

Title: The Education (Pupil Registration) (England) (Amendment) Regulations 2016 IA RPC Reference No: RPC-DFE-3389(1) Lead department or agency: Department for Education (DfE) Other departments or agencies: N/A	Impact Assessment (IA)			
	Date: 20 July 2016			
	Stage: Final			
	Source of intervention: Domestic			
	Type of measure: Other			
	Contact for enquiries: Mohammed Ahmed mohammed.ahmed@education.gsi.gov.uk			
Summary: Intervention and Options				RPC Opinion: Validated (Green)

Cost of Preferred (or more likely) Option: Option 1				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANDCB in 2014 prices)	One-In, Three-Out	Business Impact Target Status
Unknown	- £6.0m	£0.67m	In scope	Qualifying provision

What is the problem under consideration? Why is government intervention necessary?

Following an Ofsted report in a selection of schools in Tower Hamlets and Birmingham, Sir Michael Wilshaw expressed concerns that the Education (Pupil Registration) (England) Regulations 2006 placed no legal duty on schools to establish and record destinations for all pupils removed from their registers. Schools (including independent schools) are only required to inform local authorities (LAs) in five out of fifteen circumstances where pupils have been removed from the register. In addition, Ofsted identified inconsistent practices. This gives rise to increased risk of children missing education and serious safeguarding concerns. Government intervention is necessary as currently there are no incentives for schools to report any additional information to LAs beyond what is legally required.

What are the policy objectives and the intended effects?

To improve the education and welfare of pupils, through better information sharing between all schools and LAs where pupils are removed and added to school admissions registers. This will ensure LAs are better able to comply with their duty to make arrangements to establish (as far as it is possible) the identities of children of compulsory school age in their area who are not registered pupils at school and are not receiving suitable education other than at a school. This will also help improve safeguarding of those children and young people. The new regulations will extend to independent schools.


What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

- **Option 0:** Do nothing, retain the current position.
- **Option 1 (preferred option):** Strengthen the regulations so that for non-standard transitions, all schools (including independent schools) are required to undertake three administrative tasks:
 - inform the LA in every circumstance that they are about to remove pupils from the register;
 - inform the LA of the pupil's destination school and home address if the pupil is moving to a new school; and
 - when a school registers a new pupil, to provide information to its own LA about the pupil's address and previous school.
 Furthermore, LAs will be given the discretion to request such information on standard transition cases.
- **Option 2:** Issue guidance to encourage the sharing of information on changes to school admission registers.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 09/2019						
Does implementation go beyond minimum EU requirements?			N/A			
Are any of these organisations in scope?			Micro Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: N/A		Non-traded: N/A	

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister:
 Minister of State for Schools, Nick Gibb MP


 Date: 20 July 2016

Summary: Analysis & Evidence

Policy Option 0

Description:

FULL ECONOMIC ASSESSMENT

Price Base 2015	PV Base 2015	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: N/A	High: N/A	Best Estimate: N/A

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0	10	0	0
High	0		0	0
Best Estimate	0		0	0

Description and scale of key monetised costs by 'main affected groups'

None

Other key non-monetised costs by 'main affected groups'

None

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	10	0	0
High	0		0	0
Best Estimate	0		0	0

Description and scale of key monetised benefits by 'main affected groups'

None

Other key non-monetised benefits by 'main affected groups'

None

Key assumptions/sensitivities/risks

Discount rate (%)

BUSINESS ASSESSMENT (Option 0)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: £0	Benefits: £0	Net: £0	

Summary: Analysis & Evidence

Policy Option 1

Description:

FULL ECONOMIC ASSESSMENT

Price Base 2015	PV Base 2015	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Unknown	High: Unknown	Best Estimate: Unknown

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	£533,000	£22,253,000	£192,083,000
High	£1,687,000	£42,304,000	£365,714,000
Best Estimate	£994,000	£30,367,000	£262,394,000

Description and scale of key monetised costs by 'main affected groups'

Strengthening the regulations will mainly have an impact on schools associated with: reporting the removal of a pupil from their register to their LA; reporting the addition of a new pupil to their register to their LA; and making contact with parents in order to seek additional information about onwards destinations of pupils. There are also costs to the LA for undertaking the administrative tasks and costs to parents for providing the information. Finally, there is one-off familiarisation cost incurred by schools and by LAs associated with understanding and communicating the changes.

Other key non-monetised costs by 'main affected groups'

There will be some additional costs associated with the policy that we cannot monetise as we have insufficient evidence to predict the scale. Specifically, these are: a potential cost to the independent sector to update their management information systems (MIS) and a potential cost to LAs to set up new systems.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Not Quantified	Not Quantified	Not Quantified
High	Not Quantified	Not Quantified	Not Quantified
Best Estimate	Not Quantified	Not Quantified	Not Quantified

Description and scale of key monetised benefits by 'main affected groups'

Changes to regulation will result in better use of resources by LAs for targeting those children most at risk of missing education, with improved education and welfare outcomes for these children. Published DfE analysis from 2014 estimates a lifetime benefit for an individual in excess of £100,000 for achieving 5 or more good GCSEs, compared to no or low qualifications, while a study from the US estimates an average cost per victim of approximately £42,000 to address abuse and neglect. It is more difficult, however, to provide an estimate of the number of children where poor outcomes would be avoided from the regulation change.

Other key non-monetised benefits by 'main affected groups'

Other non-monetised benefits are likely to be considerable and include increased efficiency through targeting of resources on children at risk and spill-over benefits for other areas of LA activity, and likely improved co-ordination with schools in-particular. The total value of these benefits has not been calculated as they primarily relate to action which is difficult to monetise.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
-------------------------------------	-------------------	-----

Key assumptions: time taken to undertake 3 additional administrative tasks to be carried out by schools under the new arrangements, LA administrative tasks and parent time costs. Key risks: variations across schools so costs may fall disproportionately on particular schools (those who see a high turnover of pupils), LAs who do not have in place and cannot develop systems for dealing with additional tracking information, and a lack of compliance from parents.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: £0.67m	Benefits:	Net: - £0.67m	

Summary: Analysis & Evidence

Policy Option 2

Description:

FULL ECONOMIC ASSESSMENT

Price Base 2015	PV Base 2015	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Unknown	High: Unknown	Best Estimate: Unknown

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	£533,000	£11,126,000	£96,310,000
High	£1,687,000	£29,613,000	£256,603,000
Best Estimate	£994,000	£18,220,000	£157,838,000

Description and scale of key monetised costs by 'main affected groups'

Issuing statutory guidance will mainly have an impact on schools. The costs associated will be the same as those in option 1. However, given that statutory guidance will only be followed by a smaller proportion of schools (we assume 60%), the total costs incurred will also be proportionately lower compared to option 1.

Other key non-monetised costs by 'main affected groups'

As in option 1.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Not Quantified	Not Quantified	Not Quantified
High	Not Quantified	Not Quantified	Not Quantified
Best Estimate	Not Quantified	Not Quantified	Not Quantified

Description and scale of key monetised benefits by 'main affected groups'

The source of benefits in option 2 is the same as option 1, but significantly reduced. Compared to regulations, fewer schools will comply with guidance as these incur direct costs, but they will not realise direct benefits. As such, the number of children identified as missing education would be proportionately lower and any potential benefits in improving their outcomes will also be significantly lower. This option will therefore not meet the primary policy objective.

Other key non-monetised benefits by 'main affected groups'

As in option 1.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
-------------------------------------	-------------------	-----

In addition to the assumptions that hold for option 1, the other key assumption used for Option 2 is the flat take-up rate of 60% (lower estimate – 50%, upper estimate – 70%) in relation to all the administrative tasks set out in the regulations in option 1. The same risks and sensitivities as in option 1 apply here.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: £0.40m	Benefits:	Net: - £0.40m	

Evidence base (for summary sheets)

Changes to Education (Pupil Registration) (England) Regulations 2006

Content

Section A. Problem under consideration.....	page 6
Section B. Rationale for intervention.....	page 8
Section C. Policy objective.....	page 9
Section D. Description of options considered (including do nothing) ...	page 10
Section E. Monetised and non-monetised costs and benefits of each option (including administrative burden)	page 11
Option 0: Do nothing.....	page 11
Option 1: Strengthen regulations (preferred option)	page 11
Option 2: Issue guidance	page 35
Section F. Preferred option with description of implementation	page 41
Annex A – Grounds for deleting pupils from admission register	page 42
Annex B – Consultation	page 46
Annex C – Timetable	page 48

Section A. Problem under consideration

Existing regulations

1. Currently the Education (Pupil Registration) (England) Regulations 2006 set out 15 specific grounds [regulation 8(1) (a)–(o)]¹ on which all schools including independent schools can remove² pupils of compulsory school age from their admission registers. Of these 15 grounds:
 - i. Under five grounds, all schools are required to inform their local authority (LA) of every pupil they are about to remove from their register. These five grounds include where pupils have been permanently excluded and pupils removed from school to be home educated.
 - ii. Under three other grounds local authorities (LAs) are either responsible for asking schools to remove pupils or are part of the process because the regulations require them to be involved.
 - iii. The remaining seven grounds for removal do not require schools to inform the LA that they have removed a pupil from their school register nor is the LA involved in the process. LAs therefore do not know who has been removed under these circumstances unless they specifically ask the school for the information.

The problem

2. Following Ofsted's report on a selection of schools in Tower Hamlets and Birmingham, Sir Michael Wilshaw wrote to the Secretary of State for Education on 14 July 2015. He expressed his concern that the Education (Pupil Registration) (England) Regulations 2006 place no legal duty on schools to establish and record destinations for all pupils removed from their registers.³ Ofsted also found that schools have inconsistent practices for recording and reporting cases where children are removed from their pupil register roll. This has led to poor communication and coordination between schools and LAs on individual cases. Furthermore, Ofsted identified inadequate systems for identifying and tracking pupils who leave independent schools. Sir Michael expressed his concern that this gives rise to serious safeguarding issues such as female genital mutilation, forced marriage, child sexual exploitation and falling prey to radicalisation. He made clear that Ofsted's findings in these two local authorities mean that there are implications for other schools and LAs across the country.
3. LAs have a duty to ensure that all pupils of compulsory school age within their area are receiving suitable education, which is the original purpose of the regulation. The limited information they receive from schools about pupils being removed from school rolls means they are not always able to comply with that duty.

¹ Annex A provides the details of the grounds for deleting pupils of compulsory school age from the admission.

² "Reporting removals from the pupil register" is referred to as "removals" only throughout this document.

³ See link to the advice letter from Chief Inspector of Ofsted to Secretary of State for Education on 14 July 2015, available at:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/444746/Advice_letter_from_HMCI_on_the_latest_position_with_schools_in_Birmingham_and_Tower_Hamlets.pdf [Accessed on 6 April 2016]

4. Children who miss out on education are at a significantly higher risk of failing academically. Published research shows that, even when taking prior attainment and pupil characteristics into account, there is a statistically significant negative link between overall absence and attainment at the end of key stage 2 and key stage 4. With every extra day missed across the relevant key stage being associated with a lower attainment outcome.⁴
5. In addition, children who miss out on education risk leaving school with no or low qualifications (below level 2) and subsequently not in education, employment or training (NEET). For example, just under a third of young people who were persistently absent during the final year of their compulsory school education, are NEET at age 18, this compares to just over a tenth for their non-persistently absent peers.⁵

The proposal for intervention

6. We are proposing to strengthen the regulations to require all schools including pupil referral units, alternative provision academies and other independent schools to do as follows for all non-standard transitions⁶:
 - to inform LAs in every circumstance that they are about to remove a pupil from their admission registers, note why, and provide the pupil's home address and relevant contact details in accordance with the grounds set out in the regulations;
 - when a school removes a pupil from the admission register because the pupil is moving to a new school, even within the same LA, to inform its LA of the pupil's destination school and home address(es), if it can reasonably obtain this information; and
 - when a school registers a new pupil, to inform their LA that they have registered a new pupil at their school within 5 days of doing so and provide details of the pupil's name and the pupil's previous school name and address.
7. There will be an additional duty on schools to provide the above information on standard transitions (as well as non-standard transitions), if their LA specifically requests this. Currently, LAs can request this information, but schools do not have a duty to comply.
8. Furthermore, regulations 8(1)(f)(iii) and 8(h)(iii) will be amended to ensure the reasonable enquiries are done collaboratively between the school and LA, not separately.

⁴ The link between absence and attainment at KS2 and KS4: 2013 to 2014 academic year, March 2016, Department for Education. Available at: <https://www.gov.uk/government/publications/absence-and-attainment-at-key-stages-2-and-4-2013-to-2014> [Accessed on 30 March 2016].

⁵ A profile of pupil absence in England, November 2011, Department for Education, available at: <https://www.gov.uk/government/publications/a-profile-of-pupil-absence-in-england> [Assessed 14 April 2016].

⁶ Standard transitions are the points at which pupils leave a school because they are in the final year group for that school. As there a wide range of school structures (e.g. some primary schools go up to year 3 whilst others go up to year 6), the standard transition points can vary between schools.

9. The planned amendments will not reduce the existing requirement on schools to report information to LAs on those pupils removed from the register on the five grounds described in paragraph 1 (i) for both standard and non-standard transitions.

Section B. Rationale for intervention

Why intervention is necessary

10. The current legal requirements are not strong enough to provide sufficient incentive to schools. Currently, schools are highly unlikely to report to their LA any information beyond what is legally required of them, as gathering and reporting information results in an administration cost to the school.
11. The recommended changes would create a statutory duty on all schools (both state-funded⁷ and independent schools) to provide information under all grounds for non-standard transitions. In addition, where reasonable, to inform the LA of the removed pupil's new address and destination school; and secondly for all schools to inform the LA of all new pupils they have added to their register⁸. This will help to address the inconsistent practices that were identified by Ofsted.

Missing education and safeguarding rationale

12. The proposed changes will ensure that schools give LAs the appropriate information to record and track all pupils and effectively identify the minority of children who are at risk of missing education in state-funded schools, independent schools or elective home education. LAs can then focus their resources more appropriately in tracking those children who are not in these settings and hence not receiving a suitable education. This will also help ensure that LAs are better able to identify children missing education who are at additional risk of harm, exploitation or extremism.

Efficiency

13. Admissions register data is used by LAs in undertaking their duty to identify children missing education. The legislation states that LAs must make arrangements to establish, as far as possible, the identities of children of compulsory school age in their area who are not registered at a school and are not receiving suitable education in a setting other than at a school.
14. The proposed changes will result in improved efficiency through better co-ordination and more open communication between schools and LAs. Better working practices will reduce duplication of efforts and facilitate a more efficient process for identifying and safeguarding those pupils at risk. These regulations do not extend to set out how communication between LAs should be undertaken⁹.

⁷ By state-funded schools, we refer a range of schools including state maintained and academies

⁸ "Reporting additions to the pupil register" is referred to as "additions" only, throughout this document.

⁹ The 'Children missing education – statutory guidance for local authorities' guidance recommends LAs have contact with other agencies, which includes other LAs and the UK Border Agency when trying to establish where a child missing education is. Children missing education – statutory guidance for local authorities, January 2015, Department for Education, available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/395138/Children_missing_education_Statutory_guidance_for_local_authorities.pdf [Accessed on 6 April 2016].

Section C. Policy objective

15. The main objective of this policy is to support LAs to identify quickly and effectively those children of compulsory school age who are missing education, including those who are at risk of harm, exploitation or extremism. They will therefore be better able to meet the following existing duties, in particular:
- The duties under Section 19 and Section 436A of the Education Act 1996 for each LA to: make arrangements to establish, as far as it is possible to do so, the identities of children of compulsory school age in their area who are not receiving suitable education, and arrange suitable education for all children of compulsory school age who may not for any period receive it, unless such arrangements are made for them.
 - The duty under Section 10 of the Children Act 2004 for each LA to make arrangements to promote cooperation between the authority, each of the authority's relevant partners and such other persons or bodies working with children in the local authority's area as the authority considers appropriate. The arrangements are to be made with a view to improving the well-being of all children in the authority's area, which includes protection from harm and neglect.
 - The duty under Section 47 of the Children Act 1989 for each LA, with the help of other organisations as appropriate, to make enquiries if they have reasonable cause to suspect that a child is suffering, or is likely to suffer, significant harm, to enable them to decide whether they should take any action to safeguard and promote the child's welfare.

Section D. Description of options considered (including do nothing)

Option 0 **Do nothing.**

Option 1 **Strengthen regulations (preferred option)**

- when a school is about to remove a pupil from their admission registers, mandate schools to inform LAs in every circumstance for non-standard transitions, note why, and provide the pupil's home address and relevant contact details in accordance with the grounds set out in the regulations;
- when a school removes a pupil from the admission register because the pupil is moving to a new school, even within the same LA, to inform its LA of the pupil's destination school and home addresses if it can reasonably obtain this information; and
- when a school registers a new pupil to inform the LA that they have done so within 5 days and provide details of the pupil's previous school name and address.

16. There will be an additional duty on schools to provide the above information on standard transitions (as well as non-standard transitions), if their LA specifically requests this¹⁰.
17. Furthermore, regulations 8(1)(f)(iii) and 8(h)(iii), (relating to when the proprietor of the school and the LA have failed, after reasonable enquiry, to ascertain where the pupil is) will be amended to ensure the 'reasonable enquiries' are done collaboratively between the school and LA, not separately.

To support the revised Regulations we will take the following actions:

- the Children Missing Education statutory guidance will be amended;
- the Keeping Children Safe in Education guidance will be amended; and
- we will communicate the changes to schools, LAs and parents once the amending Regulations are laid.

Option 2 **Issue guidance**

18. This would involve strengthening the processes around information sharing within existing guidance and setting out exemplar practice for schools and LAs to follow.
19. We have appraised this option in order to present a range of options for the Regulatory Policy Committee (RPC) to consider. However, we believe this option would neither address the concerns raised by Ofsted nor Sir Michael's recommendation to improve the robustness of the Registration Regulations to require schools to provide the information necessary for LAs to undertake their safeguarding duties.

¹⁰ Currently, LAs can request this information, but schools do not have a duty to comply.

Section E. Monetised and non-monetised costs and benefits of each option (including administrative burden)

20. Our volumes and calculations of costs in the following sections have been rounded to the nearest ten, hundred, thousand or million. Some figures may not sum precisely due to rounding.

Option 0 - Do Nothing

21. This option would maintain the status quo. This carries the risk identified by Ofsted that the arrangements currently in place are not sufficiently robust to track pupils who are removed from admission registers. Schools would have no duty and therefore continue to pass on information about pupils removed from their register only in certain circumstances. This may not be helpful in assisting LAs to concentrate their efforts on high risk cases.
22. Option 0 is the baseline scenario against which all other options will be assessed. As this option can only be compared with itself, the additional costs and benefits will by definition be zero, as is the option's Net Present Value.

Option 1 – Strengthen regulations

Summary of Option 1 costs

Baseline

22. In order to estimate the impact of the policy it is necessary to understand what already occurs and capture the costs currently, and to then exclude this from the total cost under the new policy.
23. This information is not available as neither schools nor LAs are currently required to collect or record it. For the purpose of the analysis, we have therefore assumed that the baseline number of removals is zero; in other words, that no removals are currently reported. We understand that this is not the case in reality, as removals are currently reported under five (of the fifteen) grounds. Assuming all our other assumptions hold, **the cost estimates reported here will therefore be an over-estimate and an absolute upper bound of the additional impact of this policy.**
24. Similarly, as we do not have the information to ascertain how many schools currently inform their LA when they add a pupil to their register, we assume a baseline of zero. Unlike removals, we know that there are currently no requirements for schools to report additions, so this assumption is likely to be reasonable.

Monetised costs of option 1

25. The primary costs of the proposed regulatory changes are associated with:
- A member of school staff familiarising themselves with the new regulations and then disseminating this information

- A member of LA staff familiarising themselves with the new regulations and then disseminating this information
- School staff reporting the addition of a new pupil on their register to their LA in all cases
- School staff contacting parents of the child being removed from their register via phone or email in order to seek information about the onwards destination, including the name of the pupil's new school
- LA staff undertaking administrative tasks when a school informs them:
 - a pupil has been removed from a school's registration register, and
 - a pupil has been added to a school's registration register
- Parents' time taken to provide the additional information about the onwards destination and the name of the pupil's new school

Methodology for computing costs

26. To estimate the costs in each case, we require the following:

- Volume of activity for each case
- Time assumptions for the individual tasks, where applicable
- Wage costs for the person undertaking each of the tasks

27. Volumes are outlined in greater detail later in this section.

28. Time assumptions are based on the responses to the consultation^{11 12}; where we take weighted averages of the responses to obtain an estimate. Where an activity relates to a specific organisation (school or LA) we only used responses from those identifying themselves as representatives of such organisations to inform our estimates.

29. Wage costs are informed by who will undertake the relevant tasks associated with the policy changes. These wage costs are then uplifted for non-wage labour costs.¹³

¹¹ We have referred to questions from the consultation throughout the document. All of the consultation questions are at Annex B.

¹² Some questions in the consultation related to the time required to carry out specific activities. For such questions, we provided multiple options for respondents to choose from. We took these responses to form our lower bound, best estimate and upper bound for all of our time estimates.

Where the '40+ min (please specify)' option was chosen by a respondent, we read the corresponding comment, if this was provided. Based on the comments provided, where '40+ min (please specify)' was chosen by a respondent we decided to use 40 minutes as the lower bound, 60 minutes as the best estimate, and 80 minutes as the upper bound, in all cases except for the local authority and school familiarisation cost estimates. For the questions relating to local authorities and school familiarisation where '40+ min (please specify)' was chosen by a respondent, we used 40 minutes as the lower bound, 120 minutes as the best estimate, and 240 minutes as the upper bound.

As these assumptions are informed by consultation responses and not all respondents provided further detail when selecting the '40+ min (please specify)' option, the actual time taken in practice could vary.

¹³ We include an uplift to account for non-wage labour costs to estimate the non-wage costs that the provider incurs from employing someone, such as pension and national insurance contributions. We have used the quadrennial Labour Cost Survey, the most recent version of which was undertaken in 2012 and available through the Eurostats website: <http://ec.europa.eu/eurostat/web/labour-market/labour-costs/database>. Alternative data sources can be used to calculate percentage uplifts to salary to account for non-wage labour costs.

School familiarisation costs

30. There will be some costs incurred by schools in familiarising themselves with the new regulations and ensuring that staff are made aware of the changes. These will be one-off transitional costs incurred in the first year of the policy only (i.e. when the regulations are laid) which will take the form of a senior member of staff spending some time understanding the background and impact of the new regulations, and then cascading the new information to their staff.
31. To estimate this school familiarisation cost, we used published figures of annual wages (converted into hourly rates) for 'regular leadership teachers'¹⁴ (uprated to account for inflation, to adjust to 2015/16 prices and uplifted to include non-wage labour costs). We then used schools responses to question 10b¹⁵ in the consultation, which relates to the amount of time it may take a member of the senior management team at a school (informed by question 10a) to read and cascade the information to their staff. Finally, we applied the hourly wage and the time assumption to the total number of schools to generate an overall cost. The figures used are as follows:
- Average hourly wage for regular leadership teachers: £44.56.
 - Assumed time taken to for one regular leadership teacher to understand the changes and then communicate the changes to other staff: 56 minutes.
 - Number of schools: 24,000
32. We have no evidence to suggest that the person responsible for understanding and disseminating information about the policy changes will differ between state-funded and independent schools. We have therefore assumed that a regular leadership teacher will be responsible in all schools.
33. Due to a lack of available data on pay in the independent schools' sector, the Department for Education uses census data from state funded schools as a proxy for average salaries in independent schools. This is a standard assumption the Department has used in previous IAs cleared by the RPC^{16,17,18}.
34. Alternative sources of data, such as the Annual Survey of Hours and Earnings (ASHE) do not provide a breakdown of average pay by occupation in the public and private sectors for education though an ad-hoc publication by the Office for National

¹⁴ Regular leadership teachers' salaries are taken from School Workforce Census. School Workforce Census: November 2014, Department for Education. Available at: <https://www.gov.uk/government/statistics/school-workforce-in-england-november-2014> [Accessed 6 April 2016].

¹⁵ Question 10b: "How long (in minutes) is this task expected to take?" relating to question 10a "Within schools, who would be responsible for understanding the amendments to the regulations and disseminating information about the changes in the regulation to staff?"

¹⁶ Page 15, The Education (Independent School Standards) (England) (Amendment) Regulations 2014 and the Education (Independent School Standards) Regulations 2014, available at: http://www.legislation.gov.uk/ukia/2015/266/pdfs/ukia_20150266_en.pdf [Assessed 13 April 2016].

¹⁷ The Independent Educational Provision in England (Prohibition on Participation in Management) Regulations 2014, available at: [The Independent Educational Provision in England \(Prohibition on Participation in Management\) Regulations 2014](http://www.legislation.gov.uk/ukia/2014/103/pdfs/ukia_20140103_en.pdf) [Accessed 13 April 2016].

¹⁸ The Education (Independent School Standards) (England) (Amendment) Regulations 2012, available at: http://www.legislation.gov.uk/ukia/2013/63/pdfs/ukia_20130063_en.pdf [Assessed 13 April 2016].

Statistics (ONS)¹⁹ indicates a variation in hourly wages between the public and private sector by Standard Occupational Classification unit groups - a grouping of similar occupations.

35. However, the composition of each unit group by public and private sector may vary, so we may not be comparing like with like. For example, the ONS highlight an example of the unit group 'primary and nursery education teaching professionals'.²⁰ Primary school teachers are typically employed in the public sector, whereas nursery teachers are typically employed in the private sector. On average, it is expected a primary school teacher would earn more than a nursery teacher due to the different levels of qualifications and training associated with the two jobs. However, by grouping both jobs into one category, the public sector earns, on average, more than the private sector in this category.
36. Furthermore, a recent review into pay and conditions in the state-funded and private education sectors by *Centre for the Economics of Education*²¹ concluded "...we could find neither any systematic descriptions of differences in pay and conditions between the sectors, nor whether the differences have grown more acute in the recent era of expanding demand for education..." For this reason, we have a limited evidence base on which to suggest the pay for teachers in state-funded and independent sectors to vary.
37. Assuming it will take one regular leadership teacher in each school 56 minutes to understand and communicate the regulation changes, we estimate that the total one-off familiarisation cost for all schools (including independent schools) of this policy will be around **£1.0 million**, in the first year only.

Table 1: Breakdown of one-off school transitional costs

	Volume (number of schools)	Hourly wage	Time assumption (as a proportion of hour)	One-off transitional cost (vol*(wage*time))
All Schools	24,000	£ 44.56	0.93	£ 994,000
Of which: Independent Schools	2,400	£ 44.56	0.93	£ 98,000

38. Where schools are part of multi academy trusts, it is possible that one member of staff from the leadership team from one of the schools in a trust would be responsible

¹⁹ ASHE Ad-hoc 003608, Annual Survey of Hours and Earnings (ASHE) 2013 revised and 2014 provisional, public private sector by occupation, Office for National Statistics, available at: <http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/about-ons/business-transparency/freedom-of-information/what-can-i-request/published-ad-hoc-data/labour/december-2014/index.html> [Assessed 14 April 2016].

²⁰ Page 5, Public and Private Sector Earnings – November 2014, Office for National Statistics, available at: http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/dcp171776_383355.pdf [Assessed 14 April 2016], quoting 'Income Data Services' report – link to report no longer available.

²¹ Source: Green et al. (2008). Competition for Private and State School Teachers. *Centre for the Economics of Education*. Available at: http://eprints.lse.ac.uk/6029/1/Competition_for_private_and_state_school_teachers.pdf [Assessed 13 April 2016].

for understanding the regulation changes and then disseminating the information about the changes to their school and other schools in the trust. If this were the case, this one-off familiarisation cost would be smaller.

LA familiarisation costs

39. Similarly, there will be some costs incurred by LAs in familiarising themselves with the new regulations and ensuring that all members of staff are aware of the changes. There will be a one-off transitional cost incurred by LAs in the first year of the policy only (i.e. when the regulations are laid). We believe it will be the principal education welfare officer or an equivalent member of staff spending time understanding the background and impact of the changes and then cascading this information to other relevant staff.
40. To estimate this LA familiarisation cost, we took an average of some advertised annual salaries for principal education welfare officer jobs in March 2016 and then converted this into an hourly rate. We then uplifted to include non-wage labour costs. We used LAs response to question 7c²² of the consultation, which relates to amount of time it may take a member of LA staff understand the new regulations and disseminate information about the changes to their relevant staff to obtain a time assumption. We then applied the hourly wage and the time assumption to the total number of LAs. The figures used are as follows:
- Hourly wage for principal education welfare officer: £45.42.
 - Assumed time taken to understand and communicate changes: 80 minutes.
 - Number of LAs: 152
41. Assuming it will take one principal education welfare officer 80 minutes to understand and then communicate the regulation changes, we estimate this one-off familiarisation cost for LAs to be around **£9,200**, in the first year only.

Table 2: Breakdown of one-off LA transitional costs

	Volume (number of LAs)	Hourly wage	Time assumption (as a proportion of hour)	One-off transitional cost (vol*(wage*time))
All LAs	152	£45.42	1.33	£9,200

Unit costs

Estimating the costs of reporting removals from the pupil register, reporting additions to the pupil register and seeking additional information about onward destination from parents

42. We have calculated separate 'unit costs' for schools reporting a removal of a pupil from the school register, reporting an addition and contacting a parent for onwards destination details. The calculations use published figures for wages of administrative

²² Question 7c "How long (in minutes) is it expected to take for one member of LA staff to familiarise themselves with the amended regulations and disseminate information about the changes in the regulations to all staff?"

staff in the economy (uprated to account for inflation to adjust to 2015/16 prices and uplifted to include non-wage labour costs), and assumption about the amount of time each of these tasks would take based on analysis of the information gathered via the consultation. These assumptions are as follows:

- Time taken to report to LA that a pupil is about to be removed from the school register: 16 minutes
- Time taken to contact parents to seek additional information, including onward destination: 39 minutes
- Time taken to report to LA that a pupil has been added to the school register: 17 minutes

43. These assumptions are based on our analysis of responses to consultation question 8 (8a, 8b and 8c)²³. We only undertook analysis on the responses by schools to this question, as schools are best placed to inform us how long each specific task would take.

44. Although we have used the consultation responses to support the assumptions about the time taken for schools to undertake their tasks (as we have with all of the time assumptions used), they are still, to an extent, inaccurate. In addition, for our assumptions of how long the tasks relating to schools will take, we have treated public and independent settings the same, as there is no evidence to demonstrate that there are differences.

45. We assume that the additional work resulting from new regulation will be carried out by administrative staff, not teachers. Their wages are assumed to be equal to Office of National Statistics (ONS) estimates of the average hourly wage for Administrative and Secretarial Occupations²⁴, uprated²⁵ to 2015/16 prices in line with the Office for Budget Responsibility's (OBR) average hourly earnings index²⁶. This is then uplifted²⁷ to account for non-wage labour costs in line with figures from the Labour Cost Survey²⁸ to give an hourly labour cost of £13.05.

46. Based on an hourly total labour cost of £13.05 and that a school reporting the removal of a pupil is estimated to take 16 minutes, a school contacting a parent to seek additional information is estimated to take 39 minutes and a school reporting the addition of a child will take 17 minutes; **we have calculated unit cost of £3.48 per**

²³ Question 8 "How long (in minutes) do schools expect it would take to carry out the following tasks: (a) Report a deletion of a pupil's name from their register to their LA; (b) Report an addition of a pupil's name to their register to their LA; and, (c) obtain from parents the necessary additional information required, this may cover: 1. A pupil's onward destination and home address if they are being removed from their current school's register, including the name and address of their new school/institution and 2. Details of a pupil's previous school and home address when they are being added to the schools register."

²⁴ ONS Annual Survey of Hours and Earnings, Full time employees pay by major occupation group (SOC 2010), UK, Wage for Administrative and Secretarial Occupations based on earnings for 2013-14 tax year based (sample taken in April).

²⁵ As we have used 2013/14 wage data, these need to be adjusted to account for inflation between 2013/14 and 2015/16.

²⁶ The OBR publish an average hourly earnings index; we have used their latest estimates from March 2016 Economic and Fiscal Outlook: Economy Supplementary Tables.

²⁷ As stated earlier, wages do not capture other labour costs to the employer such as pensions and National Insurance contributions. We apply an uplift to account for such costs.

²⁸ Eurostat's Labour Cost Survey (2012) contains estimates of the contribution of wages and salaries to total labour costs. The figure for "administrative and support service activities" was used to create an uplift factor to apply to wages.

removal reported, £8.48 per instance of additional information being sought and £3.70 for each addition reported.

LA administrative costs associated with receiving information from schools for both removals from and additions to the school admissions register

47. There are two further 'unit costs' that we have estimated. These are associated with the administrative work that is undertaken at an LA when they receive the pupil movement information from schools (removals and additions information) and the cost to parents of providing additional information to schools.
48. We assume there will be administrative work undertaken by staff at LAs to update their central record when a school notifies them of a removal or an addition. LA responses to the consultation questions 7d²⁹ and 7e³⁰ informs us what this may involve and how long it is likely to take.
49. The LA responses do not separate the administrative work for the LA associated with a removal and an addition. We assume that the LA responses are informing us that the estimated time to update their systems with a removal is similar to the time taken to update their system with an addition. Thus, from the LA responses to the consultation question 7d and 7e, we estimate that the administrative work at an LA for every case they are notified of a removal and for every case they are notified of an addition from a school is 25 minutes.
50. We assume that the additional work resulting at LAs from new regulation will be carried out by administrative staff, so we have used the same administrative wage cost as above. Based on an hourly total labour cost of £13.05 and an assumption that the administrative work will take 25 minutes, we estimate a unit cost of **£5.44 for every instance that a LA is notified of an addition of a pupil in a school in their area and £5.44 for every instance that a LA is notified about a removal of a pupil in a school in their area.**

Parental cost associated with the time taken providing information to schools

51. There will be a cost to parents in the form of the time taken to provide the information about the onward destination of the pupil that is being removed from a school's pupil register. This time could have been spent working or undertaking other activity.
52. Using the responses to the consultation, we estimate that it will take 18 minutes of a parent's time to provide this information to a school.
53. We have calculated the cost to parents for providing the additional information to schools about the onward destination about their child when they are about to be deleted. To assign a cost to the parent for providing this information, we used an average figure based on the consultation responses for the time and have calculated a wage cost. As parents in the economy are likely to have different incomes, we decided to use mean hourly wages in the economy. We have done this using the

²⁹ Question 7d "What administrative work will be required by LAs to process the additional information they receive from schools?"

³⁰ Question 7e "How long (in minutes) is it expected that this administrative work would take for each child?"

ONS publication of Annual Survey of Hours and Earnings (ASHE)³¹ across the whole economy in 2015/16. This figure is £15.30.

54. Based on published average hourly wage figures excluding overtime of £15.30 and an assumption that it will take 18 minutes to report this information to schools, we calculate a **unit cost of £4.59 for every instance where a parent is asked to provide information to a school about information on their child's onward destination.**

Table 3: Summary of key unit costs				
Group affected	Task	Hourly wage	Time assumption (as a proportion of hour)	Unit cost (wage*time)
School	Administration - Reporting removal of pupil from register to their LA	£13.05	0.27	£3.48
School	Administration - Seeking additional information from parents	£13.05	0.65	£8.48
School	Administration - Reporting addition of pupil to register to their LA	£13.05	0.28	£3.70
LA	Administration - updating database following information from schools	£13.05	0.42	£5.44
Parents	Providing onward destination of pupil to school removing pupil from register	£15.30	0.30	£4.59

Volume of activity

55. In order to estimate the cost of this policy, it is necessary to have some measure of the frequency with which pupils are removed and added to schools' registers outside standard transition periods.
56. Following the consultation we are able to use an informed assumption to indicate the frequency by which LAs may request information for standard pupil transitions. Therefore, we also consider the frequency with which pupils are removed and added to schools' pupil registers during standard transition periods.

³¹ Table 1.6a, All Employees – ASHE: Table 1, Office for National Statistics (ONS). Available at http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/all_employees_ashetable1 [Accessed 1 April 2016].

57. This policy aims to address insufficient data collection on pupil movement by LAs. By definition, no complete data set is currently available that records pupil removals and additions, nor are there any records available to the Department on the number of removals from the register reported to LAs each year.
58. However, by combining several pieces of internal analysis we are able to come up with an approximate number of pupils removed from and added to registers each year, for all schools and separately for the independent sector.
59. In brief, we measure removals from the register as the number of pupils moving schools added to the number of pupils leaving the school system altogether.³²
60. We measure additions as the number of pupils moving schools added to the number of pupils entering the English education system.³³
61. For standard transitions, we account for any removals that occur in year 2, 6 and 11 and any additions that occur in year 3 and 7. These years are used as proxies for standard transition points as we do not have granular data on the structure of every school and therefore actual standard transition points for every school in question.
62. We have classed all pupil removals from the pupil registration registers in year 11 as standard transitions, however, if a pupil is still of compulsory age when they finish year 11 (i.e. the birthday they turn 16 is between the last Friday in June and 31 August) then under these regulations, this will be classed as a non-standard transition. However, we do not have data that is able to specify what percentage of the cohort that leaves in year 11 would be classed as a non-standard transition.
63. For non-standard transitions, we excluded any removals that occur in year 2, 6 and 11 and any additions that occur in year 3 and 7.
64. When considering both standard transitions and non-standard transitions, all years are included.
65. We also identified two further transition points that will be classed as either a standard transition or non-standard transition depending on whether the pupil in question is of compulsory school age when they transition. These transitions are the following:

³² Specifically, we include

- students moving within the state-funded sector
- students moving within the Alternative Provision sector
- students moving within the independent sector
- students leaving the state-funded sector (either leaving the education system entirely, or moving into alternative provision or the independent sector)
- students leaving the independent sector each year (either leaving the education system entirely, or moving into the mainstream education system)

³³ Specifically, our measure of additions includes:

- students moving within the state-funded sector
- students moving within the Alternative Provision sector
- students moving within the independent sector
- pupils entering the state-funded sector
- pupils entering Alternative Provision from the state-funded sector
- pupils entering independent schools (from the state-funded sector and elsewhere).

- When a child leaves a nursery school at the end of their reception year to join another school for the beginning of year 1
 - When a child finishes their first school and moves to a middle school (in parts of the country where three-tier schools exist) or another school
66. However, given we do not possess granular data regarding these transitions we are unable to model the costs associated. We believe that we have been able to capture the vast majority of transitions that occur and the two scenarios above will only constitute small amounts of pupil movement.
67. To construct the estimates for the standard and non-standard transitions, we made use of several different information sources:
- i. *School Census*: Comparing the school census (an annual record of all pupils within the state-funded sector) in 2013 and 2014 allowed us to estimate the number of pupils who in that period had moved between state-funded schools and who had left the state-funded sector. This is the major component of our estimate of the number of removals and additions expected in a single year.
 - ii. *Internal analysis using matched data*: A second piece of internal analysis followed a single cohort of pupils who were in year 5 in 2005, and tracked the destinations of those who left the school census between years 5 and 11, including how many children moved into Alternative Provision. This allowed us to estimate the number of students moving into Alternative Provision each year.
 - iii. *The Independent School Census*: A survey carried out by the Independent Schools Research Council which contains data on the number of new pupils that started at surveyed independent schools as well as the previous educational settings of new starters. This allowed us to estimate the number of students moving within the independent sector, and the number of new students in independent schools each year.
68. When there were evidence gaps for other settings, information about pupil movement into, out of and within the state-funded sector was used to make assumptions about pupil movement in other settings.
69. The result of this analysis is that we estimate the following annual pupil movement volumes:

Table 4: Annual pupil movement volumes, broken down by standard and non-standard transitions		
	Removals	Additions
Non-standard transitions		
All Schools	385,000	438,000
Of which: movement relating to the independent sector	24,000	43,000
Standard transitions		

All Schools	680,000	696,000
Of which: movement relating to the independent sector	15,000	31,000
All transitions (combined)		
All Schools	1,065,000	1,134,000
Of which: movement relating to the independent sector	39,000	74,000

70. Table 4 shows that there are larger volumes of additions than there are removals in all schools, including in independent schools, for both standard and non-standard transition points. Whilst this could be interpreted as implying that pupils are not going missing, this would be incorrect. There are a number of reasons why the volumes of additions are estimated to be larger than the volumes of removals:

- Our methodology for estimating the volumes combines a number of data sources as there is no single data source which records the data required. As such, it is possible that there are pools of individuals who may not be captured in the estimates.
- The volumes presented are for one particular snapshot in one particular year, and these have been applied across all years. It is possible that a snapshot of data from a different year could produce a different pattern of removals and additions.
- The volumes of removals in independent schools have been estimated by applying the proportion of removals in state-funded schools to the independent sector (as we do not have data on removals in the independent sector). In reality, the pattern of removals and additions may not be the same in the independent sector (for example, there could be a case of larger removals which might capture pupils moving from the independent sector to the state-funded sector).
- The volumes of additions capture external factors, such as immigration into the school system and movement from other types of schooling, that are not captured in the removals data (for example, general hospital schools).

71. We believe that these estimates of volumes of additions and removals give good indications of the scale of pupil movement. The majority of the estimate is derived by doing analysis on the school census data, which is the most robust of the sources we have drawn on.

72. As stated earlier, we assume there will be some administrative work undertaken at an LA for every removal they are notified about from schools and for every addition. We have used the same removals and additions volumes as above for this calculation. We have used for volumes for every instance of a deletion, to model parents time cost estimation.

Total annual cost estimates for removals, additions, seeking additional information, LA administration work and parents' time

73. To estimate the total annual undiscounted cost, we multiply the unit cost of a removal, an addition, seeking additional information, LA administration work and parent time to the respective volumes as set out in table 5.
74. We assume that seeking additional information from parents will take place every time a child is removed. As a result, every time a school seeks additional information about the onward destination of a pupil there will be a parent's time associated with this action as well. We also assume that there will be administration task for every removal and every addition, hence a combined volume of removals and additions. In reality, it is likely that these administration tasks are undertaken in batches; therefore the LAs may experience economies of scale which we are unable to represent in our calculations. So the costs that we estimate may be an *overestimation* of the true costs.

Table 5: Breakdown of costs for schools reporting removals, additions and schools seeking additional information – for all schools and separately for independent schools and, LA administration and parents' time, at non-standard transitions

	Volumes	Hourly wage	Time Assumptions (as a proportion of hour)	Annual Cost (vol*wage*time)
Overall				
Schools - Reporting a removal to the LA	385,000	£13.05	0.27	£1,339,000
Schools - Seeking additional information from a parent	385,000	£13.05	0.65	£3,264,000
Schools – Reporting an addition to the LA	438,000	£13.05	0.28	£1,620,000
LA administration	823,000	£13.05	0.42	£4,475,000
Parents time	385,000	£15.30	0.30	£1,766,000
Independent Schools				
Schools - Reporting a removal to the LA	24,000	£13.05	0.27	£83,000
Schools - Seeking additional information from a parent	24,000	£13.05	0.65	£202,000
Schools – Reporting an addition to the LA	43,000	£13.05	0.28	£157,000

75. We have not included a calculation of the LA administration cost or parents' time cost in the separate figures provided for independent schools as, whilst this adds to the overall cost, they are not actions which impact on business.
76. As well as requiring information for non-standard transitions, this option grants LAs the right to request pupil movement data from schools at standard transitions. We

used the LA responses to the consultation question 3b³⁴ and from this we estimate that 84% of LAs are likely to use the discretion.

77. We have then applied this 84% assumption to the removals and additions caseload at standard transition points.
78. Even though this is our best estimate to calculate the number of individual cases whereby LAs will request this information, in reality, it is likely to vary. Firstly, each LA has a different number of schools in their jurisdiction. This means the actual number of cases where LAs are likely to request information at standard transitions could be higher or lower depending on whether the LAs that request this information have many or few schools in their area. Secondly, whilst most school has a typical structure (where they account for certain teaching years, for example year 7 to year 11), schools can have a varying standard transition point. If so, we will not be capturing these transitions, though, we expect these to be small.
79. Table 6 below presents the number of cases where we estimate LAs to request pupil movement data at standard transitions. This is calculated using our total volumes at standard transitions multiplied by 84%.

Table 6: The number of cases where LAs will request pupil movement information at standard transition points		
	Removals	Additions
Estimated number of cases where LA request pupil movement at standard transitions		
All Schools	572,000	584,000
Of which: Independent Schools	13,000	26,000

80. Table 7 presents our estimates of the annual cost to business and overall cost of standard transitions (with the volumes used being our estimated number of cases set out in table 6).

Table 7: Breakdown of costs for schools reporting removals, additions and seeking additional information; LA administration; and parents' time at standard transitions				
	Volumes	Hourly wage	Time Assumptions (as a proportion of hour)	Annual Cost (vol*wage*time)
Overall				
Schools - Reporting a removal to the LA	572,000	£13.05	0.27	£1,989,000

³⁴ Question 3b "Are LAs likely to use the proposed discretion to seek information on pupils removed from their registers (and pupils added to their registers) at standard transition points?" relating to question 3a "Should schools only be required to report to their LAs pupils removed from their registers and pupils added to their registers at non-standard transition points (i.e. whenever a compulsory school-aged child leaves their school before completing that school's final year group)?".

Schools - Seeking additional information from a parent	572,000	£13.05	0.65	£4,847,000
Schools – Reporting an addition to the LA	584,000	£13.05	0.28	£2,160,000
LA administration	1,156,000	£13.05	0.42	£6,284,000
Parents time	572,000	£15.30	0.30	£2,623,000
Independent sector				
Schools - Reporting a removal to the LA	13,000	£13.05	0.27	£44,000
Schools - Seeking additional information from a parent	13,000	£13.05	0.65	£108,000
Schools – Reporting an addition to the LA	26,000	£13.05	0.28	£97,000

Average annual cost estimates

81. To estimate the overall undiscounted average annual cost for this option, we sum (over ten years) the total annual costs of the following:

- Schools reporting removals of pupils from their register to their LAs
- Schools seeking additional information about the child about to be removed from a school's pupil register
- Schools reporting additions of pupils to their register to their LA
- LA administration
- Parents' time cost

To this we add the one-off familiarisation costs incurred by both schools and LAs in the first year. This total cost is then divided equally over the ten year period.

82. To estimate the undiscounted average annual cost for business (independent schools), we sum (over ten years) the total annual costs of the following:

- Independent schools reporting removals of pupils from their registers to their LAs
- Independent schools seeking additional information about the child about to be removed from a school's pupil registers
- Independent schools reporting additions of pupils to their registers to their LA

We add the one-off familiarisation cost that is incurred by independent schools in the first year. This total cost is then divided equally over the ten year period.

83. The table below presents our best estimate of the average annual undiscounted costs associated with option 1, based on the methodology briefly outlined above. Estimates are presented for all schools and for the independent sector separately for *both* non-standard transitions and standard transitions, and are in 2015-16 prices. We assume that these costs will be constant over the appraisal period.

Table 8: Undiscounted 10-year average annual cost estimates overall, and separately for the independent sector

Overall	£30,467,000
Independent sector	£700,000

Non-monetised costs

84. We used the consultation to address some of the evidence gaps that were present in the pre-consultation cost-benefit analysis. However, there may be some additional costs associated with the policy that we still cannot monetise as there is insufficient evidence to estimate these. Specifically:

- The potential costs to independent schools³⁵ to update their Management Information systems to co-ordinate data sharing with their LA.
- The potential costs to LAs for setting up new systems for collecting and processing the additional volumes of data.

85. Furthermore, under this policy, regulations 8(1)(f)(iii) and 8(h)(iii) will be amended to ensure the ‘reasonable enquiries’ are done collaboratively between the school and LA, not separately. As both the LA and the school are already required by the current Regulations to make ‘reasonable enquiries’, we do not believe that there would be an additional cost associated with this part of the regulation. There could be some costs associated with LAs and schools having to ‘collaborate’ when making enquiries, but we do not expect that these will be significant as both schools and LAs will be making similar enquiries. This enquiries process should have the benefit of being more efficient with less replication of effort.

Option 1 benefits

Monetised Benefits

86. Given the nature of the specific regulatory changes, it is not possible to fully monetise the expected benefits. However, to give an indication of the scale of potential benefits, we considered the following.

87. The objective of the policy is to identify quickly and effectively those children of compulsory school age who are missing education, including those who are at risk of harm, exploitation or radicalisation. Through better information from schools on when pupils are removed or added to school admissions registers, LAs should be better able to track pupils and target those most at risk, thereby preventing poor outcomes such as child sexual exploitation (CSE). This would result in cost savings which would have otherwise been incurred.

³⁵ State-funded schools are already highly likely to have Management Information (MI) systems and it should be possible to adapt them to share information with their LA. Requirements placed upon schools in legalisation (or Academy funding agreements) for them to make pupil level school census returns and transfer data to another school when a pupil moves, effectively, makes it a requirement for them to have a MI system.

88. To exemplify the likely benefit of reducing risk of harm, the number of children suffering CSE has recently been estimated by the NSPCC. They estimate that around 5% of UK children suffer contact sexual abuse at some point during childhood.³⁶ This represents an average of more than 10,000 new victims in the UK every year. We know that CSE is under reported and under recorded, so the number of cases is likely to be higher.
89. Estimating the total economic cost savings is very difficult as it is not possible to capture all costs accurately. As an example, estimating the total cost of healthcare is challenging even when data of all services consumed is available. Giles and Perlman (2012)³⁷ estimate that the indirect cost of addressing the abuse and neglect associated with the consequences of maltreatment on children. They estimate the abuse and neglect suffered by 1.25 million children in the USA was \$80 billion, in 2012 prices. This was an average cost per victim of approximately \$64,000 (£42,000).
90. As shown in Table 8, above, the average annual undiscounted cost of this policy is £30.5 million. If this policy prevented poor outcomes, like the one above, for around 700 children a year the policy would break-even (£30.5 million/£44,000³⁸ = ~700).
91. We also considered evidence from the UK. Based on section 251³⁹ expenditure returns from LAs in England in 2014-15 then uprated to 2015-16 prices, the annual spending per looked after child is, on average, around £54,000. Based on an assumption that the policy allowed for early intervention which prevented children going into the care system, the policy would break even if this happened for around 570 children a year (£30.5 million/£54,000 = ~570). The estimates above suggest that if poor outcomes for around 570 to 700 children a year, are avoided, as a result of this policy, the policy would breakeven.
92. In addition to the cost savings from preventing poor outcomes, this policy is likely to result in some children receiving a suitable education, where they otherwise would not have. We know that there are significant economic returns to achieving key intermediate qualifications, for example individuals who achieve five or more good GCSEs including English and maths as their highest qualification, have estimated lifetime productivity returns in excess of £100,000, compared to those with below level 2 or no qualifications.⁴⁰ If as a result of this policy some young people remain in education when they otherwise would not have and achieve these qualifications then there could be sizeable benefits for the individual and the economy more widely.
93. This additional benefit implies that the above estimate of the number of children that would need to be safeguarded for the policy to break-even is an overestimate.

³⁶ Source: Child Exploitation and Online Protection (CEOP) (2013). *Threat Assessment of Child Sexual Exploitation and Abuse*, page 6, available at: https://ceop.police.uk/Documents/ceopdocs/CEOP_TACSEA2013_240613%20FINAL.pdf [Accessed on 08 August 2016], quoting "Radford et al. (2011). *Child abuse and neglect in the UK today*".

³⁷ Source: Gelles, Richard J., & Perlman, Staci (2012). *Estimated Annual Cost of Child Abuse and Neglect*. Chicago IL: Prevent Child Abuse America.

³⁸ We uplift the £42,000 figure used in Giles and Perlman into 2016 prices.

³⁹ Section 251, Apprenticeships, Skills, Children and Learning Act 2009 requires Local Authorities to submit statements about their planned and actual expenditure on education and children's social care.

⁴⁰ Source: Hayward et al. (2014). *The economic value of key intermediate qualifications: estimating the returns and lifetime productivity gains to GCSEs, A levels and apprenticeships*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/387160/RR398A_-_Economic_Value_of_Key_Qualifications.pdf [Accessed on: 23 March 2016]

However, including the benefit of receiving a suitable education in the break-even analysis would require a number of un-evidenced assumptions (for example, about the number of pupils who would receive a suitable education *and* obtain a good qualification), making the estimate less robust. In any case, the break-even analysis above indicates that the policy is likely to deliver benefits that at least balance the costs.

94. We believe that this policy will help to reduce the frequency with which such occurrences take place; as a result, there could be large cost savings through modes such as reduced demand for child social care and mental health treatments, amongst others. However, we cannot be precise about the number of children for which these poor outcomes would be reduced.

Non-monetised benefits

95. These benefits are non-monetised as they primarily relate to the general welfare and safety of students. Though it is difficult to quantify the impacts, we believe they are likely to be considerable.
- *Improved welfare and safeguarding of children:* The new measures will assist LAs in undertaking their duty to identify children missing education. It will support them in their efforts to safeguard and promote the welfare of all children in their area and to ensure that those children are receiving suitable education.
 - *Increased efficiency through better targeting of resources on children 'at risk':* The measures will improve the process whereby LAs seek to identify the whereabouts of pupils through better recording of pupil movements, enabling LAs to better track pupils who are removed from the admission register. Thus LAs can then distinguish the minority of children who may be at risk from the majority who will be safe and receiving a suitable education in mainstream schools, registered independent schools or in their home and focus their resources appropriately.
 - *LA resources saved:* As a result of the policy, schools will identify contact details and destination schools rather than the LA, which will save LA resources. In addition, LAs are likely to see reductions in expended resources if, as a result of this policy, some children are prevented from experiencing a poor outcome which may have otherwise resulted in them being going into the care system.
 - *Spill-over benefits for other areas of LA activity:* It is likely that improved co-ordination between schools and LAs over pupil destinations will aid LAs in other areas. For example, they have a duty to monitor the activity of 16-19 year olds in their area to ensure compliance with the raising of the participation age to 18.
 - *Benefits to the Exchequer and the economy as a whole through pupils remaining in education:* If as a result of this policy, a child stays in education and then achieves 5 or more good GCSEs, it is estimated they will have higher earnings compared to someone who does not hold any qualifications.⁴¹

⁴¹ Source: Hayward et al. (2014). *The economic value of key intermediate qualifications: estimating the returns and lifetime productivity gains to GCSEs, A levels and apprenticeships*. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/387160/RR398A - Economic Value of Key Qualifications.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/387160/RR398A_-_Economic_Value_of_Key_Qualifications.pdf) [Accessed on: 23 March 2016]

The Exchequer could benefit in a case like above also. A higher educated individual may earn higher wages and therefore pay more tax, relative to someone who is less educated. In addition, a higher educated individual, relative to someone who has less education, may have a reduced probability of being out of employment and receiving benefits payments.

- *Wider benefits of education to the individual:* We also know that education has a positive impact on a range of factors, such as health, behaviour and overall well-being. For example, in the UK, individuals achieving higher levels of education are less likely to commit crime; a 1% fall in the proportion of individuals leaving school with no educational qualifications reduces crime by approximately 1%.⁴²

Summary of impact for business

96. Assuming the costs of this policy will remain the same in real terms, a discount rate of 3.5% and a 10 year appraisal period from 2016-2026, **we estimate a present value cost of this policy of £262.4 million.**

97. As mentioned earlier, we cannot monetise the benefits (which we nonetheless believe to be significant). Therefore, we have presented the present value costs associated with policy.⁴³

98. In addition, we have assumed a zero baseline for our estimations, resulting in an overestimate of the additional costs of this policy.
Impact for business

99. Looking just at the independent sector, assuming the costs of this policy will stay the same in real terms, a discount rate of 3.5% and a 10 year appraisal period from 2016-2026, **we estimate a present value cost impact on business of this policy of £6.0 million.**

Table 9: Present value cost estimates	
Overall	£262,394,000
Independent sector	£6,043,000

Estimated Annual Net Cost to business

100. This policy is **in** the scope of One-in Three-out⁴⁴ (OI3O).

101. The Equivalent Annual Net Direct Cost to Business (EANDCB) is **£667,651.**

⁴² Source: Machin, S., Marie, O., and Vujic, S. (2011) The Crime Reducing Effect of Education. *The Economic Journal*. Volume 121, Issue 552: 463- 484. Available at: <http://onlinelibrary.wiley.com/doi/10.1111/j.1468-0297.2011.02430.x/abstract> [Accessed 13 April 2016].

⁴³ Usually a Net Present Value (NPV) is presented that is; the difference between the present value of a stream of costs and the present value stream of benefits. However, as we are unable to present monetised benefits, we have solely presented the costs.

⁴⁴ One-in, Three-out (OI3O) requires that for every pound of additional net cost imposed on business by new measures that regulate or deregulate business, Departments must find three pounds of net savings from deregulatory measures (savings from regulatory measures may not be counted). OI3O applies to all changes in, or introduction/removal/expiry of, measures that require clearance from the Reducing Regulation Committee (RRC).

Small and Micro Business Assessment

102. At the end of 2014, there were 2,411 independent schools outside the public sector.⁴⁵ Of these, 77.6% (1,790) are small and micro businesses with fewer than 50 employees; 56.7% are small businesses and 20.9% are micro businesses (with fewer than 10 employees).
103. We do not intend to exempt small and micro-sized independent schools from these regulations as this would undermine the policy's ability to achieve its objectives. Permitting some schools to continue not reporting their admissions and removals would result in gaps in the information held by LAs. They may then mistakenly identify as children at risk, or lead them to assume that children who had in fact gone missing had moved into one of these small or micro businesses.
104. As school staff numbers are proportional to the number of pupils, and the number of pupils in a school is likely to be proportional to the number of additions and removals to the school register, it is unlikely that this regulation will disproportionately affect small and micro-businesses.
105. The average annual cost of this policy per independent school (in 15/16 prices) is £297⁴⁶ - small and micro-businesses will face lower costs proportionate to their size.

⁴⁵At the time at which some of this analysis was done (in late 2015) we did not have data on employee size for all schools as those opening after 17/01/13 did not have staff numbers recorded on Edubase until early 2015. We have data for 2,306 of these schools so assume that the non-recorded schools follow the same size distribution

⁴⁶ Annual cost for independent schools divided by the number of independent schools listed in the 2015 Department for Education (DfE) Schools, Pupils and their Characteristics Statistical First Release (SFR).

Key risks, assumptions and sensitivities of option 1

106. There is a general lack of evidence to inform many of the assumptions required to estimate the costs though some of these have been better informed following the consultation. However, we undertake some sensitivity analysis to account for actual figures being higher or lower.

School familiarisation costs

107. To estimate the one-off familiarisation cost for schools, we conducted analysis on schools responses to the consultation question 10b. Our best estimate for a ‘regular leadership teacher’ to understand and communicate the changes in the regulation to their staff was 56 minutes.

108. The actual time required may vary depending on:

- the ease with which new regulations can be understood; and
- the ease with which the new regulations can be communicated to staff in schools (and any queries/challenges raised by staff).

109. To demonstrate the sensitivity of the school familiarisation cost to changes in the time assumption, we have also estimated costs based on an upper and lower bound time assumptions as follows:

Table 10: Range of time assumptions for school familiarisation and associated (undiscounted) familiarisation cost estimates			
	Time Assumption		
	Low (30 minutes)	Best Estimate (56 minutes)	High (95 minutes)
Overall	£533,000	£994,000	£1,687,000
Independent sector	£53,000	£98,000	£166,000

LA familiarisation cost

110. Similar to school familiarisation costs, LAs will incur a cost to understand the new regulations in the first year only. Our best estimate for a ‘Principle Education Welfare officer’ to understand the regulation changes and then communicate these changes to the relevant staff is 80 minutes.

111. The actual time required may vary depending on:

- the ease with which new regulations can be understood; and,
- the ease with which the new regulations can be communicated to staff in LAs (and any queries/challenges raised by staff).

112. To demonstrate the sensitivity of the LA familiarisation cost to changes in the time assumption, we have also estimated costs based on an upper and lower bound time assumptions as follows:

Table 11: Range of time assumptions for LA familiarisation and associated (undiscounted) familiarisation cost estimates

	Time Assumption		
	Low (33 minutes)	Best Estimate (80 minutes)	High (151 minutes)
Overall	£3,800	£9,200	£17,400

School and LA admin labour costs

113. We assume that the additional work resulting from new regulation will be carried out by administrative staff and we calculated an hourly labour of £13.05 (in 2015/16 prices and including non-wage costs). If the staff carrying out these tasks have higher wages or higher non-wage costs, then the estimates of the overall cost of this policy will be greater.

Parent time cost

114. To estimate parents' time, we used published figures for the average hourly wages in the economy, which is £15.30. If this figure differs in reality, the estimates of the overall cost of this policy will be greater.

Local authorities requesting information at standard transition points

115. As explained earlier, this policy imposes an additional duty on schools to provide the above information on standard transitions (as well as non-standard transitions), if their LA specifically requests this⁴⁷. Whilst we have estimated the number of cases where LAs could exercise this power using LAs' responses to the consultation question number 3b⁴⁸, in reality, this could still differ. *The cost estimates presented are particularly sensitive to this.*
116. To demonstrate the sensitivity of the cost estimations to our assumption that LAs will request pupil movements at standard transitions in 84% of the number of cases, we provide two additional estimates of the percentage of LAs using their power to request pupil movement information (by again applying to the caseload). These are presented in the two tables below (one for all schools, one for solely independent schools). The lower bound and upper estimates in Table 12, Table 13 and Table 14 form the assumptions used in the 'Present value costs - low' and 'Present value costs - high', presented in Table 15.

⁴⁷ Currently, LAs can request this information, but schools do not have a duty to comply.

⁴⁸ Question 3b "Are LAs likely to use the proposed discretion to seek information on pupils removed from their registers (and pupils added to their registers) at standard transition points?" relating to question 3a "Should schools only be required to report to their LAs pupils removed from their registers and pupils added to their registers at non-standard transition points (i.e. whenever a compulsory school-aged child leaves their school before completing that school's final year group)?"

Table 12: The estimated number of cases where LAs will request pupil movement information from all schools, when the 'request assumption' varies

	Low assumption (78%)	Best assumption (84%)	High assumption (90%)
Removals	531,000	572,000	612,000
Additions	543,000	584,000	626,000

Table 13: The estimated number of cases where LAs will request pupil movement information from independent schools, when the 'request assumption' varies

	Low assumption (78%)	Best assumption (84%)	High assumption (90%)
Removals	12,000	13,000	14,000
Additions	24,000	26,000	28,000

Resource requirements

117. We have assumed the following time requirements for the five tasks this policy change requires:
- Schools reporting removals of pupils from their registers to their LAs: 16 mins
 - Schools seeking additional information about the child about to be removed from a school's pupil register: 39 mins
 - Schools reporting additions of pupils to their register to their LA: 17 mins
 - LA administration (combined for removals and additions): 25 mins
 - Parents' time cost: 18 mins
118. We assume that there will be no improvements over time in technology or software in schools or LAs that would reduce these time requirements.
119. The time required to carry out each task could differ on average from the assumptions made here. Time requirements will be sensitive to:
- the difficulty of contacting parents to seek additional information/the extent to which schools routinely collect this information for their own purposes. This may vary between independent and state schools – one may have a lower threshold for ceasing efforts to find out why a pupil has left;
 - the possibility of realising 'economies of scale' in sending data to LAs and collecting data from parents;
 - the possibility of realising 'economies of scale' in undertaking administrative tasks to update the LA systems with the new pupil information; and

- how well established the communicative links are between schools and local authorities – in particular between independent schools and LAs.

120. The table below provides our assumptions for upper and lower bound time assumptions, these feed into our NPV estimates.

Table 14: Range of time assumptions for tasks			
Task	Low time assumption (mins)	Best time assumption (mins)	High time assumption (mins)
Schools - Reporting a removal to the LA	13	16	22
Schools - Seeking additional information from a parent	28	39	51
Schools – Reporting an addition to the LA	14	17	23
LA administration	19	25	33
Parents' time	14	18	25

121. To demonstrate the sensitivity of the present value costs to the time assumptions, we have also calculated a present value cost for the policy using the following upper and lower bound time assumptions. In addition, we apply lower and upper estimates for the two familiarisation costs. The results are in the table below:

Table 15: Range of present value cost estimates			
	Present value costs - low	Present value costs - Best Estimate	Present value costs - high
Overall	£192,083,000	£262,394,000	£365,714,000
Independent sector	£4,537,000	£6,043,000	£8,318,000

Frequency of removals and admissions

122. The number of pupils added to and removed from schools' pupil registers in one year is estimated based on a combination of internal analysis and assumptions. These assumptions have been made cautiously, and we believe that the resulting estimates give a reasonable best estimate of the volumes of cases that will result from the regulation changes. However, if pupil movement increases in subsequent years, then all other things being equal, costs will be higher. Additionally, our estimates did not cover all educational institutions, making them slight underestimates of the total volumes of pupil movement. However, the number of institutions not covered by the analysis is likely to be very small in the context of the overall numbers.

Baseline

123. As discussed above, it has not been possible to establish a baseline number of pupil register removals that are reported to LAs annually. We have therefore assumed a baseline of zero. As a result, holding all other factors constant, the estimates presented here are an upper bound of the additional cost impact attributable to this policy and the cost varies inversely with the number of removals already reported.

Variation across schools

124. Costs may fall disproportionately on different schools if there is variation in the 'mobility' of their pupil population (i.e. if some schools and school types have relatively higher turnovers compared to others), or if certain schools face higher costs of contacting their LA or seeking out information. In particular, independent schools could face higher costs if they are not in routine contact with their LA.

Parental compliance

125. There is an additional risk that amended regulations might not sufficiently improve the communications and co-ordination between schools and LAs as the information that schools provide is only as good as that provided by a parent.

School compliance

126. The Education (Pupil Information) (England) Regulations 2006 require a state-funded school to transfer information on a pupil to the new school when requested. Academies are expected to comply although they are not compelled to do so using the Common Transfer File (CTF) and the importing school does not have to request the CTF.

Installation of systems in independent schools

127. Whilst we know that state-funded schools already have systems in place that are likely to be adaptable so they can share information with their LA, we believe that the systems in independent schools may not. Whilst the independent sector may be able to adopt similar systems to those in the state-funded sector. It is likely they will transfer information using alternative low-tech secure methods and therefore not incur the cost of adopting new systems. Furthermore, it is likely that LAs will share lessons that they have learnt and best-practices to mitigate against any unnecessary costs.

Local authorities

128. There is a risk that LAs do not have in place, and cannot develop, successful systems for dealing with the additional tracking information that they will receive. This could be associated with increased costs for the LAs. Though, given that LAs already track the activity of all 16-19 year olds, it is unlikely to be something LAs are unfamiliar with.
129. There is also a risk when LAs are required to co-ordinate with one another. However, early conversations with LAs and responses from the consultation indicate that they already have the systems in place for tracking pupils. They would welcome a statutory requirement for schools to tell them when a pupil has been removed rather than spending time having to find out this information.

130. In addition, the Department could introduce best-practice guidance that could lessen any impact of costs. For example, sharing best-practice on software and processes to manage this data and providing a standard 'return' form for schools to ensure that LAs receive consistent and timely records (from schools and fellow LAs) that can be processed more quickly.

Option 2 – Issue guidance

Summary

131. **This option was considered but is not the preferred option.** Even though the costs may be lower than those incurred under option 1, the benefits would also be significantly less as schools would be able to challenge the expectations in guidance to provide the information requested and thus not comply. This option would therefore not achieve the policy objective.
132. LAs already work closely with schools to try and secure the information they need to undertake their children missing education and safeguarding duties, and report that this is not sufficiently effective. The consultation responses and qualitative evidence gathered from LAs have been clear that a formal requirement on schools is much more likely to ensure compliance than statutory guidance.
133. If guidance was issued, although we estimate that around 60% of schools would comply with all the expectations set out, there would be no way of ensuring that all schools did so. There is also the risk of challenge from schools where they believe it is not reasonable for them to provide the required information. Many removals or additions to pupil registers could remain unreported, particularly as there is a direct cost to schools associated with compliance.
134. We also considered the option of issuing non-statutory rather than statutory guidance but concluded that the likelihood of compliance with the expectation would be so minimal that any potential benefits would be extremely unlikely to be realised. Schools would also incur a cost from undertaking the required activities with no direct benefits to themselves. As a result, they would be very unlikely to meet the expectation set out in such guidance.
135. Whilst there are significant grounds under which we believe that this option should not be pursued, we have monetised the potential impacts so that the RPC can consider fully the range of options. **We believe though that the costs arising from poorer safeguarding due to non-compliance of guidance is much larger than the cost of additional school activity required to meet new regulations under option 1.**

Option 2 costs and benefits

Baseline

136. As set out under option 1, establishing a baseline requires data on the current number of removals reported to LAs, which is not available. As a result, we assume that the baseline is zero, in other words that no removals are currently reported.
137. Similarly, as we do not have the data to ascertain how many schools currently inform the LA when they add a pupil to their register, we have assumed a baseline of zero.
138. Assuming all our other assumptions hold, the cost estimates reported here will therefore be an over-estimate and an absolute upper bound of the additional impact of this policy.

Monetised Costs

139. As in option 1, the primary costs of the proposed guidance changes are those associated with:
- A member of school staff familiarising themselves with the changes (new statutory guidance in this case) and then disseminating this information
 - A member of LA staff familiarising themselves with the new statutory guidance and then disseminating this information
 - School staff reporting the addition of a new pupil on their register to their LA (in all cases)
 - School staff contacting parents of the child being removed from their register (via phone or email) in order to seek information about the onwards destination, including the name of the pupil's new school
 - LA staff undertaking administrative tasks when a school informs them:
 - a pupil has been removed from a school's registration register and
 - a pupil has been added to a school's registration register
 - Parents' time taken to provide the additional information about the onwards destination, and the name of the pupil's new school

School familiarisation costs

140. As a result of this policy option schools will incur a one-off transition costs which will take the form of a senior member of school staff spending some time to understand the new guidance and then to cascade the new information to their staff. All schools will have to undertake this transition process to ensure all staff are fully aware of the new guidance.
141. Table 16 sets out the one-off transition costs for state-funded and independent schools. These costs have been estimated using the same wage estimates, volumes figures (for number of schools) and time assumptions as in option 1.

Table 16: One-off school transition costs	
All Schools	£994,000
Independent sector	£98,000

LA familiarisation costs

142. This policy option means that LAs will incur a cost in familiarising themselves with the new guidance and ensuring that all staff are aware of the changes.
143. Table 17 sets out the one-off transition costs for LAs. These costs have been estimated using the same wage estimates, volume figures (for number of LAs) and time assumptions as in option 1.

Table 17: One-off LA transition costs	
All LAs	£9,200

Estimating the costs of reporting removals from the pupil register, reporting additions to the pupil register and seeking additional information about onward destination from parents

144. This option will require the same activities from schools as those required by option 1. The difference here is that, as the guidance does not place a legal duty on schools to comply with the changes, there is likely to be a reduced take-up rate of the new guidance in comparison to the 100% take-up in option 1. The guidance will have a statutory basis, which leads us to believe there will be a reasonable take-up, but we expect this will still be low compared to the take-up from a change in the regulations.
145. Consequently, **we assume a 60% take-up rate of the guidance for non-standard transitions across all schools, each year.** In reality, it is likely that the take-up rate would start at a much lower rate and gradually reach a peak (of less than 100%) over time. However, as we do not have any evidence to inform a potential growth rate, we assume a constant rate over time.
146. For this option, LAs can request pupil movement data at standard transitions points. We assume, like in option 1, that 84% of LAs will request this information and again apply this to the caseload of movements at standard transitions. However, with this option there is no duty for schools to provide this information. **We assume a 60% take-up rate for standard transitions across all schools, when LAs request this information, each year.** In reality, this is likely to start a lower rate and gradually peak (at less 100%) over time. Though, as stated before, we do not have any evidence to inform a potential growth rate.

Average annual cost estimates

147. To estimate the annual costs of option 2, we use exactly the same wage estimates, and time assumptions as those set out in option 1. Table 3 presents these figures.
148. To estimate the overall undiscounted average annual cost estimates for this option, we first multiply the volumes set out in option 1 by our flat 60% assumption to reflect the lower compliance as this is guidance. We then multiply the respective volumes by the respective unit costs and sum (over ten years) to calculate the total annual costs of the following:
 - Schools reporting removals of pupils from their register to their LAs
 - Schools seeking additional information about the child about to be removed from a school's pupil register
 - Schools reporting additions of pupils to their register to their LA
 - LA administration
 - Parents' time cost

To this, we add the one-familiarisation costs incurred by both schools and LAs in the first year. This total cost is then divided equally over the ten year period.

149. To estimate the undiscounted average annual cost for business (independent schools) for this policy, we again multiply the volumes set out in option 1 by our flat 60% assumption. We then multiply the respective volumes by the respective unit costs and sum (over ten years) to calculate the total annual costs of the following:

- Independent schools reporting removals of pupils from their registers to their LAs
- Independent schools seeking additional information about the child about to be removed from a school's pupil registers
- Independent schools reporting additions of pupils to their registers to their LA

We add the one-off familiarisation cost that is incurred by independent schools in the first year. This total cost is then divided equally over the ten year period.

150. Table 18 below presents our best estimate of the average annual undiscounted costs associated with option 2, based on the methodology briefly outlined above (and in more depth in option 1). Estimates are presented for all schools and for the independent sector separately and are in 2015-16 prices. We assume that these costs will be constant over the appraisal period.

Table 18: Undiscounted 10-year average annual cost estimates overall, and separately for the independent sector	
Overall	£18,321,000
Independent sector	£424,000

Monetised and non-monetised benefits

151. As stated earlier in this section, the costs of this option are approximately 60% of option 1.
152. The source of the benefits of option 2 is the same as option 1. However, the benefits will be scaled down further (i.e. less than 60% of the benefits that will be observed in option 1). We believe that where schools decide not to comply with the guidance, there is more chance of this covering cases where poor outcomes will result for children.

Summary of impact for business

153. Assuming the costs of this option will remain the same in real terms, a discount rate of 3.5% and a 10 year appraisal period from 2016-2026, **we estimate a present value cost⁴⁹ of this policy of £157.8 million.**
154. We cannot monetise the benefits (which we nonetheless believe to be significant), however, smaller in magnitude in comparison to option 1. Therefore, we have presented the present value costs associated with policy.⁵⁰
155. In addition, we have assumed a zero baseline for our estimations, resulting in an overestimate of the additional costs of this policy.

⁴⁹ The term 'present value cost' is used to describe the present value of a stream of costs – a discount rate of 3.5% is used to all costs and benefits to 'present values', so that they can be compared. This is in line with the guidance in the HM Treasury Green Book.

⁵⁰ Usually a Net Present Value (NPV) is presented that is; the difference between the present value of a stream of costs and the present value stream of benefits. However, as we are unable to present monetised benefits, we have solely presented the costs.

Impact for business

156. Looking just at the independent sector, assuming the costs of this policy will stay the same in real terms, a discount rate of 3.5% and a 10 year appraisal period from 2016-2026, **we estimate a present value cost impact on business of this policy of £3.7 million**

Overall	£157,838,000
Independent sector	£3,665,000

157. Whilst option 2 is estimated to impose a lower cost than option 1, this reduced cost is as a result of a lower take-up of the guidance (compared to regulation changes where it is a legal duty to report pupil movement). By definition, this means that the benefits realised will also be significantly lower than those realised under option 1. The purpose of this policy is to improving targeting of children missing education and to protect them from safeguarding risks – this option will not fully meet this objective in comparison to option 1. **We believe that the costs arising from reduced safeguarding due to non-compliance of guidance is much larger than the cost of additional school activity required to meet new regulations under option 1.**

Equivalent Annual Net Direct Cost to Business

158. This policy is **in** scope of One-in Three-out⁵¹ (OI3O).
159. The Equivalent Annual Net Direct Cost to Business (EANDCB) is **£404,922**.

Small and Micro Business Assessment

160. At the end of 2014, there were 2,411 independent schools outside the public sector⁵². Of these, 77.6% (1,790) are small and micro businesses with fewer than 50 employees; 56.7% are small businesses and 20.9% are micro businesses (with fewer than 10 employees).
161. We do not intend to exempt small and micro-sized independent schools from these regulations as this would undermine the policy's ability to achieve its objectives. Permitting some schools to continue not reporting their admissions and removals would result in gaps in the information held by LAs. They then may mistakenly identify as children at risk, or lead them to assume that children who had in fact gone missing had moved into one of these small or micro businesses.

⁵¹ One-in, Three-out (OI3O) requires that for every pound of additional net cost imposed on business by new measures that regulate or deregulate business, Departments must find three pounds of net savings from deregulatory measures (savings from regulatory measures may not be counted). OI3O applies to all changes in, or introduction/removal/expiry of, measures that require clearance from the Reducing Regulation Committee (RRC).

⁵²At the time at which some of this analysis was done (in late 2015) we did not have data on employee size for all schools as those opening after 17/01/13 did not have staff numbers recorded on Edubase until early 2015. We have data for 2,306 of these schools so assume that the non-recorded schools follow the same size distribution

162. As school staff numbers are proportional to the number of pupils, and the number of pupils in a school is likely to be proportional to the number of additions and removals to the school roll, it is unlikely that this regulation will disproportionately affect small and micro-businesses.
163. The average annual cost of this policy per independent school (in 15/16 prices) is £180⁵³, small and micro-businesses will face lower costs proportionate to their size.

Key risks, assumptions and sensitivities of option 2

164. This policy option shares the majority of assumptions in option 1, where there is a general lack of evidence to inform many of the assumptions required to estimate the costs though some of the assumptions have been better informed following the consultation.
165. The costs associated with this policy depend especially on the estimated take-up of the guidance. We have assumed a flat 60% take-up rate, but in reality, this could be higher or lower.
166. To demonstrate the sensitivity of the present value costs to this assumption, we have also calculated a present value cost for this policy using a lower and higher take-up rate (50% and 70%, respectively). Apart from altering this assumption, we have used the same lower and upper boundaries that are applied in the sensitivity analysis in option 1.
167. That is, to estimate the lower estimate of present value costs, we use:
- The lower estimate of the school familiarisation cost in the first year (Table 10 – page 29)
 - The lower estimate of the LA familiarisation cost in the first year (Table 11 – page 30)
 - The low assumption of the estimated number of cases where LAs will request pupil movement information for the volumes of removals and additions (Table 12 – page 31 for overall, Table 13 – page 31 for independent sector)
 - The low time assumptions for each of the tasks (Table 14 – page 32)
168. For the upper estimates of present value costs, we use the upper estimates as set out in the respective tables.

⁵³ Annual cost for independent schools divided by the number of independent schools listed in the 2015 DfE Schools, Pupils and their Characteristics SFR.

169. The results are presented in the table below:

Table 20: Range present value cost estimates			
	Present value costs - low assumptions and 50% take-up rate of guidance	Present value costs - Best estimates and 60% take-up rate of guidance	Present value costs - high assumptions and 70% take-up rate of guidance
Overall	£96,310,000	£157,838,000	£256,603,000
Independent sector	£2,295,000	£3,665,000	£5,873,000

Section F: Preferred option with description of implementation

170. **Option 1 is the preferred option** as it will achieve the regulatory regime changes sought by Ministers. It will effectively put in place a statutory requirement for schools to seek out information on pupils who will be removed or are added to their registers and to share that information with their local authorities. LAs will then have a better understanding of the whereabouts of pupils removed and added to admission registers.

In particular:

- the changes will legally require schools to share personal information about pupils who are removed from and added to school admission registers during non-standard transitions with LAs where they hold such information;
- it will assist LAs in undertaking their duty to safeguard and promote the welfare of all children in their area and to ensure that those children are receiving suitable education; and
- it will improve the robustness of the identification process and recording system enabling LAs to better track pupils who are removed from the admission register. LAs can then distinguish the minority of children who may be at risk from the majority who will be safe and receiving a suitable education in state-funded schools, registered independent schools or in their home and focus their resources appropriately.

171. **Option 2 would not fully achieve this.**

Annex A: Grounds for deleting pupils of compulsory school age from the admission register

The 5 grounds that currently require data sharing are in **bold** in the right column.

Table A1: Grounds for deletions	
Education (Pupil Registration) (England) Regulations 2006 - grounds for deletion.	Schools' process for deletion from the admission register
8(1)(a) - Where the pupil is registered at the school in accordance with the requirements of a school attendance order, that another school is substituted by the local authority for that named in the order or the order is revoked by the local authority on the ground that arrangements have been made for the child to receive efficient full-time education suitable to his age, ability and aptitude otherwise than at school;	School deletes pupil and amends the register with the ground of deletion
8(1)(b) - except where it has been agreed by the proprietor that the pupil should be registered at more than one school, in a case not falling within sub-paragraph (a) or regulation 9, that he has been registered as a pupil at another school;	<p>If school is a special school and pupil was registered under arrangements made by a LA, school seeks consent of that LA; if LA refuses, school seeks consent of Secretary of State.</p> <p>If consent given or not needed, school deletes pupil and amends the register with the ground of deletion</p> <p>(Pupil falling within reg. 9(1) – no fixed abode – cannot be deleted on this ground.)</p>
8(1)(c) - where a pupil is registered at more than one school, and in a case not falling within sub-paragraph (j) or (m) or regulation 9, that he has ceased to attend the school and the proprietor of any other school at which he is registered has given consent to the deletion;	<p>If school is a special school and pupil was registered under arrangements made by a LA, school seeks consent of that LA; if LA refuses, school seeks consent of Secretary of State.</p> <p>If consent given or not needed, school deletes pupil and amends the register with the ground of deletion</p> <p>(Pupil falling within reg. 9(1) – no fixed abode – cannot be deleted on this ground.)</p>
8(1)(d) - in a case not falling within sub-paragraph (a) of this paragraph, that he has ceased to attend the school and the proprietor has received written notification	If school is a special school and pupil was registered under arrangements made by a LA, school seeks consent of that LA; if LA refuses,

<p>from the parent that the pupil is receiving education otherwise than at school</p>	<p>school seeks consent of Secretary of State.</p> <p>If consent given or not needed, school deletes pupil and amends the register with the ground of deletion.</p> <p>School sends LA the full name of the pupil and address of parent the child normally resides with and tells LA the ground of deletion</p>
<p>8(1)(e) - except in the case of a boarder, that he has ceased to attend the school and no longer ordinarily resides at a place which is a reasonable distance from the school at which he is registered;</p>	<p>Parent(s) may inform the school or the school may find out the pupil has moved through its own investigation.</p> <p>If school is a special school and pupil was registered under arrangements made by a LA, school seeks consent of that LA; if LA refuses, school seeks consent of Secretary of State.</p> <p>If consent given or not needed, school deletes pupil and amends the admission register with the ground of deletion.</p> <p>School sends LA the full name of the pupil and address of parent the child normally resides with and tells LA the ground of deletion.</p>
<p>8(1)(f) - in the case of a pupil granted leave of absence in accordance with regulation 7(1A), that —</p> <p>(i) the pupil has failed to attend the school within the ten school days immediately following the expiry of the period for which such leave was granted;</p> <p>(ii) the proprietor does not have reasonable grounds to believe that the pupil is unable to attend the school by reason of sickness or any unavoidable cause; and</p> <p>(iii) <i>both the proprietor and the local authority have failed, after reasonable enquiry, to ascertain where the pupil is;</i></p>	<p>School may investigate the reason why the pupil has not returned to school after leave.</p> <p>School gives LA necessary details of pupil to enable LA to make enquiries</p> <p>School makes reasonable enquiry to ascertain where pupil is.</p> <p>If school is a special school and pupil was registered under arrangements made by a LA, school seeks consent of that LA; if LA refuses, school seeks consent of Secretary of State.</p> <p>If consent given or not needed, s, and if conditions satisfied, school deletes pupil and amends the register with the ground of deletion.</p>
<p>8(1)(g) - that he is certified by the school medical officer as unlikely to be in a fit state of health to attend school before</p>	<p>If school is a special school and pupil was registered under arrangements made by a LA, school seeks consent of that LA; if LA refuses,</p>

<p>ceasing to be of compulsory school age, and neither he nor his parent has indicated to the school the intention to continue to attend the school after ceasing to be of compulsory school age;</p>	<p>school seeks consent of Secretary of State.</p> <p>If consent given or not needed, school deletes pupil and amends the register with the ground of deletion.</p> <p>School sends LA the full name of the pupil and address of parent the child normally resides with and tells LA the ground of deletion</p>
<p>8(1)(h) - that he has been continuously absent from the school for a period of not less than twenty school days and —</p> <p>(i) at no time was his absence during that period authorised by the proprietor in accordance with regulation 6(2);</p> <p>(ii) the proprietor does not have reasonable grounds to believe that the pupil is unable to attend the school by reason of sickness or any unavoidable cause; and</p> <p>(iii) <i>both the proprietor of the school and the local authority have failed, after reasonable enquiry, to ascertain where the pupil is;</i></p>	<p>School may investigate the reasons for absence.</p> <p>School gives LA necessary details of pupil to enable LA to make enquiries.</p> <p>The school makes reasonable enquiry to ascertain where the pupil is.</p> <p>If school is a special school and pupil was registered under arrangements made by a LA, school seeks consent of that LA; if LA refuses, school seeks consent of Secretary of State.</p> <p>If consent given or not needed, s, and if conditions satisfied, school amends the admission register with ground of deletion</p>
<p>8(1)(i) - that he is detained in pursuance of a final order made by a court or of an order of recall made by a court or the Secretary of State, that order being for a period of not less than four months, and the proprietor does not have reasonable grounds to believe that the pupil will return to the school at the end of that period;</p>	<p>If school is a special school and pupil was registered under arrangements made by a LA, school seeks consent of that LA; if LA refuses, school seeks consent of Secretary of State.</p> <p>If consent given or not needed, school deletes pupil and amends the register with the ground of deletion.</p> <p>School sends LA the full name of the pupil and address of parent the child normally resides with and tells LA the ground of deletion</p>
<p>8(1)(j) - that the pupil has died;</p>	<p>School deletes pupil and amends the register with the ground of deletion.</p>
<p>8(1)(k) - that the pupil will cease to be of compulsory school age before the school next meets and—</p> <p>(i) the relevant person has indicated that the pupil will cease to attend the school; or</p> <p>(ii) the pupil does not meet the academic</p>	<p>If school is a special school and pupil was registered under arrangements made by a LA, school seeks consent of that LA; if LA refuses, school seeks consent of Secretary of State.</p> <p>If consent given or not needed, school deletes pupil and amends the register with the ground</p>

<p>entry requirements for admission to the school's sixth form;</p>	<p>of deletion.</p>
<p>8(1)(l) - in the case of a pupil at a school other than a maintained school, an Academy, a city technology college or a city college for the technology of the arts, that he has ceased to be a pupil of the school;</p>	<p>If school is a special school and pupil was registered under arrangements made by a LA, school seeks consent of that LA; if LA refuses, school seeks consent of Secretary of State.</p> <p>If consent given or not needed, school deletes pupil and amends the register with the ground of deletion.</p>
<p>8(1)(m) - that he has been permanently excluded from the school</p>	<p>School deletes pupil and amends the register with the ground of deletion.</p> <p>School sends LA the full name of the pupil and address of parent the child normally resides with and tells LA the ground of deletion</p>
<p>8(1)(n) - where the pupil has been admitted to the school to receive nursery education, that he has not on completing such education transferred to a reception, or higher, class at the school.</p>	<p>If school is a special school and pupil was registered under arrangements made by a LA, school seeks consent of that LA; if LA refuses, school seeks consent of Secretary of State.</p> <p>If consent given or not needed, school deletes pupil and amends the register with the ground of deletion.</p>
<p>1)(o) where—</p> <p>(i) the pupil is a boarder at a maintained school or an Academy;</p> <p>(ii) charges for board and lodging are payable by the parent of the pupil; and</p> <p>(iii) those charges remain unpaid by the pupil's parent at the end of the school term to which they relate.</p>	<p>If school is a special school and pupil was registered under arrangements made by a LA, school seeks consent of that LA; if LA refuses, school seeks consent of Secretary of State.</p> <p>If consent given or not needed, school deletes pupil and amends the register with the ground of deletion.</p>

Annex B: Consultation questions

The Department for Education consulted⁵⁴ on the proposed changes to the regulations between 19 January 2016 and 7 March 2016. The consultation questions are below:

1.
 - a) The proposals set out in this consultation aim to support local authorities (LAs) to carry out their duty to make arrangements to identify children missing education (CME) by strengthening communication and information provided by schools about pupils added and removed from school registers. Will the proposals in the consultation contribute to achieving this aim?
 - b) Is there anything else, which wouldn't impose significant burdens on schools or LAs, that would improve LAs' ability to identify CME?
2. Do you agree that schools and LAs should collaborate when making 'reasonable enquiries' about the whereabouts of a pupil, before the pupil's name can be deleted from the register under regulation 8(1)(f) and 8(1)(h)?
3.
 - a) Should schools only be required to report to their LAs pupils removed from their registers and pupils added to their registers at non-standard transition points (i.e. whenever a compulsory school-aged child leaves their school before completing that school's final year group)?
 - b) Are LAs likely to use the proposed discretion to seek information on pupils removed from their registers (and pupils added to their registers) at standard transition points?
 - c) If your answer to 3(b) is yes, how often is this likely to be (e.g. every year for all schools, every year for most schools, etc.)?
 - d) If answer to 3(b) is yes, what are the expected additional benefits of requesting information at standard transitions, over and above non-standard transitions?
4. Is there any practical advice related to the proposals in this consultation, their effect or implementation that you would like to see in statutory guidance or departmental advice?
5.
 - a) Are there individuals or groups with particular circumstances or characteristics, or type(s) of pupil for whom the impact of the proposals in this consultation will be relatively more significant?
 - b) How will the proposals in this consultation affect efforts under section 149 of the Equality Act 2010 to eliminate discrimination, harassment, and victimisation, to advance equality of opportunity, or to foster good relations?
6. How will schools and LAs approach the implementation of these proposals? What are the challenges or benefits, if any?

⁵⁴ Identifying children who are missing education consultation, GOV.UK. Link to consultation: <https://www.gov.uk/government/consultations/identifying-children-who-are-missing-education> [Accessed 6 April 2016].

7.

a) What existing processes, such as management information systems, could schools and LAs use for sharing information under the proposals in this consultation?

b) Will any changes be needed to adapt these processes and/or systems in 7(a) above to implement the proposals? If so, what would these changes be?

c) How long (in minutes) is it expected to take for one member of LA staff to familiarise themselves with the amended regulations and disseminate information about the changes in the regulations to all staff?

d) What administrative work will be required by LAs to process the additional information received from schools?

e) How long (in minutes) is it expected that this administrative work would take for each child?

8. How long (in minutes) do schools expect it would take to carry out the following tasks:

a) Report a deletion of a pupil's name from their register to their LA

b) Report an addition of a pupil's name to their register to their LA

c) Obtain from parents the necessary additional information required; this may cover:

o a pupil's onward destination and home address if they are being removed from their current school's register, including the name and address of their new school/institution.

o details of a pupil's previous school and home address when they are being added to a school's register

9. How much time (in minutes) will it take for parents to provide this additional information to schools?

10.

a) Within schools, who would be responsible for understanding the amendments to the regulations and disseminating information about the changes in the regulations to staff?

b) how long (in minutes) is this task expected to take?

11. Please let us have your views on responding to this consultation (e.g. the number and type of questions, was it easy to find/understand/complete, etc.):

12. Please provide any other comments here:

Annex C - Delivery Timetable

We have established the following timetable with the aim of laying the regulations in time for implementation in **September 2016**:

19 January 2016	Issue consultation on “Improving information in identifying children missing education”
7 March 2016	Consultation ends
9 May 2016	Submit RIA for Regulatory Policy Committee (RPC)
31 May 2016	RPC approves the RIA
21 July 2016	Government response to the consultation
1 September 2016	Regulations come into force