

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

### **Purpose of the Report**

To provide detail of the outcome of consultation on possible changes to the CRM mechanism, and to make recommendations following this consultation.

### **Background**

1. A report was considered by Schools Forum on 5<sup>th</sup> June, 2015 (**see appendix A**) which provided data on the use of the CRM mechanism since it was first introduced.
2. The commentary to this report noted that:
  - 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.
3. At the Schools Forum meeting on 15<sup>th</sup> September, 2015 consideration of the minutes of the previous meeting in June 2015 identified the need for a more in-depth discussion of the operation of CRM. It was wrongly reported that a detailed piece of work around CRM was already being undertaken by the Local Authority. Following subsequent exchanges between members of Schools Forum and the Local Authority, it was agreed that the Local Authority would carry out a consultation with partnerships of schools regarding possible changes to the CRM mechanism. (An update showing the numbers of permanent exclusions and the costs associated with making alternative educational provision up to 31<sup>st</sup> December, 2015 is provided as **appendix B**)
4. School Partnerships were written to week beginning 5<sup>th</sup> January, 2016 to provide answers to consultation questions regarding CRM (**see appendix C**). Given the relatively short period of consultation, if further responses are received before the Schools Forum meeting, these will be incorporated into an updated report presented on the day.

### **Outcome of the consultation**

5. At the time of writing this report the Local Authority has received sixteen responses. A summary of the responses to each of the seven questions can be seen in the table below:

<b>Question</b>	<b>Yes</b>	<b>No</b>	<b>Unclear Y/N response</b>
Should CRM be used to support reintegration?	11	1	4
Should the current levels of CRM be maintained? £10,000 Primary CRM £15,000 Secondary CRM	6	5	5
Should the current levels of CRM be increased according to key stage?	5	6	5
Should the different levels of CRM between primary and secondary schools be brought into line?	2	9	5
Should the fixed CRM level be replaced with recovering the full and actual cost to the Local Authority of commissioning alternative provision?	4	9	3
Should the fixed CRM level be replaced with recovering the full and actual cost to the Local Authority of commissioning alternative provision plus supporting re-integration?	4	7	5
Should the AWPU be separated from the CRM amount?	7	3	6

## Summary of Comments

Question	Summary of comments
Should CRM be used to support re-integration?	<ol style="list-style-type: none"> <li>1. Yes, it can often be essential depending upon the individual circumstances. It is unlikely a smooth transition will take place for these types of students &amp; it's often complex</li> <li>2. If the money is available and there are extra costs associated with the reintegration then it should be</li> <li>3. Yes in cases of px this money has to be used for reintegration purposes</li> <li>4. Only for one term (£5000) maximum</li> <li>5. CRM could in some circumstances be used to support the reintegration of a pupil to mainstream education. Schools within the Gedling 4 schools already work closely together to support managed moves and offer support to individuals without the need for this recovery in most circumstances. Where a reintegration is not successful the excluding school has very little influence on the outcome of the move and how the money is spent</li> <li>6. It should be used to support reintegration back into another school, where is the incentive to take on a PX pupil?</li> <li>7. I think that it should be used to support reintegration for students who are ready to attend mainstream school. If a student is not ready then the appropriate package of support should be put in place to ensure that the student can be successful</li> <li>8. In theory this is a good idea but unsure how this could work in practice</li> <li>9. I would prefer to see the 'excluding' school driving the reintegration alongside the LA, having had the most experience and understanding of the pupil. I know that I would want to ensure all details are available for consideration and this can only be done via open dialogue. I am more than happy to work across county or from county to city</li> <li>10. Yes – as long as the pupil involved is in receipt of HLN and the school is demonstratively not engaging with the local Behaviour Partnership. Any headteacher could face an unexpected situation (eg a child could, out of the blue, physically attack another pupil) that is so serious that the headteacher is left with no choice but to permanently exclude. It seems unfair to impose a charge on the school for something that could be predicted. I think by linking the CRM to the school's actions before the permanent exclusion could ensure the minority of schools mentioned in the briefing be forced to recognise they cannot simply move pupils by the use of exclusion. I believe the vast majority of schools see exclusion as the last resort and would only do so when they are left with no choice. In my experience this happens when they do not have a sufficient level of funding in order to offer the support a child needs to enable them to stay in mainstream. Hence linking it to HLN. The actual process of this would obviously require further exploration. It is my experience, through my involvement with the Rushcliffe SBAP, that schools often feel they are left with no alternative but to exclude when they cannot meet the needs of pupils with significant and</li> </ol>

	<p>complex SEN and the headteachers have to make a judgment about ensuring the health and safety of staff and pupils against their ability to include pupils with such needs. If they could meet the pupils' needs they would not have to exclude.</p>
<p>Should the current levels of CRM be maintained?  £10,000 Primary CRM  £15,000 Secondary CRM</p>	<ol style="list-style-type: none"> <li>1. I believe that they should be rigorously recovered and at a higher level than currently</li> <li>2. For secondary schools the MINIMUM should be £15k. In reality providing appropriate and effective provision for some learners costs much more than £15k therefore I would either like the amount increasing or a commitment to meet the actual costs of providing suitable provision for an px student</li> <li>3. Although The Redhill Trust is not fully in agreement with the process of CRM, whilst the MoU is in place the £15,000 should be the maximum level charged to academies. We also believe that primary schools should continue to be charged less than secondary, due to budget restrictions.</li> <li>4. It should be used to support reintegration back into another school, where is the incentive to take on a PX pupil?</li> <li>5. £15,000 is largely in line with the national average for a place at a PRU. The fact that alternative provision in the private sector is often more expensive is a matter that has been created by the lack of LA provision due to closure. Any increase in CRM for schools begins to make forward planning challenging with regarding to making internal/group responses</li> <li>6. Potential for a sliding scale based on number of PX's per year? Reduce multiple exclusion whilst also protect smaller schools/budgets</li> <li>7. It is hard to answer that question. I suppose it depends on the purpose of the money if it is to support the students education package in the future then it probably isn't enough but if it is for some other purpose e.g. to deter exclusions then I am sure it does that for some schools</li> <li>8. Perhaps it could be applied in escalation of costs as the number of students you exclude increases e.g. 1<sup>st</sup> pex £15,000 2<sup>nd</sup> £18,000 3<sup>rd</sup> £20,000</li> <li>9. Difficult one! The emphasis should surely be on reducing the time out of education rather than amount spent. For some pupils, this may be minimal depending on the reason for the permanent exclusion. If the student has been presenting as particularly challenging for some time, partnerships will be aware of this and will have already discussed options and tried interventions. The likelihood is, that for those who are the most challenging, this funding will not touch the sides, but equally, for those who simply need a fresh start due to a poor choice (ie a 1 off incident which is not typical of the student but equally cannot be dealt with in any other way) then the CRM appears to be inflated.</li> <li>10. Should be maintained for primary. If £15,000 doesn't cover costs, including support of reintegration, then increase. Some schools who would have pexed have sought full time off site provision for their students or a managed move within the partnership.</li> </ol>

<p>Should the current levels of CRM be increased according to key stage?</p>	<ol style="list-style-type: none"> <li>1. Increased so that they are in line with each other</li> <li>2. For secondary schools the MINIMUM should be £15k. In reality providing appropriate and effective provision for some learners costs much more than £15k therefore I would either like the amount increasing or a commitment to meet the actual costs of providing suitable provision for an px student</li> <li>3. the current levels should remain the same with an increase from £10,000 to £15,000 seeming reasonable between KS2 and 3, however there should not be a further increase between KS3 and 4</li> <li>4. Potential for a sliding scale based on number of PX's per year? Reduce multiple exclusion whilst also protect smaller schools/budgets</li> <li>5. It is clear that good quality KS3 provision is severely lacking and what is on offer is extremely costly and not always conducive to reintegrating pupils back into school. There appears to be more varied, cost effective provision at KS4 than KS3</li> <li>6. It is hard to answer that question. I suppose it depends on the purpose of the money if it is to support the students education package in the future then it probably isn't enough but if it is for some other purpose e.g. to deter exclusions then I am sure it does that for some schools</li> <li>7. The cost of KS2 and KS3 provision is often more expensive and harder to find but perhaps the size of the school could be taken into account</li> <li>8. Given the changes that progress 8 is bringing in, I think that the pressure on secondary schools to perform may well end up outweighing the current levels of CRM. Intensive work at ks1/2 is believed to be much more beneficial than at any other time so this would suggest a greater investment at this stage</li> <li>9. Yes as higher costs to source GCSE provision. (KS4)</li> </ol>
<p>Should the different levels of CRM between primary and secondary schools be brought into line?</p>	<ol style="list-style-type: none"> <li>1. Increased so that they are in line with each other</li> <li>2. Can't really comment on primary but if it was increased this might reduce the numbers of px</li> <li>3. No, we believe that primary schools do not have the same capacity as secondary and therefore the current CRM charges should remain the same</li> <li>4. Yes – particularly between KS2 and 3</li> <li>5. I don't think that would work for primary schools as it would end up with them not being able to permanently exclude students when that might be necessary in some extreme circumstances</li> <li>6. The cost of KS2 and KS3 provision is often more expensive and harder to find but perhaps the size of the school could be taken into account</li> <li>7. I think that the levels should be directed towards the individual student (see previous response) in the same way that high needs funding is accessed for SEN students etc</li> <li>8. This would be unfair given the size of primary budgets and these schools have usually done everything to prevent it.</li> </ol>

<p>Should the fixed CRM level be replaced with recovering the full and actual cost to the Local Authority of commissioning alternative provision?</p>	<ol style="list-style-type: none"> <li>1. No - this may well impact negatively on the full body of learners within the academy</li> <li>2. No – this would leave schools responsible for a cost over which they have no control</li> <li>3. No, the £15,000 currently in place should be the maximum level. Instead of increasing the cost of CRM the Local Authority should look to broker a better deal with alternative education provision or reintegration packages</li> <li>4. I would suggest that a second PX school should not be placed under the same CRM. It creates a reluctance to take on a PX pupil through fear of being left with CRM for a child who already displayed behaviour not conducive to school</li> <li>5. No – as school would have no way of budgeting for proactive uses of the funding allocated as there would be no control over the provision of a pupil who may require significant input due to any form of additional need</li> <li>6. Again it depends on the purpose of the CRM. Schools should not be permanently excluding students just to avoid having to pay for expensive alternative provision, equally there should be funding or support available more readily for students for whom mainstream education is not appropriate. I do not think an individual school should be expected to pay for an expensive provision without them having access to financial support solely on the basis of a child living in their catchment</li> <li>7. This is very difficult depending on the partnership. SHNK is a low excluding partnership and only p ex’s students as a last resort. We are therefore penalised as a partnership as the money for funding the p ex students is taken off the money given to partnerships before it is allocated. Perhaps money should be taken from high excluding partnerships and the rest of us given more money to fund our students provision which often means we do not have to p ex</li> <li>8. No – inherited problems over prolonged periods/across counties/key stages/schools do not allow for such a narrow outlook. This will essentially lead to schools doing their utmost to not have any ‘difficult’ students in for fear of the bill that they may incur. Where would the students go then? How would the CME teams track/support them?</li> <li>9. Yes if it’s above current levels</li> <li>10. No LA have statutory duty and take funds related to this already</li> <li>11. This could be akin to writing a blank cheque. In order to provide what some pupils need a huge amount of money may need to be spent and this cost should not fall on the school.</li> </ol>
<p>Should the fixed CRM level be replaced with recovering the full and actual cost to the Local Authority of commissioning alternative provision plus supporting re-integration?</p>	<ol style="list-style-type: none"> <li>1. No - this may well impact negatively on the full body of learners within the academy</li> <li>2. No – this would leave schools responsible for a cost over which they have no control</li> <li>3. No, the £15,000 currently in place should be the maximum level. Instead of increasing the cost of CRM the Local Authority should look to broker a better deal with alternative education provision or reintegration packages</li> </ol>

	<ol style="list-style-type: none"> <li>4. No – as school would have no way of budgeting for proactive uses of the funding allocated as there would be no control over the provision of a pupil who may require significant input due to any form of additional need</li> <li>5. I would suggest that a second PX school should not be placed under the same CRM. It creates a reluctance to take on a PX pupil through fear of being left with CRM for a child who already displayed behaviour not conducive to school</li> <li>6. I think there definitely needs to be some way of funding a re-integration programme for permanently excluded students to go back in to school. I don't know how much money should be set aside for this or the way in which it is funded but it would make re-integration more likely to be successful if students had additional support where needed</li> <li>7. This is very difficult depending on the partnership. SHNK is a low excluding partnership and only p ex's students as a last resort. We are therefore penalised as a partnership as the money for funding the p ex students is taken off the money given to partnerships before it is allocated. Perhaps money should be taken from high excluding partnerships and the rest of us given more money to fund our students provision which often means we do not have to p/ex but supporting the reintegration is great in theory</li> <li>8. I think that most schools will want to do their utmost to get their pupils into the right environment and as such would want to be part of the reintegration/transfer package. Should it not be the case that all schools are obliged to communicate fully and openly as in the behaviour partnerships which function successfully – nothing will move forward for the pupil otherwise and they will simply be moved continuously. Schemes such as Positive Futures are massively influential in this type of situation due to the links that they have within the community as well as with schools. It will be a huge blow when their funding stops at the end of this year</li> <li>9. Supporting reintegration is critical if it is to work ---yes Proactivity is essential</li> <li>10. Only through a general amount taken from the AWPU across all schools to cover anticipated costs, with adjustments being made the following year if this amount is not used for its purpose</li> <li>11. No LA have statutory duty and take funds related to this already</li> <li>12. This could be akin to writing a blank cheque. In order to provide what some pupils need a huge amount of money may need to be spent and this cost should not fall on the school.</li> </ol>
<p>Should the AWPU be separated from the CRM amount?</p>	<ol style="list-style-type: none"> <li>1. The AWPU should also go to the receiving school &amp; I believe that re-integration monies should be allocated as well</li> <li>2. No the £15,000 should be the maximum amount charged and the CRM funds should be used appropriately in order to bring about a successful reintegration or alternative provision, as appropriate to the individual student</li> <li>3. In theory this is a good idea but unsure how this could work in practice</li> </ol>

	<p>4. CRM should not be taken and the any costs incurred, if this is reasonable, taken from a generally created AWPU pot as expressed above</p>
<p>Additional comments</p>	<ol style="list-style-type: none"> <li>1. There should be a fair and distributed way of ensuring schools who regularly permanently exclude take in a proportion of excluded and should not be able to just use the up to PAN line. Otherwise where is the incentive to work with your difficult pupils? E.g. If a school's PX's that place should be held open in addition to PAN so that school can take a PX from another school and not just refuse as they are at PAN</li> <li>2. A significant concern remains the difficulty of accessing special educational provision for pupils, some of which already have EHCPs. Their suitability for mainstream education has already in some cases been considered and deemed inappropriate which leaves schools in a challenging position. Should this result in exclusion, that child could eventually cost the school huge sums despite the inappropriate placement within mainstream. They would be highly unlikely to re-enter a mainstream school and could therefore present a serious financial challenge for the school</li> <li>3. There should be a fair and distributed way of ensuring schools who regularly permanently exclude take in a proportion of excluded and should not be able to just use the up to PAN line. Otherwise where is the incentive to work with your difficult pupils? E.g. If a school's PX's that place should be held open in addition to PAN so that school can take a PX from another school and not just refuse as they are at PAN</li> <li>4. Overall it is a good idea to have higher recovery costs as the partnerships exclude very few students but we would support not full recovery costs but a capped cost ( no student to cost more than £20,000 per year)</li> <li>5. My previous (and limited) experience of SBAPs was out of county (Leics) and very positive. I'd be happy to discuss further</li> <li>6. It is becoming increasingly difficult and unfair when schools within the same area as other partnerships have a different approach to exclusion. We are desperately in need of a philosophical debate about what education means because we are working to different agendas and achievement for all/progress for all is very much at risk</li> <li>7. It is not reasonable to largely neglect to provide appropriately and professionally (taking into account the best modern practice) for our most challenging children as an LA, on the basis of cost and prioritising other areas of budget and then expect schools (in my experience under the most severe of circumstances) to pay for what is set by government as an LA responsibility. I, as someone, who has grown up and become what he has become, as part of Nottinghamshire, bemoans the shocking recent ideological crippling of the LA, but the answer is not and should not be to try to push the financial responsibility onto schools (after all my schools as the poorly funded part of a poorly funded LA as well). We are willing to make our reasonable contribution to the whole pot from our AWPU even though we would rarely need to</li> </ol>



	<p>consider permanent exclusion. Our children and schools deserve better</p> <p>8. I hope it is a true consultation where you act on the responses not just a token exercise that is ignored such as the infant free meals funding consultation</p> <p>9. I accept there are issues with a small minority of schools using exclusions inappropriately and I whole-heartedly agree that they should be held to account for this. However, I believe the bigger issue is the fact that there are many pupils whose needs are simply not being met in mainstream schools because schools do not have the resources to do so, and that these pupils tend to be the ones who end up excluded because headteachers are left with no alternative.</p> <p>10. We (GSA) would be interested in knowing recent County data on PEx (say, last three years' trends) and which schools "continue to do so"....we still maintain that we need to have the 'nuclear deterrent' option and that the LA duty to find alternatives should continue. Appreciate the financial implications, however, and the political climate of trying to offset this.</p> <p>11. £15K is a known insurance policy and we would not want it to be full cost recovery. I would be very uneasy about full cost recovery because of the uncertainty it would create. I appreciate that as long as we maintain very low levels of PEx, the CRM system is not in our favour, but we all know how much individual students can potentially cost when it goes badly wrong,</p>
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## Commentary

6. The aim of the consultation was to allow Schools Forum to consider the views of colleagues, alongside the updated data provided in **appendix B**, in order to inform further discussions. The consultation responses suggest that there is a range of opinion regarding the question of whether CRM should be changed to full-cost recovery. The consultation and summary of responses above is intended to support further discussion and enable the forum to consider the recommendations below.

## RECOMMENDATION

1. That the Schools Forum agrees to replace the fixed CRM level with recovering the full and actual cost to the Local Authority of commissioning alternative provision with effect from today.
2. That the AWPU is recovered separately from the CRM amount, with effect from today.

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