

SCHOOLS FORUM - 13 FEBRUARY 2014

Title of paper:	Permanent Exclusions – Full Cost Recovery Arrangements for the 2013/2014 and 2014/2015 Financial Years
Director(s)/ Corporate Director(s):	Tim O’Neill, Director Family Community Teams
Report author(s) and contact details:	Michael Wilsher, Inclusion Officer 0115 8764626 Michael.Wilsher@nottinghamcity.gov.uk
Other colleagues who have provided input:	Ceri Walters, Children and Families Finance Jon Ludford-Thomas, Legal Services
Summary	
This report notifies the Schools Forum that there will be no full cost recovery for permanent exclusions for the 2013/2014 financial year due to recent changes in funding for Learning Centres, and that a separate report will be presented to the Forum to propose future methods for full cost recovery to be agreed for the 2014/2015 financial year.	
Recommendation(s):	
1	To note that there will be no full cost recovery for permanent exclusions issued during the 2013/2014 financial year and the implications of this detailed in section 5 below.
2	To note that for every permanent exclusion made, the Average Weighted Pupil Unit (AWPU) will be paid to the Pupil Referral Unit (PRU). This aligns to Department for Education (DfE) funding principles.
3	To note that a separate report will be presented to the Schools Forum after September 2014 to propose future methods for full cost recovery for the 2014/2015 financial year.

1. REASONS FOR RECOMMENDATIONS

- 1.1 Not charging full cost recovery for the 2013/2014 financial year is due to the Learning Centre’s budgets being delegated from April 2013. Therefore, based on the total funding allocated at the beginning of the financial year, which was in line with central government directive, it was deemed that for the learning centres and the expected number of permanent exclusions, the learning Centres budgets should be sufficient to accommodate pupils already on roll and the projected number of permanent exclusions for the remainder of the financial year. Therefore, it is not necessary to recover this money directly from schools or Academies. This allows schools and academies greater funding towards supporting pupils and avoiding permanent exclusion.
- 1.2 However, based on the trends of exclusion since the start of the 2013/2014 financial year and the Local Authority’s continued statutory duty to provide full time education from the 6th day of a permanent exclusion, it is likely that Learning Centres would not be sufficiently funded from the baseline budget to accommodate all permanently excluded pupils.
- 1.3 There are ongoing national trials and local discussions around permanent exclusion and alternative provision which will develop a formal strategy, however, this will be

explored further and a full report provided to the Schools Forum to agree the future method for full cost recovery.

2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 Current legislation and central government directive states that the Local Authority is still currently responsible for arranging suitable full-time education for permanently excluded pupils from the 6th day of exclusion.
- 2.2 Learning Centres now have their budgets delegated and in the future will be based on census returns, and relevant top up amounts in line with the Education Funding Agency's (EFA) high needs block funding reforms. Based on the predictions of previous years permanent exclusions it was anticipated that the Learning Centres would be sufficiently funded for the expected number of pupils excluded throughout the 2013/2014 financial year. However, we have witnessed an increase in permanent exclusions beyond what was anticipated and the funding would not be sufficient or sustainable for subsequent financial years for the Local Authority to meet its statutory duties in providing education for permanently excluded pupils.
- 2.3 There are ongoing national trials relating to formal responsibilities following permanent exclusion and pupils remaining on school and academy rolls, although this is not yet completed and the final report is expected in spring 2015. There are also ongoing local discussions about the future of alternative provision within Nottingham City, commissioning and working in partnership with schools. Therefore, this will be an area of change over the coming year.
- 2.4 Within the Local Authority there has always been a drive to reduce permanent exclusions. Over recent years schools have been provided with more funding to try and intervene earlier and avoid exclusion. As a result of not charging full cost recovery this financial year, schools will not have been charged over 0.500m which can now be used to avoid further exclusions. This is in addition to the one off funding over the last two academic years of between £0.705m and £0.905m per annum as part of the Schools Partnerships Executive Board report to reduce exclusions and for Schools/academies to take an increased responsibility for young people with complex needs.
- 2.5 Other Local Authorities are reviewing their provision for excluded pupils. For example, Nottinghamshire County Council have approved through their Schools Forum last year that their schools will pay full cost of £15,000 per year (pro rata) that a pupil is permanently excluded. There are other Local Authorities that charge approx £19,000 for pupils who have been permanently excluded.
- 2.6 Therefore, the Local Authority will undertake an assessment of possible options in consultation with key stakeholders and prepare a report for the Schools Forum.

3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 No other options to be considered at this point due to ongoing discussions and a desire keep funding within schools and academies to avoid exclusion rather than over fund the learning centres.

4. OUTCOMES/DELIVERABLES

- 4.1 It would be expected that the schools, academies and all relevant partners work together to reduce exclusions across the City, as these have been on the increase since the agreement of full cost recovery was ended.
- 4.2 Since the implementation of full cost recovery we have seen a reduction in permanent exclusions. A breakdown of the permanent exclusions issued from the City secondary schools and academies since September 2009 (the year before full cost recovery) are included in the table below. Additionally, the Local Authority also has responsibility for the 6th day education of city pupils excluded permanently from 'Out of City' schools; these students are included in the table below:

Academic Year	Permanent Exclusions (City)	Comments	Permanent Exclusions (Out of City)
2009/2010	58	No full cost recovery	19
2010/2011	33	First year of full cost recovery	21
2011/2012	44	Full cost recovery in place but some high excluding schools disputing payment of full cost.	18
2012/2013	28	Funding transferred to the Schools Partnership to reduce permanent exclusion across Nottingham City Secondary Schools / Academies	15
2013/2014	25	Continued funding transferred to Schools Partnership to reduce exclusions. This figure is accurate up to the 3 February 2014, which confirms that there has been almost 100% increase in permanent exclusions compared to the same period last year	8 (so far this academic year)

5. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

- 5.1 No full cost recovery for the 2013/14 financial year could adversely impact the PRU's budget management and results in an over spend during the financial year as excluded children could exceed capacity if there is no financial implication of associated with excluding children. The placement of these children is the responsibility of the Local Authority.

Any negative financial impact incurred by the PRU's as a result of the removal of full cost recovery will be managed within the High Needs Block and/or reserve. The AWPU will still be paid by each school for every permanent exclusion.

6. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

- 6.1 It is presumed that the recommendations in this report have been checked with the authority's Finance officers to ensure they comply with school finance legislation, in

particular the School Standards and Framework Act 1998, the School Finance (England) Regulations 2012 (still in force until 1 April 2014) and the School and Early Years Finance (England) Regulations 2013 (in force from 1 April 2014). Such compliance should ensure the lawfulness of the recommendations.

- 6.2 It may also be the case that an Equality Impact Assessment is needed here if one has not been done previously.

Jon Ludford-Thomas
Senior Solicitor
Legal Services
Nottingham City Council

5 February 2014

7. OBSERVATIONS OF THE DIRECTOR OF FAMILY COMMUNITY TEAMS

- 7.1 These recommendations enable Schools Forum to retain a stable financial basis for Alternative Provision from which to implement in 2014/15 a revised strategy to improve outcomes for this group of learners.

8. HR ISSUES

- 8.1 None.

9. EQUALITY IMPACT ASSESSMENT

Has the equality impact been assessed?

Not needed (report does not contain proposals or financial decisions)

No

Yes – Equality Impact Assessment attached

10. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

- 10.1 None

11. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 11.1 Nottingham City Secondary Education Partnership (NCSEP) Inclusion Strategy (Executive Board Report - September 2012)
- 11.2 DfE Evaluation of the School Exclusion Trial - March 2013