

Independent Schools risk guide – major loss



Major loss events, such as a significant fire or flood, can have a devastating, lasting impact on independent schools. How a school handles a business interruption, from the drama of the live incident, through to the shape and pace of recovery, is crucial for both its financial health, and its reputation.

Schools need to strengthen their response to such risks and not dismiss them as unlikely. In 2016, Zurich Municipal's Major Loss Team received claims with an average cost of £740,000 from education establishments.

Cash flow challenges are the sector's number one concern, so the costs associated with a possible major loss need to be recognised.

Here, we focus on two of the top major loss risks to independent schools – fire and flood – and look at how to minimise them. We also explore key considerations for achieving a comprehensive Business Continuity Plan, so that if the worst happens you can respond quickly and effectively and minimise disruption to your school and your students.



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*Paul Redington, Zurich
Municipal Major Loss Team*

The devastating results of a fire

Of all the potential major loss incidents, fire attracts the most attention and can be the most devastating, often spreading quickly once it takes hold.

1. Hot works

One of the most common, and least obvious, causes of school fires is hot works – any operation using open flames or applying heat and friction, as in construction, demolition, renovation and maintenance.

Contractors typically carry out work on school premises to tight deadlines, out of term-time, to avoid disruption, meaning major incidents can happen out-of-hours too. Fires caused by hot works can happen where corners have been cut with safety procedures or equipment.

To minimise the risk, schools should ensure external contractors are carefully selected and have the right level of insurance cover, incorporating a compulsory written hot work permit programme for the project. This requires contractors to identify vulnerabilities in the worked-in property before starting, and ensure hot works activity is supervised and documented.

2. Electrical faults

These present a prominent fire risk, particularly in traditional, older properties, and could be caused by any electrical appliance – from kettles in the staff room to 3D printers in the technology classrooms.

Schools can reduce electrical fault risk by routinely carrying out Portable Appliance Testing (PAT) of electronic equipment. Electronic installations can be inspected and tested by an approved contractor.

3. Arson

Arson, where it occurs, is typically carried out by children trespassing on unoccupied school property during the holiday period. Reviewing the security you have in place to deter this behaviour is key. Do you have an out-of-hours security team or CCTV, and are your grounds well-lit so CCTV can be effective? Are your building access points and boundaries secure?

Prevent fires occurring

Take time to map out how a fire in different parts of the school site could develop. Clearly assess the vulnerable points at each location, and what assets could be affected. Other fire-prevention protections, such as fire doors, will be factored into building regulations requirements. Smoke detectors, fire alarms, sprinklers and fire extinguishers should all receive regular checks. Staff and pupils should receive regular guidance on what they should do if a fire occurs and fire wardens should receive regular training.

The threat of flood

Serious flooding can be just as devastating as a fire. Figures released by the Association of British Insurers (ABI) in 2016 suggest the economic losses from flood and storm damage will exceed those from two years ago during the wettest winter on record, with insurers paying out about £1.3bn for claims following a series of storms and heavy rainfall.

When tackling the threat of flooding, it is useful to start by accepting three realities:

1. Water might get into your property.
2. Flooding can happen at any time (not just winter).
3. At-risk schools aren't always near a body of water. As the 2015 floods in South East England showed, urban sites can also be severely affected by surface run-off on impermeable, urban surfaces, or overwhelmed drainage systems.

Minimise flood risk

Schools should look at the nature of their property, where it is located, and what flood alleviation measures could help. A specialist flood risk surveyor can instruct on the most appropriate preventative measures for your school property.

Your Business Continuity Plan checklist

- ✓ Have you recently updated your BCP?
- ✓ Do you know the vulnerabilities in your school's property?
- ✓ Can you access your BCP off-site in a major loss event?
- ✓ Have you had a 'dry run' of your BCP response?
- ✓ Do stakeholders know the protocol in a major loss event?
- ✓ Do staff know what their roles and responsibilities are, and who to contact?
- ✓ Is your contacts list current?
- ✓ Have you established how stakeholders will be informed and updated?
- ✓ Do you know who is responsible for agreeing media statements or giving interviews?
- ✓ Have you identified potential business interruption needs and who could address these, e.g. a professional clear-up team or temporary school buildings supplier?

For more advice, talk to us about our free Business Continuity Management toolkit for schools.

Contacting your local authority, and the Environment Agency in your region, can boost an understanding of your flood risk. They can also advise on the local flood warning system, the trigger points for action, and link you into that process. Knowing as early as possible if flooding is expected will enable you to take precautionary steps such as moving expensive equipment like interactive whiteboards out of reach.

Other practical pointers include siting electrical fittings, such as sockets, out of the reach of any water, and making sure that prized items are kept well above floor level. Your school could also look into using water-resilient plaster or fitting non-return valves on pipework. Additionally, consider whether it is worth investing in demountable or temporary flood protection systems, such as flood barriers for doorways, to use as and when the need arises.

Bringing it all together: Your Business Continuity Plan

A bespoke and practical strategy for dealing with any major loss incident, whether fire, flood or other key risks, should come together in your school's Business Continuity Plan (BCP).

Your BCP needs to be "constantly evolving", says Paul Redington of Zurich Municipal's Major Loss Team. "Maybe you've had an extension, a change in staff, or your key contacts have moved on. Whatever the change, the BCP needs to reflect it.

"Major loss events are very traumatic, with a lot of noise, disruption and sometimes stress. The schools that have hit the ground running following an incident are the ones who have a plan beforehand."

Getting back up and running

How long will it take to get back to normal after a major incident? The short answer is that unfortunately the process of recovery can take longer than anticipated. School rebuilds can be held up if planning permission needs to be sought and approved – even if replicating the original building is proposed. Regulations associated with the green agenda, conservation and listed buildings can also influence recovery time.

Redington says: "Engaging with your local authority planning officer as early as possible is highly advised. The sooner you inform them of what has happened and what you expect you will need to do, the better.

"New buildings have to comply with modern building and sustainability requirements. If a listed building is damaged or destroyed you need to be prepared to replicate its specific features, using specific materials, which could be costly or difficult to source."

How can we help?

Zurich Municipal offers a wealth of information on fire and flood risk management. From day one of an event, Zurich Municipal's Major Loss Team provides comprehensive support to customers experiencing a major loss. The team prides itself on its tailored, customer-centric service, with staff based regionally to respond rapidly to independent schools' needs.

To find out more about how we can support you, speak to your Risk and Insurance Consultant, or contact:



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