

**5<sup>th</sup> June 2015****Agenda Item: 4b**

## **Cost Recovery Mechanism (CRM) Audit**

### **Purpose of the Report**

Following discussion at the Schools Forum meeting on 2 February 2015 Sally Bates (Chair of Schools Forum) requested an audit of the Cost Recovery Mechanism (CRM) for discussion at the next planned meeting on 5 June 2015.

### **Background**

1. The system known as the cost recovery mechanism (CRM) is to recover a contribution of £15,000 per year on a pro rata basis towards the cost of alternative provision for Secondary School pupils and was approved by Schools Forum on 20 June 2013. A contribution of £10,000 per year on a pro rata basis towards the cost of alternative provision for Primary School pupils was approved on 6 February 2014. CRM includes the AWPU, which is recovered by schools finance once a permanent exclusion is upheld by the schools disciplinary committee.
2. This report provides evidence to enable the Schools Forum to consider whether the CRM process is being applied in a fair and transparent way. The information provided is in relation to both Primary and Secondary permanent exclusions since June 2013, where CRM has been applied.
3. Appendix A (attached) shows evidence of CRM applied to schools who permanently excluded pupils after 20 June 2013 (Secondary Schools) and 6 February 2014 (Primary Schools) where the individual school or Partnership's quota of Local Authority/PRU places has been exceeded.
4. There were 73 Secondary Permanent Exclusions between 21 June 2013 and 16 March 2015 and three Primary Permanent Exclusions between 6 February 2014 and 19 March 2015.
5. CRM is applied in those cases where a School or Partnership's number of permanent exclusions exceed their notional quota of places in the PRU or Local Authority provision. It follows that CRM is not recovered in all cases of permanent exclusion, however for all permanent exclusions a proportion of the school's AWPU for that pupil is automatically recovered by the Local Authority.

### **Permanent Exclusions**

6. Of the 76 permanent exclusions between 21 June 2013 and 16 March 2015, CRM was applied to 31 permanent exclusions from 10 excluding secondary schools and three

permanent exclusions from three excluding primary schools between 06 February 2014 and 19 March 2015.

- In the 31 cases the total amount of AWPU recovered from Secondary schools (since June 2013 where CRM is recovered), is £67,057
- In the 3 cases the total amount of AWPU recovered from Primary schools (since February 2014 where CRM is recovered), is £1,596
- The total amount of CRM recovered from Secondary schools since June 2013 is £167,332
- The total amount of CRM recovered from Secondary schools in academic year 2013/2014 is £76,925
- The total amount of CRM recovered from Secondary schools in academic year 2014/2015 (to date) is £90,407
- The total amount of CRM recovered from Primary schools since February 2014 is £4,465
- The total amount of CRM recovered from Primary schools in academic year 2013/2014 is £0. The Flying High Academy is in dispute with the Local Authority about the recovery of £2,571
- The total amount of CRM recovered from Primary schools in academic year 2014/2015 (to date) is £4,465.

## 7. Summary of permanent exclusions where CRM applies

### Secondary Exclusions

Partnership	Excluding School	No of p/ex
Gedling	Carlton le Willows	1
South Broxtowe	George Spencer Academy	1
South Broxtowe	The Bramcote School	1
Rushcliffe	The South Wolds Academy	1
Sherwood District	Joseph Whitaker	1
SHENK	Eastwood Comprehensive (Hall Park Academy)	2
SHENK	The National CofE Academy	1
None	The Samworth Church Academy	7
Outwood	Outwood Academy; Valley	10
Outwood	Outwood Academy; Portland	6

### Primary Exclusions

Partnership	Excluding School	No of p/ex
Mansfield	Flying High Academy	1
Gedling	Arnbrook Primary School	1
Mansfield	Newlands Junior School	1

8. Of the 34 permanent exclusions for which CRM was applied the table below shows the numbers, provision costs and CRM recovered by key stage:

Partnership	Excluding School	No of p/ex	KS2	KS3	KS4
Gedling	Carlton le Willows	1		1	
Gedling	Arnbrook Primary School	1	1		
South Broxtowe	George Spencer Academy	1			1
South Broxtowe	The Bramcote School	1			1
Rushcliffe	The South Wolds Academy	1		1	
Sherwood District	Joseph Whitaker	1			1
SHENK	Eastwood Comprehensive (Hall Park Academy)	2			2
SHENK	The National CofE Academy	1		1	
None	The Samworth Church Academy	7		4	3
Outwood	Outwood Academy; Valley	10		4	6
Outwood	Outwood Academy; Portland	6		2	4
Mansfield	Flying High Academy	1	1		
Mansfield	Newlands Junior School	1	1		
<b>Total</b>		<b>34</b>	<b>3</b>	<b>13</b>	<b>18</b>
<b>CRM recovered (June 2013 – March 2015)</b>			<b>£6,061</b>	<b>£79,161</b>	<b>£155,228</b>

<b>Estimated Provision Costs (2015/16)</b>		<b>£27,538</b>	<b>£107,287</b>	<b>£288,649</b>
--	--	----------------	-----------------	-----------------

9. The total estimated cost of alternative provision for the financial year 2015/16 is £408,239 (for learners where CRM has been applied). With the closure of the third and last PRU from 31 August 2015 it is now possible to quantify the total estimated cost of alternative provision for financial year 2015/16.

10. Of the three Primary Permanent Exclusions between 6 February 2014 and 19 March 2015, CRM was or will be applied to all three excluding schools. Below are case examples for the three primary permanent exclusions:

a) CRM was applied to The Flying High Academy, Mansfield for the permanent exclusion of a year 6 learner on 31 March 2014. The Flying High Academy has repaid the AWPU amount of £1,026 claimed by Schools Finance but are in dispute with the Local Authority for the remaining CRM amount of £2,571. The learner attended REAL Education alternative provision during summer term 2014 commissioned by the Local Authority at a cost of £12,167, and was placed by the Local Authority in new specialist provision in autumn 2014 through the statutory Education, Health and Care (EHC) process from when CRM no longer applied.

b) CRM was applied to Arnbrook Primary School, Gedling for a year 6 primary learner who was permanently excluded in summer term 2014. The pupil was integrated into a mainstream Secondary school in spring term 2015 and money recovered from Arnbrook School was used to support reintegration. The CRM principle agrees that

*'excluding schools will be expected to contribute funding as long as the Pupil attends provision commissioned by the Authority'*. The CRM amount of £5,035 plus £570 AWPU was applied to the excluding primary school whilst the learner remained the Local Authority's statutory responsibility. The learner attended First Class Tailored Solutions alternative provision commissioned by the Local Authority at a cost of £3,249 and the remainder was transferred to the new school to support reintegration during autumn term 2014.

- c) The third primary permanent exclusion was a year 6 learner excluded on 18 March 2015 from Newlands Junior School, Mansfield. The AWPU has not yet been reclaimed by Schools Finance but once this has been recovered the remaining CRM amount will be applied. The learner attends Community Farm, an alternative provision commissioned by the Local Authority at an estimated cost of £10,336 for this financial year.

11. For all permanent exclusions, the Local Authority is statutorily responsible for commissioning provision. Currently, permanently excluded learners from schools in the West locality attend Oakdale Learning Centre. Following the closure of the PRUs in the South and North localities (Daybrook Learning Centre and Bassetlaw Learning Centre) pupils who are permanently excluded from schools in these localities attend alternative provision commissioned by the Local Authority. From September 2015 there will be no PRUs in Nottinghamshire and all commissioned provision for permanently excluded learners will be with alternative provision.

12. The majority of alternative provisions only offer KS4 provision. For KS2 and KS3 permanent exclusions there are a limited number of alternative provisions.

## **Commentary**

- i) In the vast majority of cases schools are cooperating with the CRM process.
- ii) The operation of CRM together with the development of partnership working has coincided with a reduction in the number of pupils being permanently excluded.
- iii) The total monies recovered through CRM are significantly less than the costs of provision made by the Local Authority. It follows that the Local Authority is required to retain monies which would otherwise be devolved to Partnerships to fund this shortfall.
- iv) The costs of Alternative Provision appear to be affected by the range of provision available within each key stage.

The operation of the CRM process has provoked debate around the levels of CRM, including consideration of whether:

- to maintain the current levels of CRM?
- to increase the current levels of CRM?
- to bring different levels of CRM between primary and secondary schools into line?
- to replace a fixed CRM level with recovering the full and actual cost to the Local Authority of commissioning alternative provision?

## **RECOMMENDATION**

That the Schools Forum notes the content of this report.

**For any enquiries about this report please contact:**

**Charles Savage**

T: 01623 433316

E: charles.savage@nottscc.gov.uk