

Update on Changes to the Sickness Insurance Scheme for Maintained Primary, Special and Nursery Schools

Key Messages

Forum members are asked to:

- Note the changes being made to the sickness insurance scheme for maintained primary, special and nursery schools.

1. Introduction/background

1.1. The sickness insurance scheme is owned by, and is only available to, Sheffield delegated primary, special, nursery schools and inclusion units as defined in Annex A of the current Sheffield Scheme for Financing Schools (Appendix 1).

These schools have the option to pay premiums to the scheme each year to cover sickness for teachers and other groups of staff within the school. Benefits are paid out using HR information to determine the full-time equivalent (FTE) of the claimant during the period of the sickness.

1.2. The overall surplus or deficit balance from the scheme each year is carried forward in reserves to the following year and considered in the calculation of premiums. A premium rebate may be given where the reserve fund balance is higher than prudently required. Similarly, if the contingency falls below acceptable levels in one year, premiums and benefits may be adjusted in the following year to rebuild reserves.

2. Current Position

2.1. Over recent years, as more schools have become academies, the number of maintained schools opting in to the scheme has reduced. Whilst the current scheme is still considered viable, with fewer schools to pool the risk, it is more sensitive to extreme levels of sickness.

2.2. The scheme currently allows for a low-claim discount. Where a school claims a total value of less than 25% of its premium in any one financial year, it is entitled to a discount of 10% (of that year's premium), deducted from the subsequent year's premium. Currently there is no upper limit to the amount a school could claim in any one year.

3. Changes to 2025/26 Sickness Scheme

3.1. The following change is proposed and will be implemented from 2025/26:

- Where a school claims a total value of more than 200% of its premium in any one financial year, the LA reserves the right to deny further payment of benefits in that financial year.
- 3.2. The LA will review the level of reserves in deciding whether or not any payment above the 200% limit is to be restricted. This should help protect the scheme.
- 3.3. The scheme stipulates that the LA reserves the right to suspend operation of the scheme, if there is insufficient participation. Should this situation arise, it is proposed that any surplus/deficit balance remaining in the scheme will be transferred to the general Dedicated Schools Grant (DSG) reserve balance less any winding up costs.

4. Recommendations

Forum members are asked to:

- Note the changes to the sickness insurance scheme for maintained primary, special and nursery schools.