration costs for the remaining term of the agreement, but will not participate in the scheme thereafter

4. Responses to consultations

- 4.1. The consultation was published on 4th September and the deadline for responses was 30th September. Heads were reminded about the consultation by email on 26th September.
- 4.2. The LA received 3 responses from schools regarding the Sickness absence and Maternity Leave Pooling arrangements. All 3 responses were in favour of accepting the new funding structure and keeping the scheme.
- 4.3. The Local Authority will not be able to recover its costs based on the contributions from just 3 schools, therefore it will discontinue the Sickness Absence and Maternity Leave Pooling Arrangements from 1st April 2020.

v) Recommendation – Members are asked to note the council’s decision.