National Audit Office

Report
by the Comptroller
and Auditor General

Department for Education

Support for pupils with special educational needs and disabilities in England

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National Audit Office

Department for Education

Support for pupils with special educational needs and disabilities in England

Report by the Comptroller and Auditor General

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Gareth Davies
Comptroller and Auditor General
National Audit Office

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This report assesses how well pupils with special educational needs and disabilities are being supported.

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Contents

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Key facts

1.3m

pupils in England identified as having special educational needs and disabilities (SEND) at January 2019

£9.4bn

our estimate of the Department for Education's funding to support pupils with SEND in 2018-19

81.3%

proportion of local authorities that overspent their high-needs budget in 2017-18

1.0% to 5.9% variation between local authorities in the proportion of pupils aged 5 to 15 with education, health and care plans

2.6% real-terms reduction in funding for each pupil with high needs between 2013-14 and 2017-18

32.4% real-terms increase in local authorities' spending on independent special schools between 2013-14 and 2017-18

44.9% proportion of permanent exclusions involving children with SEND in 2017/18

91.8% proportion of state special schools that Ofsted had graded as good or outstanding at August 2018

50.0% proportion of inspected local authority areas that Ofsted and the Care Quality Commission had assessed as underperforming at July 2019

In this report, for consistency, we have used 'SEND' to refer to all pupils with special educational needs, including those whose special educational needs arise because they have a disability. This includes instances where we have presented information from the Department's school census and data collection from local authorities, which collect data on pupils with special educational needs (SEN).

Pupil numbers exclude those in nursery schools.

Financial years are written as, for example, '2017-18' and run from 1 April to 31 March; school academic years are written as '2017/18' and run from 1 September to 31 August.

Summary

1 At January 2019, 1.3 million pupils in England (14.9% of all pupils) were recorded as having special educational needs and disabilities (SEND). A child or young person has special educational needs if they have a learning difficulty or disability which calls for special educational provision to be made for him or her.

2 Pupils with SEND have diverse needs of different levels of severity, and they may have more than one type of need. The most commonly identified primary needs are speech, language and communications needs (21.7% of pupils with SEND at January 2019) and moderate learning difficulties (20.4%). Significantly more boys than girls are identified as having SEND – 20.2% of boys aged 5 to 17 in state-funded schools at January 2019, compared with 10.7% of girls.

3 There are two categories of support for pupils with SEND, which broadly reflect their level of need. At January 2019:

- 270,800 pupils (20.6% of pupils with SEND) had legally enforceable entitlements to specific packages of support, set out in education, health and care plans (EHC plans). These are children whom local authorities have assessed as needing the most support. Nearly half (47.9%) attended mainstream schools and almost all the others were at special schools.
- 1,041,500 pupils (79.4% of pupils with SEND) did not have EHC plans but had been identified as needing some additional support at school ('SEN support'). The vast majority of these children (91.6%) attended mainstream schools and the others were in a variety of different educational settings.

4 The Department for Education (the Department) is accountable to Parliament for the system of support and for securing value for money from the funding it provides for schools in England to support pupils with SEND. These pupils may have complex needs that can only be fully met by local authorities, schools, health and social care services working together. Local authorities, working with other national and local bodies, have a statutory responsibility to ensure that children receive the support they need.

5 The government substantially changed the system for supporting children and young people with SEND in September 2014, under the Children and Families Act 2014. The aims of the reforms were for: children's needs to be identified earlier; families to be more involved in decisions affecting them; education, health and social care services to be better integrated; and support to remain in place up to the age of 25 where appropriate. Stakeholders – including representative bodies and charities working in the sector – told us that they welcomed these ambitions, which were designed to address what were widely believed to be weaknesses in the previous system.

6 The government has also made clear the importance of mainstream schools providing good support for pupils with SEND, both those with and those without EHC plans. The Department recognises that weaknesses in mainstream schools' support is likely to lead to growth in the demand for EHC plans and more costly special school placements.

Focus of our report

7 Pupils with SEND are among the most vulnerable in the school system. The quality of support they receive affects their well-being, educational attainment, likelihood of subsequent employment, and long-term life prospects. During our work, we heard concerns from stakeholders and directly from parents and carers about whether children with SEND are being supported effectively and about the impact of shortcomings in support.

8 This report assesses how well pupils with SEND are being supported. We examined: the system for supporting pupils with SEND and the outcomes it is achieving (Part One); funding, spending and financial sustainability (Part Two); and the quality of support and experiences of pupils and parents (Part Three). We set out our audit approach in Appendix One and our evidence base in Appendix Two.

Key findings

The support system

9 The number of pupils identified as having the greatest needs has risen since 2014, increasing the demand for support. Between 2014 and 2019:

- The number of pupils with EHC plans rose by 16.8% from 231,900 to 270,800. The increase partly reflects growth in the total pupil population. The proportion of pupils with EHC plans remained stable between 2014 and 2018 at between 2.8% and 2.9%, but rose to 3.1% in 2019 (paragraph 1.8).
- The number of pupils identified as needing additional support for SEND, but who do not have an EHC plan, dropped considerably, from 1,255,600 to 1,041,500 (17.1%). The Department considers that this decrease is likely to reflect changes in how pupils with SEND are identified and recorded, rather than changes in the underlying population. The implication is that pupils who would previously have been classed as requiring extra support may now not be classed in the same way (paragraph 1.9).

10 The Department does not know the impact of the support provided for pupils with SEND. The government's vision for children with SEND is that they achieve well at school and live happy and fulfilled lives. The Department collects and publishes data on pupils' academic attainment and progress at school, which show that pupils with SEND have consistently made less progress than other pupils with the same starting points. The data also cover what young people with SEND go on to do after school. However, the Department has not specified, in measurable terms, the outcomes it wants to achieve from its support for pupils with SEND. In December 2018, it launched the first phase of a long-term programme of research and analysis with the aim of collecting better information about the impact of support at school and how outcomes for pupils with SEND could be improved (paragraphs 1.17 to 1.22).

Funding and spending

11 We estimate that the Department provided £9.4 billion in 2018-19 specifically to support pupils with SEND. This represented 24.0% of the £39.3 billion 'dedicated schools grant' allocated to local authorities for schools. The funding mainly comprised:

- an estimated £3.8 billion of 'schools block' funding. This is a notional amount within the total funding provided for mainstream schools. It is not ringfenced but schools are expected to use the money to cover the first £6,000 of support per pupil with SEND. This requirement may incentivise schools to be less inclusive, by making them reluctant to admit or keep pupils with SEND who can be costly to support. In December 2018, the Department announced that it would review the incentives in the funding system, including whether the £6,000 threshold remains appropriate (paragraphs 2.2 and 2.4 to 2.6); and
- £5.6 billion of 'high-needs block' funding. This pays for places in special schools and alternative provision, and top-up funding for mainstream schools for the costs of support above the £6,000 per-pupil threshold (paragraphs 2.2, 2.7 and 2.8).

12 The Department has increased school funding, particularly for high needs, but funding has not kept pace with the rise in the number of pupils. Between 2013-14 and 2017-18, the Department increased high-needs block funding by £349 million (7.2%) in real terms. This rise was larger than the 2.3% real-terms increase in schools block funding for mainstream schools, meaning that the Department has shifted the balance of funding towards high needs. However, because of a 10.0% rise in the number of pupils in special schools and those with EHC plans in mainstream schools, high-needs funding per pupil fell by 2.6% in real terms, from £19,600 to £19,100. Per-pupil funding in the schools block also reduced over the same period, despite a £754 million real-terms increase in total funding (paragraph 2.9).

13 **Local authorities are increasingly overspending their budgets for supporting pupils with high needs.** In 2017-18, 122 local authorities (81.3%) overspent their schools high-needs budgets, including 84 that overspent by 5% or more. The position had worsened since 2013-14, when 71 local authorities (47.3%) overspent, including 46 that overspent by 5% or more. In 2017-18, the net overspend across all local authorities was £282 million; this compared with a net underspend of £63 million in 2013-14. Local authorities' spending on school transport for pupils with SEND has also increased significantly, and was £102 million (18.4%) over budget in 2017-18. This is in the context, as we have reported previously, of a 29% real-terms reduction in local authorities' spending power between 2010-11 and 2017-18 (paragraphs 2.10 and 2.18 to 2.20).

14 **The main reason why local authorities have overspent their high-needs budgets is that more pupils are attending special schools.** Between January 2014 and January 2018, the number of pupils in special schools and alternative provision rose by 20.2%. Possible reasons for this increase include greater parental involvement in decisions about choice of school, and funding pressures limiting mainstream schools' capacity to support pupils with high needs effectively. Spending on independent special schools increased sharply – by 32.4% in real terms between 2013-14 and 2017-18. We estimate that, in 2017-18, the cost per pupil in an independent special school was £50,000, compared with £20,500 per pupil in a state special school, and up to £18,000 per pupil with an EHC plan in a mainstream school. Independent special schools can be well placed to support pupils whose specific needs could not otherwise be met. However, some local authorities use independent provision because state special schools that would otherwise be appropriate do not have available places (paragraphs 2.11 to 2.13 and 2.15 to 2.17).

15 **The Department did not fully assess the likely financial consequences of the 2014 reforms.** The Department had tested elements of its proposals with 'pathfinder' local authorities, which helped it to understand the transitional costs and other challenges involved in implementing the reforms. The Department expected that the benefits and savings would significantly outweigh the costs of moving to the new system. It believed that more collaborative working between agencies and greater engagement with families would lead to cost savings. However, it did not quantify these or validate its assumptions before implementing the changes. It expected, for example, that there would be fewer challenges to local authorities' decisions about support and that these could be resolved through mediation. In practice, the number of cases being taken to tribunal increased by 80.5%, from 3,147 in 2014/15 to 5,679 in 2017/18 (paragraphs 2.23, 2.24 and 3.3).

16 The ways in which the Department and local authorities are responding to overspending on high-needs budgets are not making the system sustainable.

- In December 2018, the Department announced an additional £125 million of high-needs funding in both 2018-19 and 2019-20. This amount is less than the net overspend of £282 million in 2017-18 (paragraphs 2.10 and 2.29).
- The main way that local authorities have funded overspending against their high-needs budgets is by using dedicated schools grant reserves accumulated in previous years. The total net value of reserves fell by 86.5% – from £1,070 million at the start of 2014-15 to £144 million at the start of 2018-19 (paragraph 2.25).
- Most local authorities have transferred money from their schools block to their high-needs block. The amount transferred has increased – from £49.8 million in 2018-19 to an expected £100.7 million for 2019-20. Schools forums, whom local authorities consult about funding transfers, appear increasingly unwilling to support moving money to the high-needs block, as this reduces funding for mainstream schools (paragraph 2.27).
- In December 2018, the Department announced an extra £100 million of capital funding for SEND provision for the period 2018-19 to 2020-21. Local authorities plan to use this money to increase the number of places suitable for pupils with SEND in mainstream schools and to create additional places in state special schools. The Department is also expanding the number of places in new special schools set up through the Free Schools Programme. Despite this, it forecasts that in September 2020 and September 2021 there may be insufficient places in state special schools to meet demand (paragraphs 2.30 to 2.32).

Quality of support

17 Ofsted has consistently rated more than 90% of state special schools as good or outstanding. Ofsted had rated 91.8% of the state special schools open in August 2018 as ‘good’ or ‘outstanding’, compared with 85.0% of mainstream schools and 78.3% of independent special schools. The proportion of state special schools graded as ‘inadequate’ or ‘requires improvement’ dropped from 10.4% in 2014 to 8.2% in 2018. At August 2018, 7,660 pupils were in state special schools graded as less than good (paragraphs 3.9 to 3.11).

18 The Department has limited assurance about the quality of support for pupils with SEND in mainstream schools. At January 2019, 87.5% of pupils with SEND attending school went to state primary and secondary schools. Because Ofsted does not separately grade SEND provision, we analysed a representative sample of inspection reports to assess the coverage of, and nature of the comments about, support for pupils with SEND. Ofsted carries out full inspections of schools previously graded as requires improvement or inadequate, or where it has specific concerns. Our analysis indicated that, for these schools, gradings in full inspection reports are likely to be a fair indicator of the quality of SEND provision. In contrast, Ofsted inspects schools previously graded as good (around two-thirds of all schools) usually through a short inspection. Short inspections focus on several key lines of inquiry that may or may not include the school's provision for pupils with SEND. We found that 56% of short inspection reports referred to SEND. In those that did, it was more difficult to judge the quality of provision than it was in full inspection reports (paragraphs 1.7 and 3.5 to 3.8).

19 Pupils with SEND, particularly those without EHC plans, are more likely to be permanently excluded from school than pupils without SEND. In 2017/18, children with SEND accounted for 44.9% of permanent exclusions and 43.4% of fixed-period exclusions. Survey evidence in 2019 also suggests that pupils with SEND are more likely to experience off-rolling than other pupils.[1] The Timpson review of school exclusion, published in May 2019, found that vulnerable groups of children are more likely to be excluded and that there was too much variation in how exclusion was used. The government accepted the review's recommendations in principle and made a number of commitments in response, including to consult later in 2019 on how to make schools accountable for the outcomes of children they permanently exclude (paragraphs 3.16 to 3.18).

20 Inspections indicate that many local areas are not supporting children and young people with SEND as effectively as they should be. The Department has commissioned Ofsted and the Care Quality Commission (the CQC) to inspect the effectiveness of support for pupils with SEND provided by education, health and care services in all local authority areas. At July 2019, Ofsted and the CQC had found significant areas of weakness in 47 (50.0%) of the 94 local areas inspected. They required these areas to produce written statements of action, setting out how they plan to tackle the weaknesses identified. Key influences on local performance include the strength of leadership, effectiveness of joint working between agencies, and engagement with children and parents. Ofsted and the CQC plan to revisit all local areas where they found significant weaknesses. The Department supports areas with written statements of action to help them improve (paragraphs 3.20 to 3.24).

1 'Off-rolling' is the practice of removing a pupil from the school roll without a formal, permanent exclusion or by encouraging a parent to remove their child from the school roll, when the removal is primarily in the interests of the school rather than in the best interests of the pupil.

21 Substantial unexplained local variation raises questions about whether pupils receive consistent support across the country. There is considerable local variation across aspects of SEND provision. For example, at January 2019: the proportion of pupils aged 5 to 15 with EHC plans ranged from 1.0% to 5.9% in different local authorities; the proportion of pupils identified as needing SEN support ranged from 7.3% to 17.1%; and the proportion of children in special schools ranged from 0.4% to 2.8%. The Department believes that the variation reflects local context and practice, but has not investigated the reasons. It has a small team of specialist advisers who support and oversee local areas, but the advisers have no powers to intervene or require local areas to respond to concerns (paragraphs 1.10, 1.11, 2.14 and 3.27).

Conclusion on value for money

22 How well pupils with SEND are supported affects their well-being, educational attainment and long-term life prospects. Some pupils with SEND are receiving high-quality support that meets their needs, whether they attend mainstream schools or special schools. However, the significant concerns that we have identified indicate that many other pupils are not being supported effectively, and that pupils with SEND who do not have EHC plans are particularly exposed.

23 The system for supporting pupils with SEND is not, on current trends, financially sustainable. Many local authorities are failing to live within their high-needs budgets and meet the demand for support. Pressures – such as incentives for mainstream schools to be less inclusive, increased demand for special school places, growing use of independent schools and reductions in per-pupil funding – are making the system less, rather than more, sustainable. The Department needs to act urgently to secure the improvements in quality and sustainability that are needed to achieve value for money.

Recommendations

a **The Department should prepare for the next full Spending Review by making an evidence-based assessment of how much it would cost to provide the system for supporting pupils with SEND created by the 2014 reforms.** It should use this assessment to determine whether the system is affordable, and to inform its funding and spending plans.

b **The Department should set quantified goals, for 2020-21 onwards, including outcome measures such as metrics relating to preparing young people for adulthood,** to make clear what level of performance would constitute success for the support provided for pupils with SEND. It should put in place mechanisms to collect the data needed to assess progress against these measures, including tracking long-term outcomes.

c **The Department should review the incentives in the funding arrangements and the accountability system,** and make changes that encourage and support mainstream schools to be more inclusive in terms of admitting, retaining and meeting the needs of pupils with SEND, whether they have EHC plans or require other support.

d **The Department should identify and share good practice on how mainstream schools can effectively meet the needs of those pupils with SEND who do not have EHC plans.**

e **The Department should set out publicly the circumstances under which it considers public money should be used to pay for independent provision for pupils with SEND.** The aim should be for the amount that local authorities pay for independent provision to be comparable with the amount paid for state provision for children with similar needs, unless there is a good reason for paying more.

f **The Department should work with Ofsted to identify what more can be done to make inspections of mainstream schools, in particular short inspections, provide more assurance specifically about SEND provision** that is easily accessible and clear to parents.

g **The Department should more robustly investigate the reasons for local variations,** drawing on the data available and supported by its specialist advisers and NHS England, and establish the extent to which the variations can reasonably be explained. It should challenge local areas that are outliers in respect of measures such as the proportion of pupils with EHC plans and use of high-cost provision, in order to reduce unnecessary variation, increase confidence in the fairness of the system, identify good practice and promote improvement.

Part One

The support system

1.1 This part of the report covers the system for supporting pupils with special educational needs and disabilities (SEND), and the outcomes that it is achieving.

Pupils with special educational needs and disabilities

1.2 The definition of SEND is broad, and SEND is a relative, not an absolute, concept. A child or young person has special educational needs if they have a learning difficulty or disability which calls for special educational provision to be made for him or her.[2] A child or young person has a learning difficulty or disability if he or she:

- has a significantly greater difficulty in learning than the majority of others of the same age; or
- has a disability which prevents or hinders him or her from making use of facilities of a kind generally provided for others of the same age in mainstream schools.

1.3 At January 2019, 1.3 million pupils in England (14.9% of all pupils) were recorded as having SEND. Of these, 1.2 million pupils were publicly funded, and 74,000 were being educated in independent schools without public funding.

1.4 The proportion of children identified as having SEND varies across the population:

- **Gender:** More boys than girls are identified as having SEND in all age groups (**Figure 1** overleaf). At January 2019, 20.2% of boys aged 5 to 17 had SEND compared with 10.7% of girls.
- **Age:** The proportion of pupils with SEND is highest in the last few years of primary school when approximately 116,000 pupils in each school year have SEND (Figure 1). Some children – for example, those with physical disabilities or particularly significant needs – may have SEND for all the time they are at school, but others may have a shorter-term need for additional support. Around 40% of pupils are identified as having SEND at some point during their time at school.
- **Ethnicity:** The proportion of pupils identified with SEND varies by ethnicity, ranging from 8.0% of Chinese pupils to 15.5% of black pupils at January 2019. Among groups identifying as white, schools report the highest incidence of SEND among travellers of Irish heritage (30.2%) and gypsy/Roma communities (25.9%).

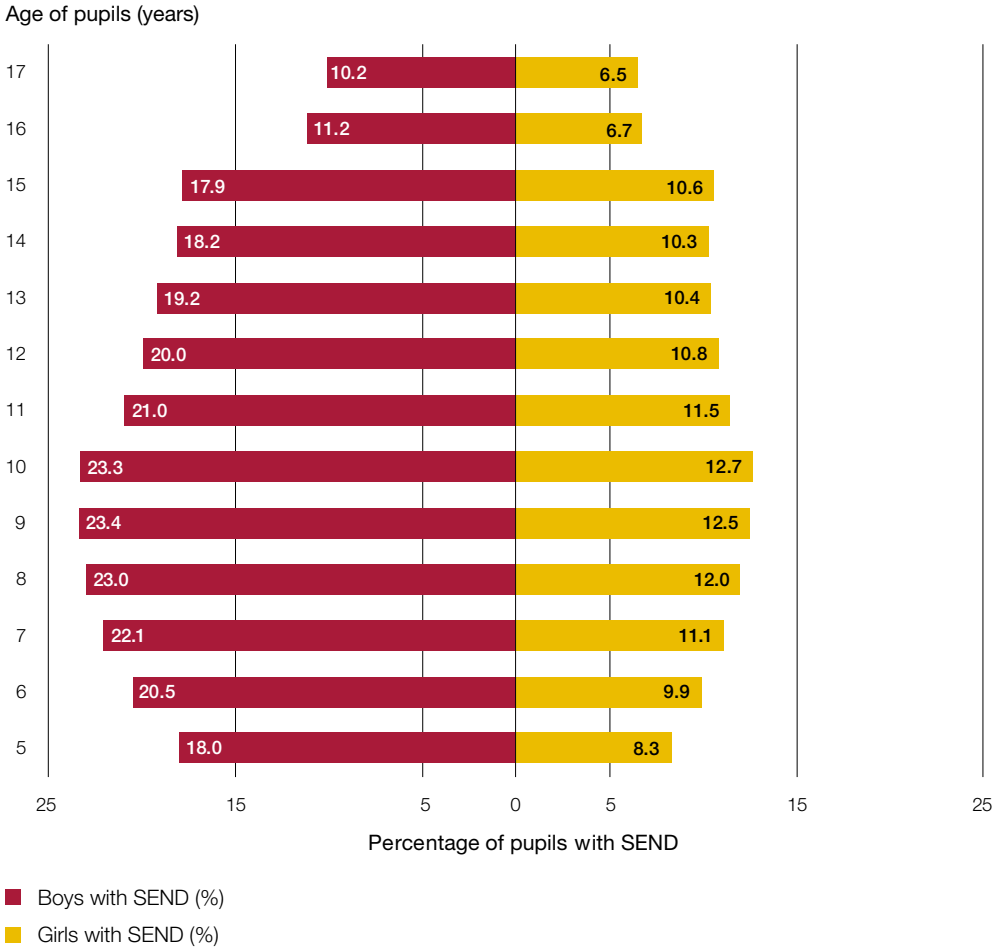
2 Children and Families Act 2014.

- **Socio-economic disadvantage:** Pupils who qualify for free school meals (an indicator of deprivation) are much more likely to have SEND (27.1% at January 2019) than pupils who do not qualify (12.5%). The Department for Education (the Department) has estimated that around half of children in need of help or protection, including looked-after children, have SEND.[3]

Figure 1

Proportion of pupils with special educational needs and disabilities (SEND) by gender and age, identified at January 2019

More boys than girls have SEND in all age groups



Notes

1 This analysis covers pupils aged 5 to 17 in state-funded primary, secondary and special schools (including non-maintained special schools) in England.

2 Total numbers of pupils aged 5 to 17: boys 3,685,458; girls 3,548,797.

3 Pupils' ages are at 31 August 2018.

Source: National Audit Office analysis of data from the Department for Education's *January 2019 school census*, published July 2019

3 Department for Education, *Children in need of help and protection: Data and analysis*, March 2018 (based on data for 2015/16).

Entitlement to support

1.5 There are two broad categories of support for pupils with SEND. At January 2019:

- 270,800 pupils with complex needs (20.6% of all pupils with SEND) had legally enforceable entitlements to specific packages of support, set out in education, health and care plans (EHC plans).[4] These plans describe the support and care that the pupil needs, including naming the school, or type of school, that they should attend. Local authorities are responsible for assessing whether a child or young person needs an EHC plan; and
- 1,041,500 pupils (79.4% of all pupils with SEND) did not have EHC plans but had been identified by their schools as needing additional support ('SEN support').

1.6 Pupils with SEND have diverse needs of different levels of severity, and they may have more than one type of need. The Department collects data from schools on the primary and secondary needs that educational or clinical professionals have identified pupils as having. The most frequently identified primary needs are speech, language and communications needs (21.7% of pupils with SEND at January 2019) and moderate learning difficulties (20.4%). More than 90% of pupils identified as having profound and multiple learning difficulties, or severe learning difficulties, have EHC plans, as do more than half of those with autistic spectrum disorders (**Figure 2** overleaf).

1.7 Most pupils with SEND are educated in mainstream state primary and secondary schools. At January 2019, 87.5% of publicly funded pupils with SEND attended mainstream schools (47.9% of pupils with EHC plans and 91.6% of pupils on SEN support) (**Figure 3** on page 17). A minority of these schools have, for example, special units to meet the needs of pupils with SEND. In addition, there are 976 state special schools that cater specifically for pupils with SEND. Local authorities may also pay for pupils to attend independent special schools or non-maintained special schools. Non-maintained special schools are similar to other independent schools outside the state sector, but they are non-profit-making and must meet criteria set out in regulations.[5]

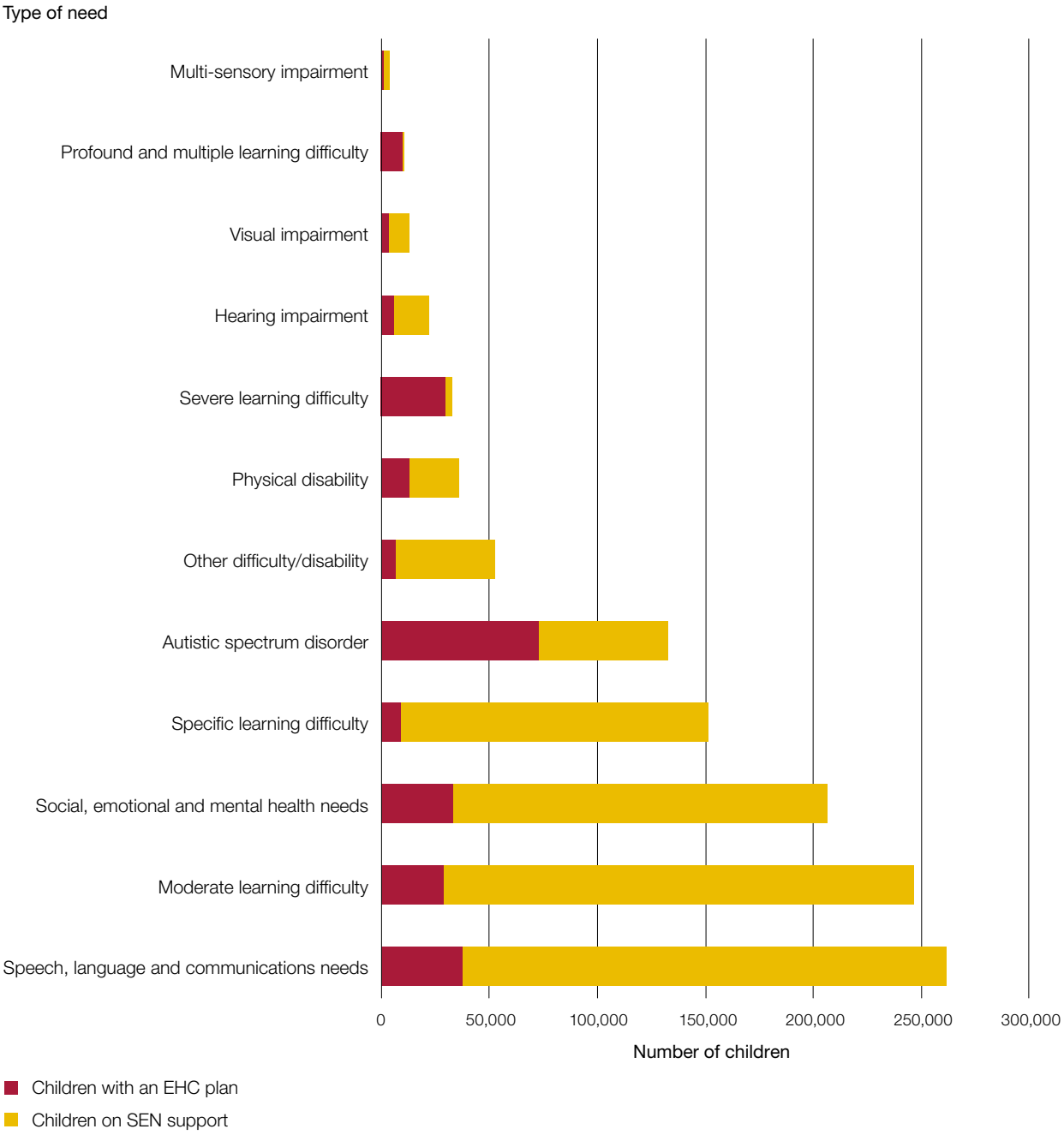
4 EHC plans were introduced by the Children and Families Act 2014 and replaced 'statements of special educational needs'. The legal test for whether a pupil is eligible for an EHC plan is the same as previously applied for a statement under the Education Act 1996.

5 Non-maintained special schools are designated by the Secretary of State for Education under section 342 of the Education Act 1996, subject to them meeting criteria set out under the Non-Maintained Special Schools (England) Regulations 2015.

Figure 2

Number of pupils identified with different types of special educational needs and disabilities (SEND), at January 2019

Pupils with SEND have diverse needs, and most do not have education, health and care plans (EHC plans)



Notes

1 This analysis covers pupils aged 5 to 17 in state-funded primary, secondary and special schools (including non-maintained special schools) in England.

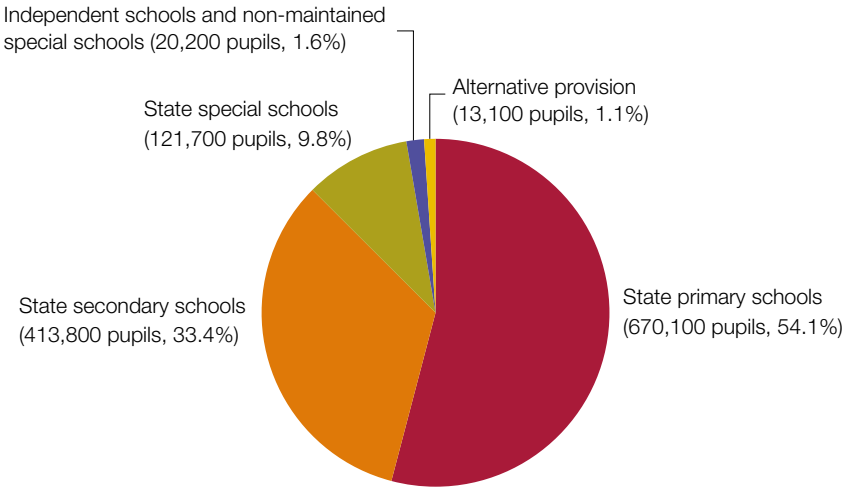
2 The data show pupils' primary reported need as assessed by their schools. The data are indicative only, as the main purpose of classifying needs is to allow schools to put in place appropriate support for pupils, rather than to categorise their condition.

Source: National Audit Office analysis of data from the Department for Education's *January 2019 school census*, published July 2019

Figure 3

Where pupils with special educational needs and disabilities (SEND) are educated, by type of school, at January 2019

Most pupils with SEND are educated in mainstream state primary and secondary schools



Notes

1 Figures for pupils attending independent schools exclude pupils who do not have education, health and care plans (EHC plans), because they are not supported by public funding.

2 Alternative provision is education arranged by local authorities for pupils who, because of exclusion, illness or other reasons, would not otherwise receive suitable education.

3 As well as pupils educated at school, there were 2,800 children and young people with EHC plans (0.8%) for whom parents made other arrangements, including home education, and 3,000 for whom the local authority made other arrangements.

Source: National Audit Office analysis of data from the Department for Education's *January 2019 school census*, published July 2019; the source for Note 3 is the Department for Education's January 2019 data collection from local authorities, published May 2019

Trends

1.8 Between 2014 and 2019, the total number of children and young people with EHC plans rose significantly. Much of the increase was in respect of young people above compulsory school age.[6] In 2014, 231,900 pupils had a statement of special educational needs; by 2019, 270,800 pupils had an EHC plan, an increase of 16.8% over the five-year period. The increase partly reflects growth in the total pupil population. The proportion of pupils with statements or EHC plans remained stable between 2014 and 2018 at between 2.8% and 2.9%, but rose to 3.1% in 2019.

6 The Children and Families Act 2014 provided for EHC plans to cover children and young people from the ages of 0 to 25. EHC plans are subject to annual review.

1.9 Over the same period, the number, and proportion, of pupils identified as needing SEN support, but without an EHC plan, dropped considerably. In 2014, there were 1,255,600 pupils in this category (15.1% of all pupils). The number fell to 986,600 (11.6%) in 2016, but rose to 1,041,500 in 2019 (11.9%). The Department considers that the overall 17.1% decrease since 2014 is likely to be due to changes in how pupils with SEND are identified and recorded, rather than changes in the underlying population. The implication of this is that some pupils classed as needing extra support in 2014 would not be classed as such in 2019.

Variation

1.10 There is substantial variation between local authorities in the proportion of pupils with EHC plans (**Figure 4**). At January 2019, in 80% of local authorities the percentage of school-age children with EHC plans was between 2.5% and 4.0%.[7] However, the proportion ranged from 1.0% (in the London Borough of Newham) to 5.9% (in Torbay). There is also wide variation between local authorities in the proportion of pupils identified as needing SEN support, from 7.3% (in the London Borough of Havering) to 17.1% (in Blackpool).

1.11 The reasons for the degree of geographical variation are unclear, but unexplained variation raises questions about equity of access to support. The Department told us that it expects local rates of EHC plans to vary and that the range may reflect differences in local approaches and in the characteristics of local authorities. It also highlighted that it is possible for children with the same needs to receive appropriate support with or without an EHC plan. However, EHC plans can be an important means for families to ensure that their children receive the specific support that their assessment has determined that they require.

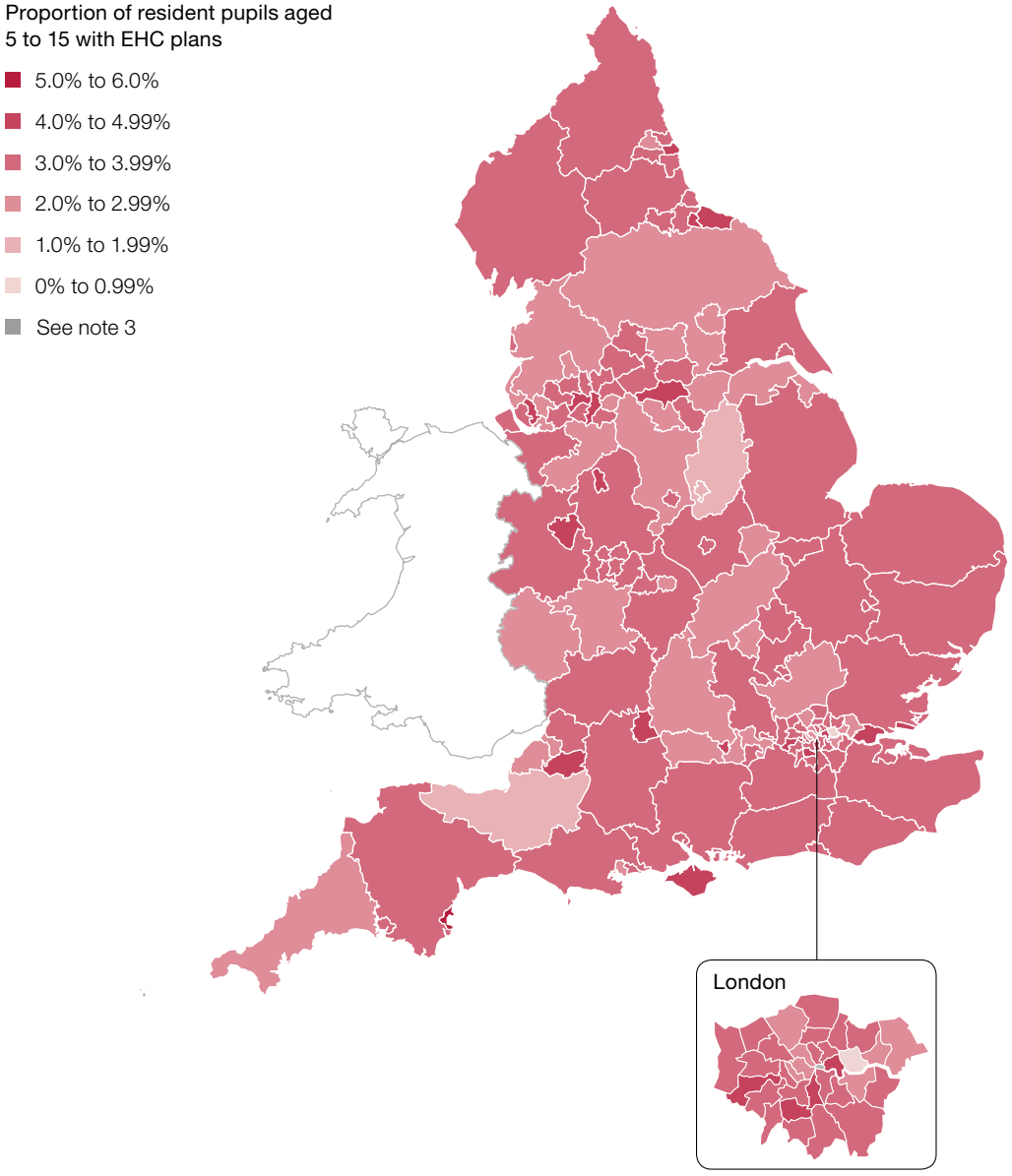
1.12 We asked stakeholders whether they considered that need is assessed consistently across England and between different groups of pupils.[8] Respondents overwhelmingly said that there were disparities and inconsistencies not only between, but also within, local areas in identifying and assessing pupils' needs, allocating funding and providing access to services.

7 We excluded the City of London and Isles of Scilly from all our analyses in this report, because of their small size.
8 Details of our stakeholder consultation are in Appendix Two.

Figure 4

Percentage of pupils with education, health and care plans (EHC plans) by local authority, at January 2019

Across England, there are wide differences in the percentage of pupils with EHC plans, but no obvious pattern



Notes

1 The map shows the percentage of children and young people aged 5 to 15 with EHC plans for whom the local authority is responsible (those resident in each local authority) as a proportion of pupils aged 5 to 15 resident in each local authority.

2 An enlarged view of London is shown in the bottom right of the Figure.

3 We excluded the City of London and Isles of Scilly from all our analyses in this report, because of their small size.

Source: National Audit Office analysis of data from the Department for Education's January 2019 data collection from local authorities, published May 2019, and Office for National Statistics local authority population data, published June 2019

Responsibilities and accountabilities

1.13 The Department is ultimately accountable to Parliament for the support system and for securing value for money from the funding it provides for schools and local authorities to support pupils with SEND in England.

1.14 The government implemented major reforms to the support system in September 2014, under the Children and Families Act 2014. The changes were intended "to put children and parents at the heart of the system". Among other things, the Department's aims were that children's needs would be identified earlier, families would have more say in decisions, and support services would be better integrated. The legislation also replaced statements of special educational needs and learning difficulty assessments with EHC plans covering support for pupils with SEND from birth to 25 years of age.[9]

1.15 As part of the reforms, in 2014, the Department for Education and the then Department of Health jointly published statutory guidance in a code of practice for public bodies that support children and young people with SEND.[10] The code of practice sets out the duties of local authorities, health bodies, schools and colleges.

1.16 Local authorities play a central role in that they have a statutory responsibility to ensure that individual children, young people and their families receive the support that they need. The code of practice emphasises that, if pupils with SEND are to achieve the best possible educational and other outcomes, local education, health and social care services need to work together to provide the right support. The relationships between these bodies, and the associated accountabilities, are complex (**Figure 5**).

Outcomes for pupils with SEND

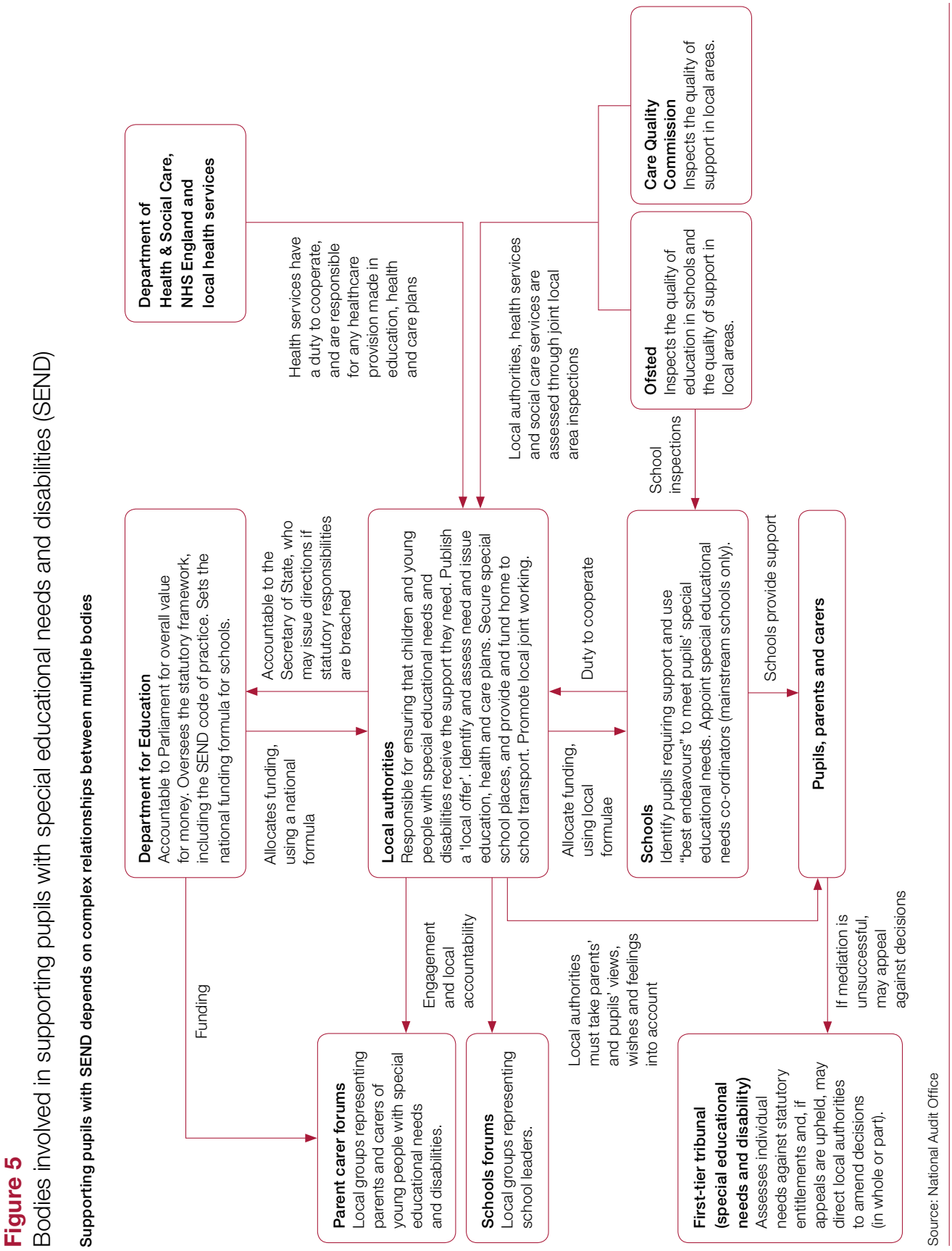
1.17 The government's vision for children with SEND is that they, as all children, achieve well in their early years, at school and in college, and lead happy and fulfilled lives. The Department has not translated this vision into a set of desired outcomes for the support system. Assessing the impact of interventions to support pupils with SEND is not easy because of the complexity and diversity of their needs. For example, at its simplest level, the expectations for children with physical disabilities will be different from those with significant learning difficulties.

9 Before the legislative changes in 2014, 'statements of special educational needs' applied to children until they left school; separate 'learning difficulty assessments' applied to young people under 25 who required additional support as part of their further education.

10 Department for Education and Department of Health, *Special educational needs and disability code of practice: 0 to 25 years*, published June 2014, last updated May 2015.

Figure 5
Bodies involved in supporting pupils with special educational needs and disabilities (SEND)

Supporting pupils with SEND depends on complex relationships between multiple bodies



Source: National Audit Office

Educational outcomes

1.18 The Department collects and publishes data showing pupils' academic attainment and progress at school.[11] Data published in May 2019 included that:

- at Key Stage 2 (the end of year 6), 21% of pupils with SEND achieved the expected level in reading, writing and maths in 2017/18, compared with 74% of those with no SEND. These figures were an improvement on 2016/17 when 18% of pupils with SEND and 70% of pupils with no SEND achieved the expected level;
- at Key Stage 4 (the end of year 11), the progress of pupils with SEND has consistently been lower than that of pupils without SEND and with the same starting points (**Figure 6**). In 2017/18, the average 'Progress 8' score for pupils with SEND was -0.61 compared with 0.08 for those with no SEND.[12] The score of -0.61 indicates that pupils with SEND achieved, on average, more than half a grade lower per subject than other pupils with similar prior attainment nationally; and
- by age 19, 31% of pupils identified with SEND in year 11 achieved level 2 (equivalent to five or more A*–C at GCSE) including English and maths in 2017/18. This was a decrease on the 2016/17 figure of 33%.

1.19 Progress indicators are reported at school level, rather than separately for pupils with and without SEND. Some stakeholders highlighted that this means schools that are particularly inclusive, and that have a disproportionately high number of pupils with SEND, may appear to perform less well than other schools. They raised concerns that the way the school accountability system works acts as a disincentive to schools to take or retain pupils with SEND.

Long-term outcomes

1.20 The Department has identified four intended long-term outcomes for young people with SEND:

- higher education and/or employment;
- independent living, with choice and control over their lives and good housing options;
- participation in society, including having friends, supportive relationships and being part of a community; and
- being as healthy as possible.

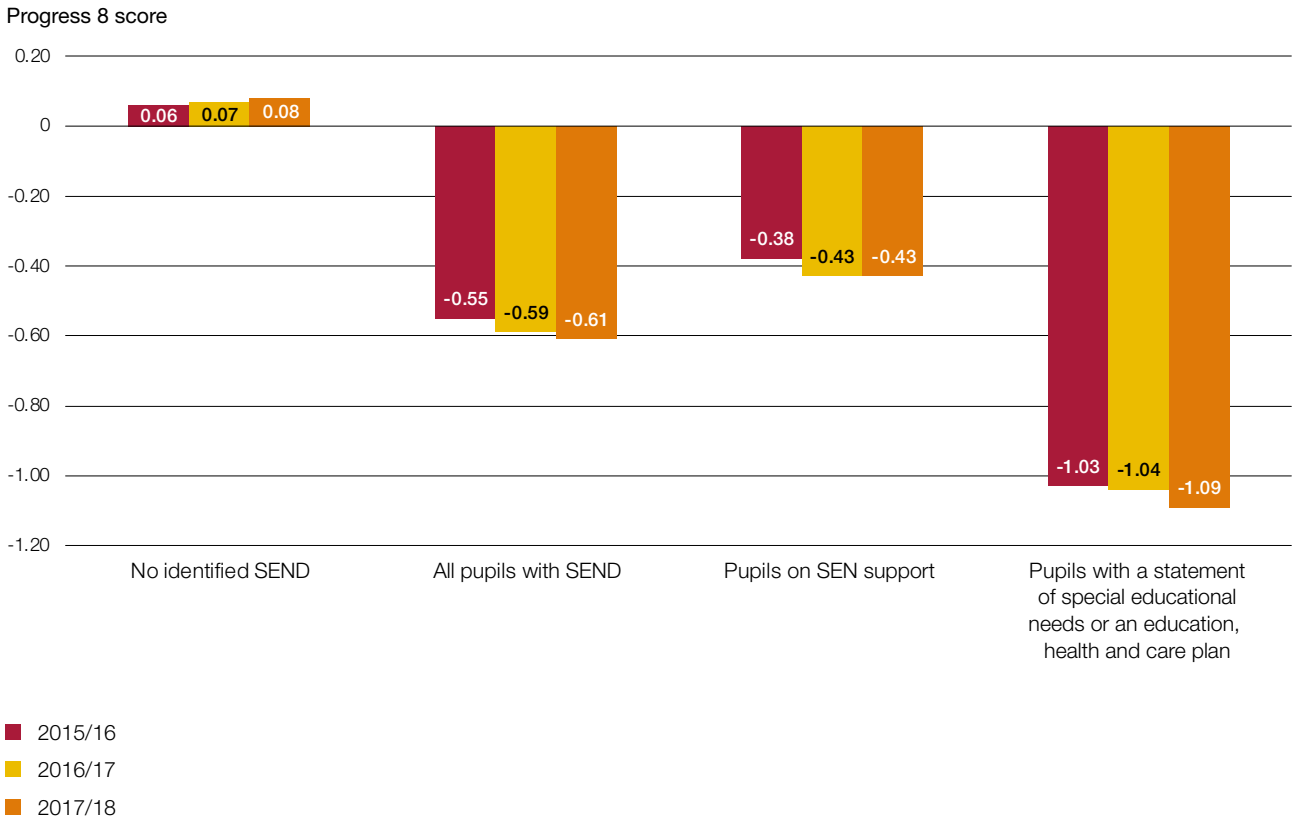
11 Department for Education, *Special educational needs: an analysis and summary of data sources*, May 2019.

12 'Progress 8' is one of the Department's accountability measures for secondary schools. It measures the progress that a pupil makes from the end of primary school to the end of secondary school (Key Stage 4), by comparing their results with those of other pupils nationally with similar prior attainment. A Progress 8 score above zero indicates higher than average progress, and a score below zero indicates lower than average progress.

Figure 6

Progress 8 scores by pupil group, 2015/16 to 2017/18

The progress of pupils with special educational needs and disabilities (SEND) has consistently been lower than that of pupils without SEND and with the same starting points



Notes

1 Progress 8 is a score calculated by comparing a pupil's attainment in eight subjects, including maths and English, against national average scores for pupils in their cohort. Across all pupils, both those with and without SEND, the average score is zero.

2 The Progress 8 measure cannot be used to make year-on-year comparisons.

Source: National Audit Office analysis of data from the National Pupil Database

1.21 The data that the Department collects also cover what young people with SEND go on to do after school. Data published in May 2019 included that:

- continued participation in education and training – 89% of 16- and 17-year-olds with SEND with a statement or EHC plan were in education and training in March 2018, compared with 92% of those without a statement or EHC plan; and
- destinations after school – in 2016/17, 86% of pupils with SEND in mainstream schools progressed to a sustained education or employment/training destination six months after completing Key Stage 5 (A levels or equivalent qualifications), compared with 91% of those without SEND; and 17% of pupils identified with SEND entered higher education by age 19, compared with 47% of other pupils.

1.22 However, the Department does not have good evidence to evaluate how the support pupils receive at school prepares them for adulthood. Neither has it specified, in a measurable way, what good support at school would look like in terms of improving young people's ability to live independently in the long term. In December 2018, it launched the first phase of a longitudinal research project with the aim of collecting evidence on what influences the outcomes that pupils with SEND achieve, the impact of current provision, and how resources might be used more effectively.

Part Two

Funding and spending

2.1 This part of the report covers funding for, and spending on, support for pupils with special educational needs and disabilities (SEND), and how the Department for Education (the Department) and local authorities are responding to financial pressures on services.

Funding

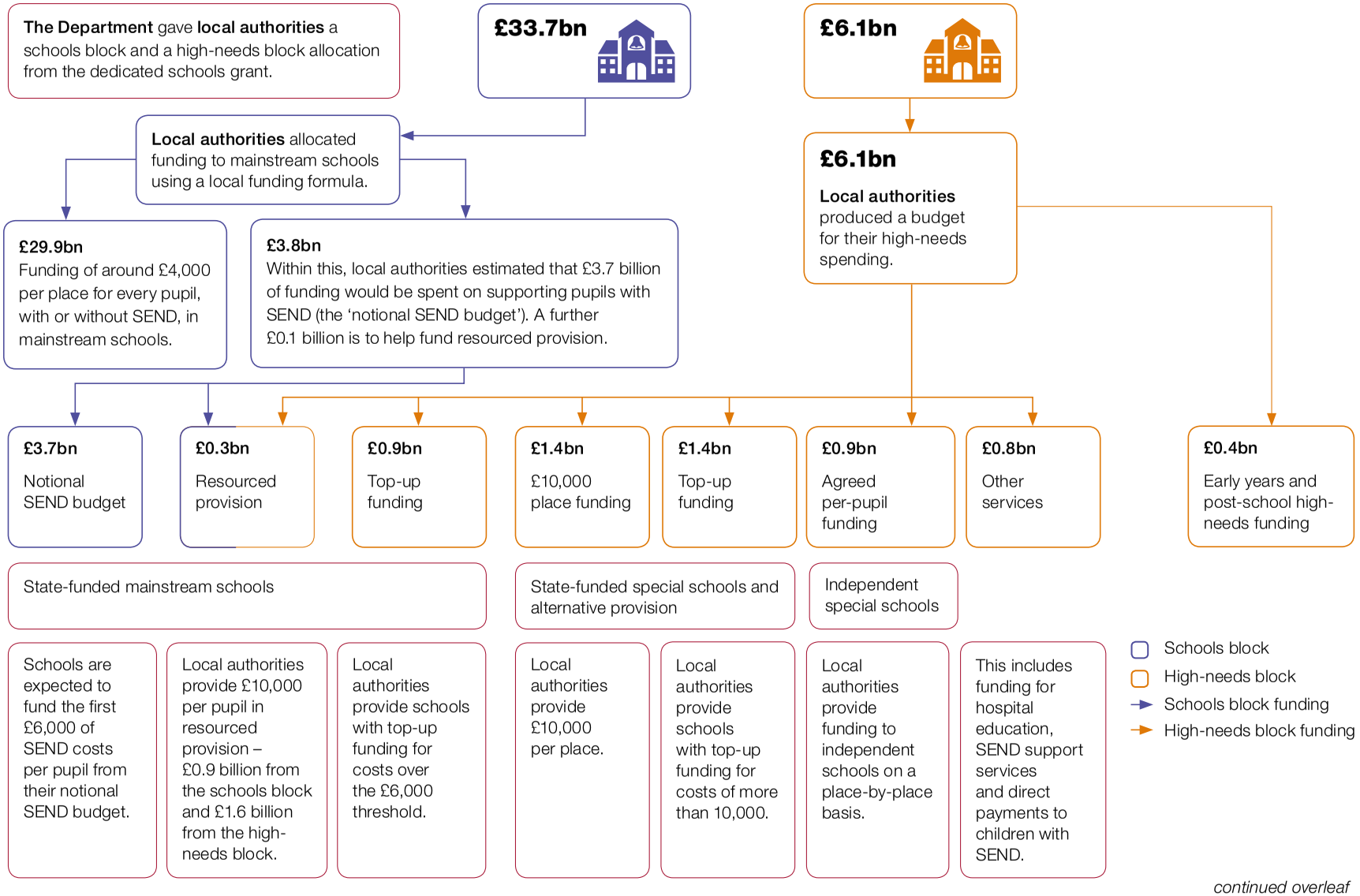
2.2 We estimate that the Department provided £9.4 billion in 2018-19 specifically to support pupils with SEND (**Figure 7** on pages 26 and 27). It mainly comprised an estimated £3.8 billion of 'schools block' funding and £5.6 billion of 'high-needs block' funding. The schools block and the high-needs block are part of the 'dedicated schools grant', through which the Department distributes funding to local authorities. Estimated funding for SEND in the schools block and high-needs block represented 24.0% of the £39.3 billion dedicated schools grant allocated to local authorities for schools in 2018-19.

2.3 Before 2018-19, the Department distributed school funding to local authorities based largely on historical spending patterns, but now bases allocations more on need. In 2018-19, it implemented a new national funding formula that allocates the schools block, and half of the high-needs block, using proxy indicators of need. The indicators for the high-needs block are associated with incidence of SEND and include the numbers of children in bad health, with low prior attainment, and living in deprived areas. In addition, the high-needs block includes an element of funding based on historic spending by each local authority to account for local factors not reflected in the other indicators. Local authorities allocate money to individual schools using local formulae.

Figure 7

Funding to support pupils with special educational needs and disabilities (SEND), 2018-19

The Department for Education (the Department) provided an estimated £9.4 billion in 2018-19 to support pupils with SEND



continued overleaf

Figure 7 *continued*
Funding to support pupils with special educational needs and disabilities (SEND), 2018-19

Notes

1 This Figure shows the funding that the Department provided through the dedicated schools grant to support pupils with SEND. The purple boxes denote funding from the schools block. The orange boxes denote funding from the high-needs block.

2 The schools block does not fund pupils aged 16 to 18, including those in school sixth forms. Instead, funding is provided in the 16 to 19 revenue allocations. In 2018-19, £2.1 billion of funding was provided to mainstream schools and special schools to fund these pupils. Top-up funding is provided for sixth-form pupils through the high-needs block. This cannot be separated from top-up funding provided to pupils aged 5 to 15.

3 Resourced provision, such as special units, supports pupils with more complex needs.

Source: National Audit Office analysis of Department for Education data

Schools block funding

2.4 In 2018-19, the Department provided £33.7 billion to fund mainstream schools. This was expected to provide:

- an average of approximately £4,000 per pupil; and
- up to £6,000 per pupil with SEND who required extra support. This does not mean that every pupil with SEND is entitled to £6,000 of additional support but that, if schools need to spend more than this £6,000 threshold, they may apply to their local authority for top-up funding (see paragraphs 2.7 and 2.8).

To illustrate how the funding system works, **Figure 8** overleaf gives examples of how the support for individual pupils would be funded.

2.5 Local authorities budgeted to spend £3.7 billion of schools block funding on SEND provision in 2018-19. This 'notional SEND budget' is the best available estimate of how much of the schools block will be used to support pupils with SEND, up to the £6,000 per-pupil threshold. However, research for the Department in 2015 found that local authorities did not calculate their notional SEND budgets consistently and that the budgets correlated poorly with levels of reported need in schools.[13] In practice, although some funds will be targeted at pupils with SEND, other spending will be on, for example, additional teaching resources that may benefit other pupils as well as those with SEND.

2.6 The Department introduced the £6,000 threshold for the amount of support that schools are expected to cover from their own budgets in 2013-14.[14] It has not increased the threshold since then. Stakeholders told us that cost pressures can make mainstream schools reluctant to admit or keep pupils with SEND, and that the threshold risks incentivising mainstream schools to be less inclusive. In December 2018, the Department announced that in 2019 it would review the incentives in the funding system, including whether the £6,000 threshold remains appropriate.

13 Department for Education, *Research on funding for young people with special educational needs* (conducted by Isos Partnership), July 2015.
14 The Department based this amount on research completed in 2009.

Figure 8

Examples of how support for individual pupils with special educational needs and disabilities (SEND) would be funded

Support for pupils is funded by schools from their schools block allocations, by local authorities from their high-needs block, or by a combination of the two

Pupil A – has an education, health and care plan and attends a mainstream school.

Pupil A has a moderate learning difficulty. The total cost of meeting Pupil A's needs is £15,000. This is funded by:

The school from its **schools block** allocation:

- £4,000 allocation for mainstream education.
- £6,000 of additional SEND costs.

The local authority from the **high-needs** block:

- £5,000 of top-up funding.

Pupil B – has an education, health and care plan and attends a state special school.

Pupil B has autistic spectrum disorder. The total cost of meeting Pupil B's needs is £21,000. This is funded by:

The local authority from the **high-needs** block:

- £10,000 of place funding.
- £11,000 of top-up funding.

Pupil C – requires SEN support and attends a mainstream school.

Pupil C has a hearing impairment and is on the SEN support register at their school. The total cost of meeting Pupil C's needs is £7,000. This is funded by:

The school from its **schools block** allocation:

- £4,000 allocation for mainstream education.
- £3,000 of additional SEND costs.

Pupil D – has an education, health and care plan and attends an independent special school.

Pupil D has profound and multiple learning difficulties. The total cost of meeting Pupil D's needs is £45,000. This is funded by:

The local authority from the **high-needs** block:

- £45,000 of place funding.

Note

1 The purple text denotes funding from the schools block. The orange text denotes funding from the high-needs block.

Source: National Audit Office

High-needs block funding

2.7 In 2018-19, the Department provided £5.6 billion of high-needs block funding to local authorities (see Figure 7). This is used mainly for:

- places in special schools and alternative provision; and
- top-up funding to mainstream schools for the cost of SEND provision over the £6,000 threshold per pupil.

2.8 Some mainstream schools may have higher than expected numbers of children with SEND, for example because they have a good reputation for dealing with a specific type of need. To support inclusivity, local authorities can use the high-needs block to help mainstream schools facing disproportionately high costs – for example, schools with particularly high numbers of pupils with SEND might otherwise struggle to fund the first £6,000 of additional support costs per pupil. In 2018-19, 85 of 150 local authorities together budgeted £56.8 million for additional support of this kind (1.8% of the total budget for top-up funding).[15]

Trends in funding

2.9 Over recent years, the Department has increased total school funding and shifted the balance towards the high-needs block. However, the increase in funding has not kept pace with rises in the number of publicly funded pupils generally and with high needs specifically. Between 2013-14 and 2017-18:

- the Department increased the schools block by £754 million (2.3%) in real terms.[16] The number of pupils in mainstream schools rose by 5.0% over the same period.[17] As a result, per-pupil funding dropped by £106 (2.5%) in real terms, to £4,150. Because the schools block has no element ringfenced for SEND provision and the Department does not ask schools how they use the funding, it is impossible to assess the impact of the decrease in per-pupil funding on support for pupils with SEND. Schools have generally had to make efficiency savings to counteract the drop in per-pupil funding and cost pressures; and
- the Department increased the high-needs block for pupils in schools by an estimated £349 million (7.2%) in real terms. This funding mainly supports pupils in special schools and those with education, health and care plans (EHC plans) in mainstream schools. The number of these pupils increased by 10.0% over the same period. As a result, per-pupil funding dropped by £500 (2.6%) in real terms, to £19,100.

Spending

2.10 Local authorities have increasingly spent more than they budgeted to spend on high needs (**Figure 9** overleaf):

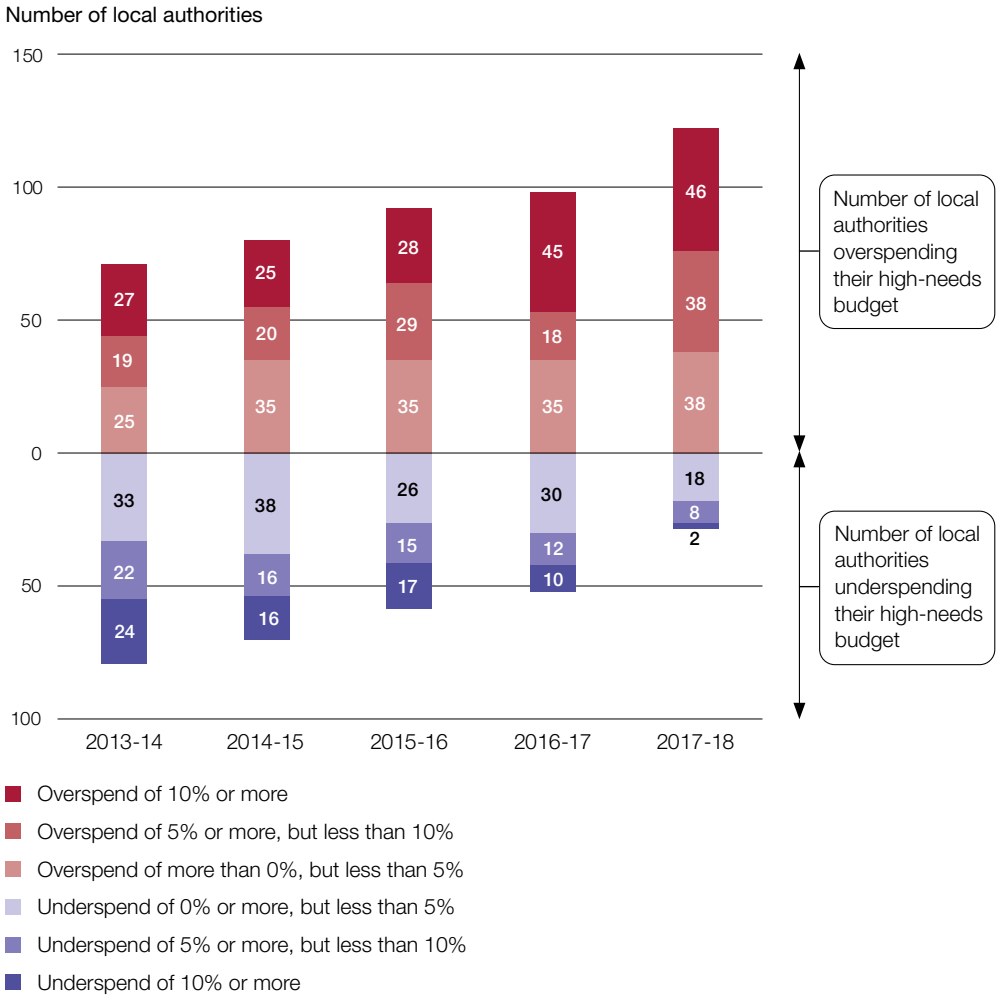
- in 2017-18, 122 of 150 local authorities (81.3%) overspent against their high-needs budgets, including 84 (56.0%) that overspent by 5% or more;
- in comparison, in 2013-14, 71 of 150 local authorities (47.3%) overspent against their high-needs budgets, including 46 (30.7%) that overspent by 5% or more; and
- in 2017-18, the net overspend across all local authorities was £282 million. In contrast, in 2013-14, there was a net underspend of £63 million.

15 All our analysis of local authorities excludes City of London and Isles of Scilly because of their small size.
16 Throughout this part of the report, funding and spending figures are 2017-18 values, adjusted for inflation using GDP deflators.
17 Pupil numbers were recorded in January 2014 and January 2018.

Figure 9

Spending against high-needs budgets by local authority, 2013-14 to 2017-18

The number of local authorities overspending against their high-needs budgets increased each year



Notes

1 This analysis excludes spending on high-needs early years or post-school services, which are outside the scope of this study.

2 State special schools receive £10,000 per pupil annual 'place funding' from the high-needs block (see Figure 7). We excluded this element of funding and spending from our analysis because before 2018-19 it was included within total schools funding and cannot be separately identified.

Source: National Audit Office analysis of financial data that local authorities submit annually to the Department for Education

Special schools and alternative provision

2.11 Local authorities have overspent their high-needs budgets mainly because a growing proportion of pupils with SEND are attending special schools and alternative provision (**Figure 10** overleaf). Total local authority budgets for this type of provision rose by £267 million (13.2%) in real terms between 2013-14 and 2017-18, to £2.3 billion. Despite this increase, in 2017-18, local authorities' total spending exceeded total budgets by £329 million (14.4%).

2.12 Stakeholders told us that several factors have contributed to the increase in parents expressing a preference for their child to attend a special school. This increase has mainly involved pupils of secondary-school age. The factors include:

- a growth in the number of pupils with complex needs or with a combination of needs that special schools may be better able to support;
- the 2014 reforms to the SEND system making parents better informed about the choices available to them and involving them more in decision-making;
- funding pressures leading to mainstream schools having less capacity to provide tailored support for pupils with SEND; and
- the focus of the school accountability system on attainment and progress measures (paragraph 1.19), making mainstream schools less inclined to be inclusive.

2.13 Between January 2014 and January 2018, the number of publicly funded pupils in special schools and alternative provision increased by 20.2%.[18] Over the same period, the overall pupil population grew much less quickly – by 5.2%. At January 2018, there were 151,655 pupils in special schools and alternative provision (1.9% of all pupils). Most of these pupils were in state special schools. The amount that local authorities spent on top-up funding for state special schools and alternative provision rose by £199 million (16.8%) in real terms between 2013-14 and 2017-18, to £1,385 million.

2.14 The proportion of pupils in special schools varies considerably between local authorities, from 0.4% (in the London Borough of Newham) to 2.8% (in Knowsley) at January 2018 (**Figure 11** on page 33).[19] The causes of variation are likely to include differences in the needs of the local pupil population, the historical distribution of special schools, and different local authorities' approaches to SEND provision. For example, some local authorities have promoted support units attached to mainstream schools in preference to separate special schools. The Department has not investigated the reasons for variation – for example, whether local authorities with a low proportion of pupils in special schools have insufficient capacity to meet demand locally, or whether local authorities with a high proportion of pupils in special schools have insufficient support available in mainstream schools.

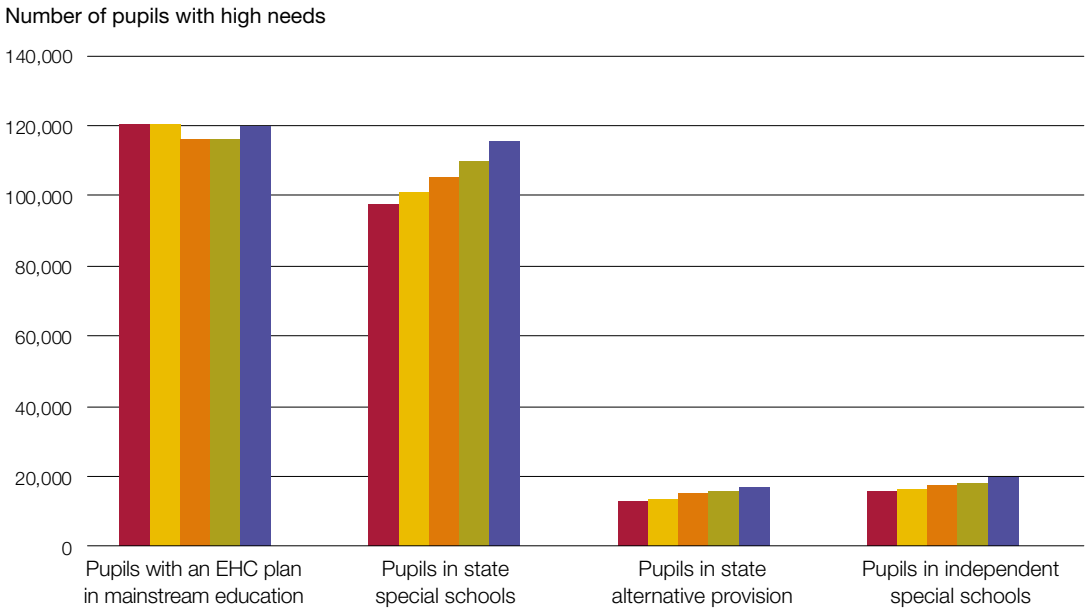
18 Special schools include independent special schools and non-maintained special schools. The data for 2013-14 aggregated pupils at special schools and in alternative provision and could not be separated to allow us to analyse special school attendance specifically.

19 This includes independent special schools and non-maintained special schools.

Figure 10

Pupils with high needs by school type, January 2014 to January 2018

The number of pupils attending special schools has increased sharply since 2014



	Pupils with an EHC plan in mainstream education	Pupils in state special schools	Pupils in state alternative provision	Pupils in independent special schools
2014	120,530	97,395	12,895	15,870
2015	120,070	101,250	13,585	16,520
2016	116,185	105,365	15,015	17,345
2017	116,255	109,855	15,670	17,820
2018	119,815	115,315	16,730	19,610
Change between 2014 and 2018 (%)	-0.6%	18.4%	29.7%	23.6%

Notes

1 Figures are at January in each year.

2 Alternative provision shown in this Figure is education arranged by local authorities for pupils who, because of exclusion, illness or other reasons, would not otherwise receive suitable education.

3 The number of pupils in state alternative provision in this Figure includes all pupils, regardless of whether they have been identified as having SEND. This is because all alternative provision places are funded by the high-needs block. The number of pupils in alternative provision in Figure 3 shows pupils with SEND in alternative provision.

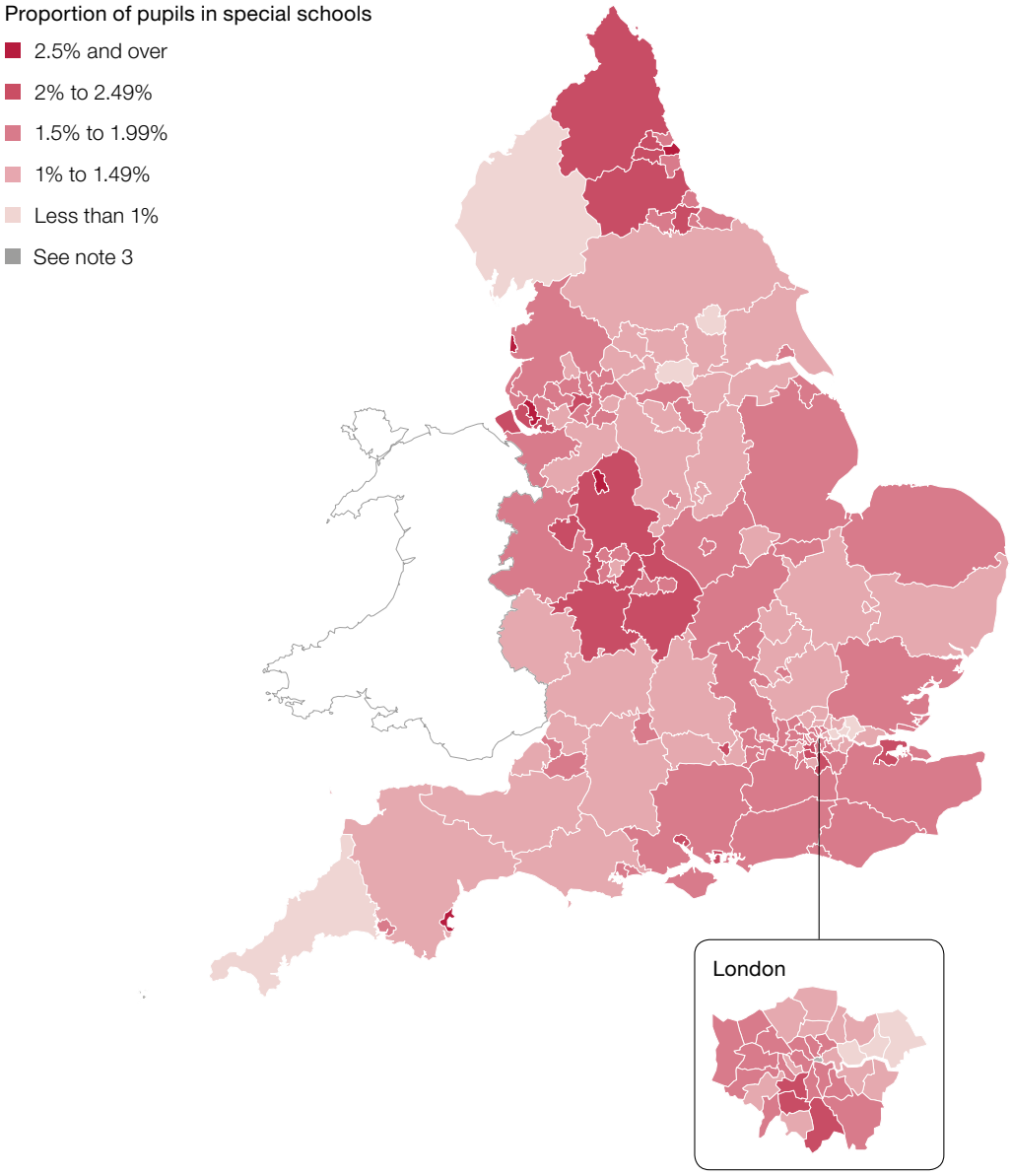
4 The number of pupils in independent special schools shown in this Figure includes publicly funded pupils in non-maintained special schools and a small number of pupils with education, health and care plans (EHC plans) in mainstream independent schools.

Source: National Audit Office analysis of Department for Education school census data

Figure 11

Proportion of pupils in special schools by local authority, January 2018

The proportion of pupils in special schools varies considerably by local authority



Notes

1 The map shows the percentage of pupils resident in each local authority area for whom their local authority pays to attend a special school. Some pupils attend special schools outside the local area, but their own local authority is responsible for meeting the cost.

2 An enlarged view of London is shown in the bottom right of the Figure.

3 We have excluded the City of London and Isles of Scilly from all our analyses in this report, because of their small size.

Source: National Audit Office analysis of Department for Education and local authority data

Independent special schools, including non-maintained special schools

2.15 Local authorities' spending on independent special schools, including non-maintained special schools, has risen especially sharply – by £234 million (32.4%) in real terms between 2013-14 and 2017-18, to £957 million. We estimate that the increase in pupil numbers accounts for around four-fifths of this rise in spending, while increases in the cost per pupil account for the remaining fifth.

2.16 The number of pupils attending independent special schools increased by 23.6% between January 2014 and January 2018, from 15,870 to 19,610 (Figure 10). Combined with the high cost per pupil, this growth has had a disproportionate impact on local authorities' spending. Independent provision is much more expensive than state provision. We estimate that, in 2017-18, the cost per place was:

- £50,000 per pupil in independent special schools;
- £20,500 per pupil in state special schools; and
- up to £18,000 per pupil with an EHC plan in mainstream schools.[20]

2.17 Independent special schools can be well placed to support some pupils, particularly those with very complex needs, and may therefore incur higher costs per pupil. However, local authorities also use independent provision because state special schools that would otherwise be appropriate do not have available places. Some stakeholders also raised concerns that some independent special schools may have responded to the growing demand for places by increasing their fees. Between 2013-14 and 2017-18, the cost per place in an independent special school rose by 8.4% in real terms, compared with a real-terms decrease of 1.8% in state special schools.

Other spending by local authorities

2.18 In 2017-18, local authorities also spent £1.3 billion from their education, community and children's services budgets on services to support pupils with SEND. Spending has increased and added to the financial pressures that local authorities face. We have reported previously that, between 2010-11 and 2017-18, local authorities experienced a 29% real-terms reduction in their spending power (government funding and council tax).[21,22]

20 This is the maximum estimated expenditure per pupil with an EHC plan in a mainstream school. It assumes that the full £6,000 per pupil of additional SEND costs that is funded by the mainstream school has been spent.

21 Most government funding to support local authorities to deliver services is distributed by the Ministry of Housing, Communities & Local Government.

22 Comptroller and Auditor General, *Financial sustainability of local authorities 2018*, Session 2017–2019, HC 834, National Audit Office, March 2018.

2.19 In 2017-18, local authorities spent £662 million on transport to take pupils with SEND to and from school. Local authorities are required to make transport arrangements for all pupils who "cannot reasonably be expected to walk to school because of associated health and safety issues related to their special educational needs or disability".[23] In addition, local authorities must provide transport for pupils if their nearest suitable school is more than either two or three miles away, depending on the child's age.[24]

2.20 Local authorities' spending on SEND transport increased by £52 million (8.6%) in real terms between 2014-15 and 2017-18. In 2017-18, across all local authorities, there was an overspend against budget of £102 million (18.4%); 66 local authorities reported overspends of more than 20%.[25] The increase in spending has partly resulted from the rise in the number of pupils in special schools. These schools tend to serve larger catchment areas, making it more likely that pupils will have to travel further than two or three miles.

2.21 Local authorities spent a further £626 million in 2017-18 on other support for children and young people with SEND.[26] This included £371 million on services to support the SEND system, including: educational psychologists who, among other things, help to assess whether children meet the threshold for EHC plans; and advice and support for parents. Spending on services to support the SEND system rose by £33.9 million (10.1%) in real terms between 2014-15 and 2017-18.

Responding to financial pressures

2.22 The Children and Families Act 2014 places statutory obligations on local authorities that limit their scope to manage cost pressures by reducing services. Some local authorities have faced legal challenges brought by families who believe that these obligations have not been met.

2.23 In preparing for the 2014 reforms, from October 2011 the Department worked with 31 'pathfinder' local authorities to test its proposals. This exercise helped to test the challenges involved in, for example, transferring children and young people to EHC plans, and preparing a 'local offer' setting out the support available. The Department did not complete a formal regulatory impact assessment, but published an evidence pack to support the passage of the Children and Families Bill.[27] It had not, at that stage, completed its evaluation of the local pathfinders.

23 Department for Education, *Home to school travel and transport guidance – Statutory guidance for local authorities*, July 2014.
24 Two miles for children below the age of 8, and three miles for those aged between 8 and 16.
25 As well as the City of London and Isles of Scilly, we excluded three other local authorities from our analysis due to errors in their data return. Analysis is of the remaining 147 local authorities.
26 These services are not broken down by age group and therefore this includes spending on children aged 0 to 5 and young people aged 16 to 25.
27 Department for Education, *Evidence Pack – Special Educational Needs: Children and Families Bill 2013*, March 2013.

2.24 In its evidence pack, the Department assumed that the reforms would lead to cost savings, including as a result of: reducing conflict and the number of appeals against local authority decisions; a more efficient market for services, leading to better local authority commissioning and less variability in the cost of providing similar services in different parts of the country; and earlier identification of needs, avoiding more expensive subsequent interventions. The Department did not quantify these impacts but expected that the benefits and savings would significantly outweigh the costs of moving to the new system. Local authorities told us, however, that the Department had not recognised the full cost of achieving the ambitions of the reforms.

Using reserves

2.25 Local authorities have mainly covered overspends against their high-needs budgets by using reserves accumulated from underspending on the dedicated schools grant in previous years. This is not a sustainable approach. Taking all local authorities together, the total net value of reserves has fallen by 86.5%, and the number of local authorities with an accumulated deficit has increased:

- at the start of 2014-15, net reserves were £1,070 million and just three local authorities brought forward a deficit from the previous year; and
- at the start of 2018-19, net reserves had fallen to £144 million and 49 local authorities brought forward a deficit from the previous year.

2.26 From 2018-19, the Department has required local authorities with a cumulative dedicated schools grant deficit of 1% or more to submit a recovery plan setting out how they will bring this into balance within three years. The Department expects 32 local authorities to submit deficit recovery plans, based on 2018-19 financial returns.

Transferring funding

2.27 Most local authorities have transferred money from their schools block to cover overspends on their high-needs block. In 2018-19, 109 local authorities transferred £49.8 million. For 2019-20, 96 local authorities expected to transfer £100.7 million. Since 2018-19 the Department has required local authorities to seek approval for any transfers exceeding 0.5% of the schools block and for any transfers that are not supported by the local schools forum.[28] More local authorities asked the Department to approve transfers in 2019-20 than in 2018-19, although the Department did not approve all the applications (**Figure 12**). Schools forums appear to be increasingly reluctant to approve transfers because they reduce core funding for mainstream schools.

28 Each local authority must have a schools forum comprising representatives from schools and other organisations, such as nursery and 16 to 19 education providers. Local authorities must consult the forums about, for example, changes to the local funding formula and transfers between funding blocks.

Figure 12

Local authority requests to transfer money from the schools block to the high-needs block, 2018-19 and 2019-20

The number of transfer requests made and approved has increased

	2018-19	2019-20
Total number of local authorities	**150**	**149**
Number of requests:		
• for more than 0.5% of funding to be transferred from the schools block where the schools forum supports the transfer.	15	16
• for more than 0.5% of funding to be transferred from the schools block where the schools forum does not support the transfer.	4	16
• for less than 0.5% of funding to be transferred where the schools forum does not support the transfer.	8	6
Total number of transfer requests	**27**	**38**
Number of transfer requests approved or conditionally approved by the Department for Education.	17	31

Note

1 The number of local authorities fell from 150 in 2018-19 to 149 in 2019-20 following boundary changes in Dorset on 1 April 2019.

Source: National Audit Office analysis of Department for Education data

2.28 A minority of local authorities have also supplemented schools funding from general funds. In 2017-18, 27 local authorities allocated £34.7 million to high needs from general funding. While the amounts involved are small, relative to the dedicated schools grant as a whole, this approach is not sustainable without affecting other local services.

Extra revenue funding

2.29 In December 2018, the Department announced £125 million of additional high-needs block funding in both 2018-19 and 2019-20 (representing a 2% increase). The Department allocated the money in proportion to local authorities' populations of 2- to 18-year-olds.

Capital funding

2.30 In the medium term, the Department and local authorities aim to alleviate financial pressures by investing in school places for pupils with SEND and reducing the average cost of each place. One way that they plan to do this is by increasing the capacity of mainstream schools to support pupils with SEND effectively, for example by creating more places in special units. Local authorities also want to reduce their reliance on relatively expensive independent providers by creating more places in state special schools.

2.31 In December 2018, the Department announced additional capital funding of £100 million specifically for SEND provision in existing schools. This took total capital funding to £365 million for the period 2018-19 to 2020-21.[29] Local authorities can use the funding to create new places or improve facilities for pupils with SEND, to help meet their statutory duty to have a school place for every child that needs one. The Department requires local authorities to publish a plan showing how they intend to use the money and how they have consulted parents and carers. The Department estimates that this funding will be used by local authorities to create 6,000 additional places for pupils with SEND in mainstream schools, special schools and alternative provision.

2.32 The Department is also expanding the number of special school places through the Free Schools Programme. It works in partnership with local authorities to open new special schools, and at July 2019 had provided £194 million for this purpose. The Department forecasts a further £507 million will be spent on special free schools. At December 2018, 34 special free schools had opened, with a further 55 in the pipeline. The Department expects that the open schools will provide an extra 2,700 places when they reach full capacity. It estimates, however, that in addition to these places there may be demand for a further 2,500 state-school places suitable for children with complex needs by 2021. This is because of the rate at which demand for these places is rising. In this event, local authorities will need to find alternative sources of capital funding, use existing special school capacity more intensively, or continue to rely on independent special schools to meet demand.

29 The funding is primarily intended for mainstream and special schools, but local authorities can also use it for nurseries, colleges and other provision.

Part Three

Quality of support

3.1 This part of the report covers the quality of support for pupils with special educational needs and disabilities (SEND).

Parents' views

3.2 The Children and Families Act 2014 places a duty on local authorities to have regard to the views, wishes and feelings of pupils and parents. During our work, parents and carers contacted us about their experiences of the SEND system. While they cannot be considered to be a representative sample, nearly all were unhappy with the support that their children had received. Many recounted the negative impact that the shortcomings in support were having on their children's education, well-being and prospects. Issues raised with us included the following:

- difficulties in getting a place in the school that parents considered most suited to meeting their child's needs – in some cases, this had led families to feel that they had no choice other than to educate their children at home;
- difficulties in getting local authorities to assess children for education, health and care plans (EHC plans), or their refusal to provide an EHC plan; and
- concerns that mainstream schools were not meeting pupils' needs or were unable to cope with children's behaviour – in some cases, this had led to schools excluding children or parents withdrawing their children, for example because of concerns about the impact on their mental health.

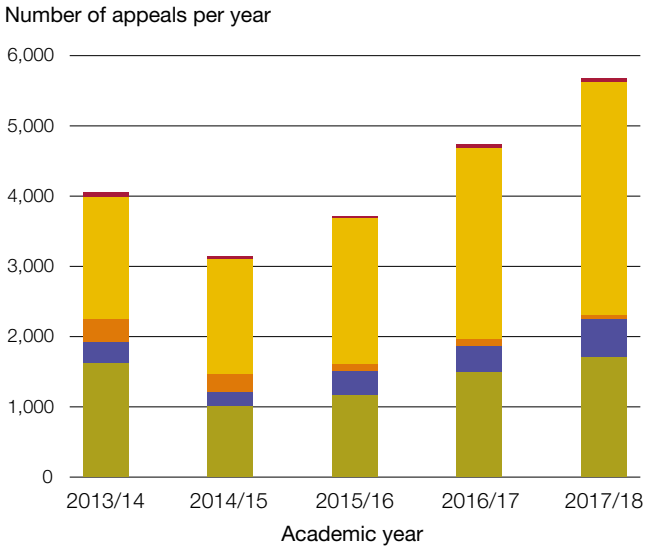
3.3 In assessing the likely benefits of the 2014 reforms, the Department for Education (the Department) expected the number of challenges to local authorities' decisions to fall, in part due to families being more involved in decision-making processes.[30] Overall the proportion of local authority decisions that parents appeal against remains low – 1.6% of decisions relating to EHC plans in 2018, the same rate as in 2014.[31] However, the number of cases registered with the First-tier tribunal (special educational needs and disability) (the SEND tribunal), increased by 80.5% from 3,147 in 2014/15 to 5,679 in 2017/18. This increase suggests that parents' and carers' satisfaction with the system has not improved as the Department intended. In particular, the number of appeals against refusal to issue an EHC plan rose markedly. The most common reason for appeal in each year was disagreement with the contents of an EHC plan or statement of special educational needs (**Figure 13** overleaf).

30 Department for Education, *Evidence Pack – Special Educational Needs: Children and Families Bill 2013*, March 2013.
31 Data on the number of appeals as a proportion of relevant local authority decisions are reported on a calendar year basis. Other data on appeals are reported on an academic year basis.

Figure 13

Number of appeals to the First-tier tribunal (special educational needs and disabilities) by type of appeal, 2013/14 to 2017/18

The number of appeals to the tribunal against local authority decisions has risen since 2014/15



	2013/14	2014/15	2015/16	2016/17	2017/18
Cease to maintain statement/EHC plan	69	38	30	40	51
Contents of statement/EHC plan	1,742	1,648	2,061	2,712	3,329
Refusal to amend or re-assess statement/EHC plan	323	243	115	108	56
Refusal to issue statement/EHC plan	298	203	321	371	526
Refusal to assess for statement/EHC plan	1,631	1,015	1,185	1,494	1,717

Notes

1 This Figure shows the number of appeals registered with the tribunal, according to the type of local authority decision appealed against.

2 The 2014 reforms did not change the eligibility criteria for a statement of special educational needs or an education, health and care plan (EHC plan), but lowered the threshold at which schools or parents could ask local authorities to carry out an assessment.

Source: National Audit Office analysis of *SEND Tribunal tables 2017 to 2018*, published in December 2018 by HM Courts & Tribunals Service

3.4 Not all cases registered are decided by the tribunal. In 2017/18, 25% of cases concluded were withdrawn by parents, 29% were conceded by the local authority before reaching the tribunal, and 46% went to the tribunal. The tribunal found in favour of the parent or young person in 89% of cases that were heard.[32]

32 A tribunal decision in favour of the appellant does not necessarily mean that all aspects of the appeal were found in favour of the appellant.

Quality of support in schools

Mainstream schools

3.5 The Department relies on Ofsted to provide independent assurance about the extent to which schools are meeting the needs of pupils with SEND. Because Ofsted's inspections of mainstream schools do not give a separate grading for SEND provision, we analysed a representative sample of inspection reports to assess the coverage of, and nature of the comments about, support for pupils with SEND.[33] The level of assurance about the quality of support in mainstream schools, which 87.5% of publicly funded pupils with SEND attend, varies because how often any individual school is inspected and the extent to which the inspectors examine SEND provision depend heavily on how Ofsted graded the school at its previous inspection.

3.6 Ofsted inspects schools previously graded as 'requires improvement' or 'inadequate', and other schools about which it has specific concerns, through a full inspection. Inspectors should take account of provision for pupils with SEND in forming their judgements about the school as a whole. Our analysis indicated that 99% of full inspection reports referred to SEND provision, and that inspectors' comments about SEND were broadly consistent with the grading awarded for the school's overall effectiveness. For example, for schools graded as good, 91% of comments about SEND provision were clearly positive. This suggests that gradings in full inspection reports are likely to be a fair indicator of the quality of SEND provision in these schools.

3.7 Ofsted inspects schools previously graded as 'good' (around two-thirds of all schools) at least every five years, generally through a short inspection. Short inspections focus on several key lines of enquiry, which may or may not include the school's provision for pupils with SEND. Our analysis indicated that provision for pupils with SEND was covered too infrequently in short inspection reports for them to be consistently useful for parents and other users – 56% of the reports referred to SEND provision. Where SEND provision was referenced in short inspection reports, we found it relatively difficult to judge the quality of provision. Our analysis of short inspection reports for schools graded as good, and which covered SEND provision, indicated that in 43% of cases the comments about SEND were mixed, or included insufficient information to reach a clear view. Ofsted's new inspection framework, which inspectors will use from September 2019, provides for greater explicit consideration of the extent to which the school's curriculum meets the needs of pupils with SEND and school leaders are ambitious for these pupils.

3.8 As we reported previously, mainstream schools graded as 'outstanding' are exempt from routine re-inspection, unless Ofsted identifies a particular risk.[34] At August 2018, 1,962 outstanding schools had not been inspected for six years or more, meaning that little up-to-date assurance was available about these schools' provision for pupils with SEND.

33 We analysed a representative sample of full and short inspection reports published between September 2015 and August 2018.

34 Comptroller and Auditor General, *Ofsted's inspection of schools*, Session 2017–2019, HC 1004, National Audit Office, May 2018.

Special schools

3.9 More independent assurance is available about the quality of support in state special schools. All children at these schools have SEND so, by definition, Ofsted's inspections examine provision for these pupils. In addition, special schools previously graded as outstanding are not exempt from routine re-inspection.

3.10 Ofsted's inspections indicate that the quality of state special schools is high. Of the special schools open in August 2018, Ofsted had graded 91.8% as good or outstanding (**Figure 14**). This compared favourably with the 85.0% of mainstream schools graded as good or outstanding. Overall, the quality of state special schools has improved. Between 2014 and 2018, the proportion graded as inadequate or requires improvement dropped from 10.4% to 8.2%. At August 2018, 7,660 pupils were in special schools rated as less than good.[35]

3.11 Ofsted also inspects nearly all independent special schools. Overall, these schools are graded less highly than state special schools. At August 2018, Ofsted had graded 340 (78.3%) of these schools as good or outstanding.

Teaching staff

3.12 The statutory teachers' standards say that teachers must have a clear understanding of the needs of all pupils, including those with SEND, and must be able to use and evaluate distinctive teaching approaches to engage and support them.[36] In 2016, the Department accepted the recommendations of an expert group tasked with developing a framework of core content for initial teacher training.[37] The recommendations included that training providers should ensure that trainees understand the principles of the SEND Code of Practice, are confident working with the four broad areas of need it identifies, and are able to adapt teaching strategies to ensure that pupils with SEND can access and progress within the curriculum. In a 2017 survey, 53% of newly qualified teachers said that their training equipped them well to teach pupils with SEND.[38]

3.13 In surveys for the Department, classroom teachers in mainstream schools have generally said that they are able to identify pupils with SEND, but are less confident in their ability to meet their needs. With regard to provision for pupils without EHC plans, for example, a survey in 2017 found that:

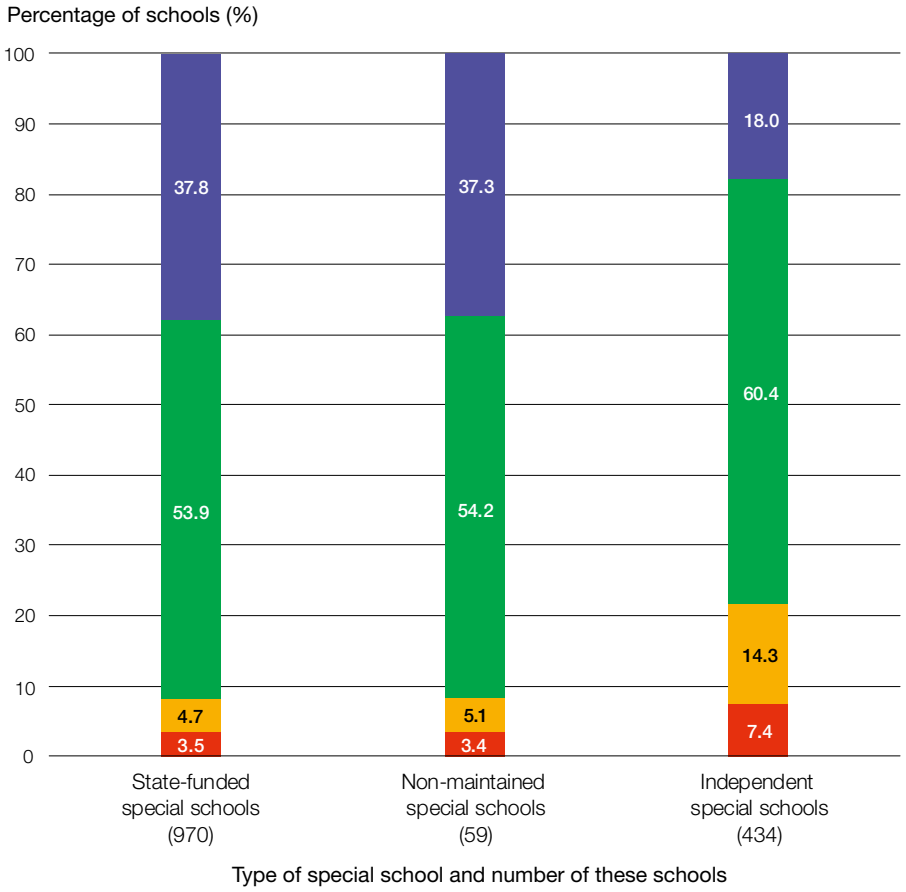
- 84% of classroom teachers, and 92% of senior leaders, felt equipped to identify pupils who are making less than expected progress and may have SEND; and
- 63% of classroom teachers, and 74% of senior leaders, felt able to meet the needs of pupils with SEND.[39]

35 Data on the number of pupils are taken from the Department's *January 2018 school census*.
36 The teachers' standards set minimum requirements for qualified teachers' practice and conduct. Department for Education, *Teachers' Standards: Guidance for school leaders, school staff and governing bodies*, July 2011 (introduction updated June 2013).
37 Department for Education, *A framework of core content for initial teacher training*, July 2016.
38 Research report commissioned from Ipsos MORI by the National College for Teaching & Leadership. Department for Education, *Newly qualified teachers: annual survey 2017*, September 2018.
39 Department for Education, *Teacher voice omnibus: March 2018 survey* (the survey was carried out in summer 2017 and published in March 2018).

Figure 14

Ofsted's grades for the overall effectiveness of special schools at August 2018

Ofsted had graded 91.8% of state special schools as good or outstanding



Notes

1 Non-maintained special schools are independent schools that are run on a non-profit-making basis. Ofsted inspects all 59 of these schools.

2 At August 2018, Ofsted had inspected and graded 434 of the 465 independent special schools that it was the inspection body for.

3 Figures may not sum to aggregate figures in the text due to rounding.

Source: National Audit Office analysis of Ofsted inspection data

3.14 Mainstream schools are required to have a special educational needs coordinator, but the staff in these positions are concerned about their capacity to carry out the role effectively.[40] The coordinators oversee provision for pupils with SEND and provide leadership and guidance to colleagues. However, in a 2018 survey, 74% of coordinators said that they did not have enough time to ensure that pupils on SEN support could access the support they needed and 70% did not consider that they had enough time allocated to the role.[41]

3.15 Teaching assistants are regularly used to support pupils with SEND, either one-to-one or in small groups. We heard concerns that the need to make efficiency savings may have led some schools to employ fewer teaching assistants. The evidence shows a mixed picture between 2013/14 and 2018/19:

- the number of teaching assistants in primary schools and special schools increased at a higher rate than increases in pupil numbers – as a result, pupil:teaching assistant ratios fell slightly; and
- the number of teaching assistants in secondary schools declined by 8,400 (15.4%) despite pupil numbers rising by 146,600 (4.6%) – as a result, pupil:teaching assistant ratios rose from 1:59 to 1:72.

Exclusions

3.16 Pupils with SEND are far more likely to be excluded from school than pupils without SEND. The most recent data show that, for state-funded primary, secondary and special schools, in 2017/18:

- pupils with SEND are more likely to be permanently excluded – the rate of exclusions for pupils on SEN support was 5.4 times the rate for pupils without SEND, while the rate for pupils with EHC plans was 2.5 times the rate for pupils without SEND;
- pupils with SEND accounted for 44.9% of permanent exclusions and 43.4% of fixed-period exclusions; and
- 6.4% of pupils with EHC plans had fixed-period exclusions from school, compared with 6.1% of other pupils with SEND, and 1.7% of pupils without SEND. Some of these children were excluded on more than one occasion in the same year, increasing the risk of disruption to their education.

In addition, a survey carried out for Ofsted found that around a quarter of teachers said that they had experienced pupils being moved, or encouraged to move, out of their schools. The survey also found that vulnerable pupils, with SEND or other needs, were more likely to be affected than others.[42]

40 This role can be shared between a number of smaller primary schools.

41 Survey of 1,903 special educational needs coordinators (SENCOs) conducted by the National Association of Special Educational Needs, Bath Spa University and the National Education Union, *It's about time: The impact of SENCO workload on the professional and the school*, September 2018.

42 YouGov on behalf of Ofsted, *Exploring the issue of off-rolling*, Ofsted, May 2019. 'Off-rolling' is the practice of removing a pupil from the school roll without a formal, permanent exclusion or by encouraging a parent to remove their child from the school roll, when the removal is primarily in the interests of the school rather than in the best interests of the pupil.

3.17 In May 2019, the Timpson review of school exclusion explored how schools use exclusion and why some groups of pupils, including those with SEND, are more likely to be excluded.[43] Analysis for the review found that children recorded as having certain primary needs (social, emotional and mental health needs and specific and moderate learning difficulties) were more likely to be excluded than children without special educational needs, while children with other primary needs (such as those with physical disabilities) were less likely to be excluded. The review concluded that, after controlling for other factors, vulnerable groups of children are more likely to be excluded, with 78% of permanent exclusions issued to children who had special educational needs, were classified as in need or were eligible for free school meals.

3.18 The Timpson review found that there was too much variation in how exclusion was used and that the variation went beyond the influence of local context. It concluded that more could be done to ensure that exclusion was used consistently and fairly, and to ensure that permanent exclusion was always a last resort. The government accepted the review's 30 recommendations in principle and made a number of commitments in response, including to consult later in 2019 on how to make schools accountable for the outcomes of children they permanently exclude.

Quality of support in local areas

3.19 Under the Children and Families Act 2014, a local authority must ensure that education, health and social care services in a local area work together to support children and young people with SEND. During our work, we heard positive feedback, from the stakeholders we consulted and the people we spoke to during our visits to local areas, about the aims of the government's 2014 reforms and the desire to make services more integrated and to involve service users more. However, we also heard concerns about how the system is working in practice.

Inspection of local areas

3.20 The Department relies on inspection to provide an independent assessment of how well the services in local authority areas are meeting the needs of children and young people with SEND. The results indicate that many areas are not achieving the expected standard of performance.

3.21 In 2015, the Department commissioned Ofsted and the Care Quality Commission (the CQC) to develop and deliver a programme of local area inspections. Ofsted and the CQC began the inspections in May 2016 and expect to cover all local authority areas by summer 2021. The inspections examine how effectively local areas are:

- identifying children and young people with SEND;
- meeting their needs; and
- improving outcomes for this group.

43 Department for Education, *Timpson review of school exclusion*, CP 92, May 2019.

3.22 Between May 2016 and July 2019, Ofsted and the CQC inspected 94 local areas. The results to date may not be representative of all local areas because, in deciding which areas to visit, the inspectorates may prioritise those where they have concerns. In 47 (50.0%) inspections, Ofsted and the CQC found areas of weakness significant enough to require the local areas to prepare a written statement of action in response. Factors that Ofsted and the CQC identified as influencing local areas' effectiveness included: the strength or otherwise of local leadership; evaluation of the effectiveness of education, health and care outcomes, rather than a limited focus on education; a coordinated local strategy and effective joint working; and involvement of children, parents and carers in planning and making decisions about services affecting them.

3.23 In their written statements of action, the bodies in a local area set out the steps that they propose to take to tackle the areas of significant weaknesses identified in the inspection. The Department provides support to help areas with written statements of action to improve, drawing on its own specialist staff and working with charities and other partner organisations.

3.24 Ofsted and the CQC plan to revisit all local areas that have been required to produce a written statement of action, usually within 18 months of the statement being produced. These follow-up visits started in December 2018. They are not full re-inspections, and are intended to assess the progress that the local area has made in addressing the specific weaknesses highlighted.

3.25 At the end of July 2019, Ofsted and the CQC had undertaken and published the results of 11 follow-up visits. In these follow-up visits, Ofsted and the CQC found that six local areas were not making sufficient progress against the weaknesses identified in the written statement. In those cases where local areas have not made sufficient progress, it is for the Department and NHS England to decide the next steps.

3.26 In July 2019, after a follow-up visit, the Department issued Sefton Council with an improvement notice. The notice requires the council, working with its partners, to take steps to improve its services for children and young people with SEND and their families. The Department will undertake reviews of progress at least every six months. Should the council be unwilling or unable to comply with the improvement notice, or should ministers not be satisfied with progress, ministers may choose to invoke their statutory powers of intervention to direct the council to take any further actions deemed necessary to secure the necessary improvements.

The Department's support for local areas

3.27 The Department has a small team of specialist advisers with relevant experience who work with counterparts in NHS England to advise, challenge and support local areas. Informed by the Department's assessment of risk, the specialist advisers seek to help local areas to identify the causes of shortcomings in performance and to develop solutions, but do not have powers to intervene or to require local areas to respond to concerns. The Department has not carried out any systematic analysis of variation – for example, in demand for EHC plans, use of special schools and indicators of pupils' progress – to help it to identify good practice or to ensure that pupils have equitable access to support.

3.28 The Department also works with other bodies to support local areas. In March 2018, for example, it awarded a two-year contract, worth up to £3.4 million, to the National Association for Special Educational Needs to provide a range of support, including: equipping schools to identify and meet their training needs; building the specialist workforce and promoting best practice; and identifying and responding to gaps in the training and resources available for schools. In December 2018, the Department announced the terms of reference for a national leadership board that it expects particularly to support better joint working between local agencies.

Appendix One

Our audit approach

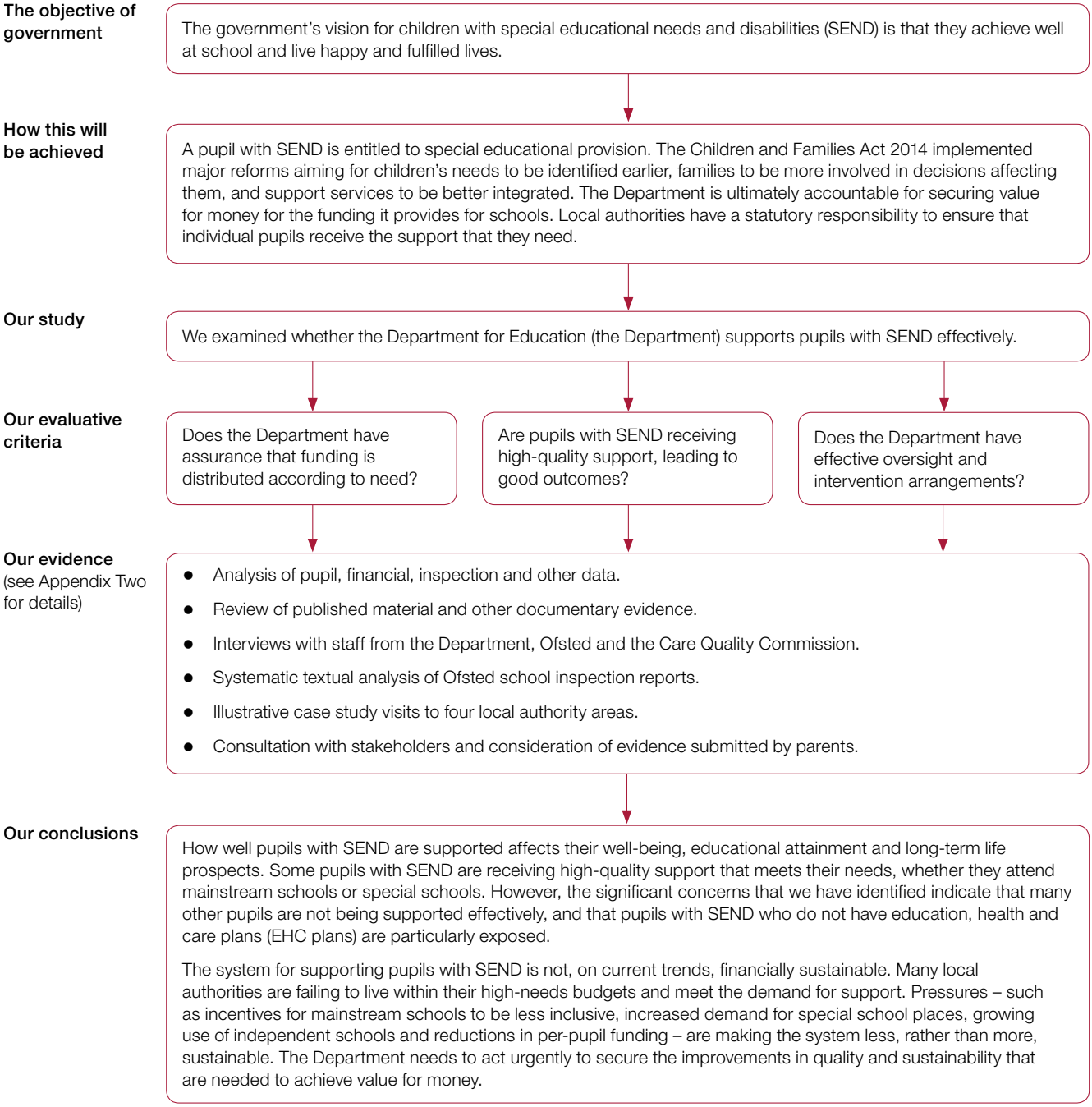
1 This report examines whether the Department for Education's (the Department's) approach to supporting pupils with special educational needs and disabilities (SEND) is providing value for money. The report examines:

- the system for supporting pupils with SEND, and the outcomes that it is achieving;
- the funding for, and spending on, support for pupils with SEND, and how the Department and local authorities are responding to financial pressures on services; and
- the quality of support for pupils with SEND.

2 We applied an analytical framework with evaluative criteria, which considered what arrangements would be optimal for achieving value for money. By 'optimal' we mean the most desirable possible, while acknowledging expressed or implied restrictions or constraints. For the Department to achieve value for money from its funding for pupils with SEND, the system needs to provide effective support for all pupils with SEND that meets their needs and leads to good outcomes, and to be financially sustainable.

3 Our audit approach is summarised in **Figure 15**. Our evidence base is described in Appendix Two.

Figure 15
Our audit approach



Appendix Two

Our evidence base

1 We reached our independent conclusions on whether the Department for Education (the Department) supports pupils with special educational needs and disabilities (SEND) effectively after analysing evidence collected between September 2018 and July 2019. Our audit approach is outlined in Appendix One.

2 Our report covers support for pupils with SEND in mainstream schools, special schools and alternative provision. This includes pupils of school age (aged 5 to 15) and pupils in sixth forms in mainstream schools, special schools and schools for pupils aged 16 and over.

3 In designing and carrying out our work, we took account of previous relevant National Audit Office reports on schools and local authorities. These included our reports on: *Ofsted's inspection of schools; Financial sustainability of local authorities 2018; and Financial sustainability of schools*.[44,45,46]

4 We interviewed staff from the Department, Ofsted and the Care Quality Commission (the CQC). The people we interviewed at the Department included staff responsible for a range of areas including implementing national policy in respect of support for pupils with SEND, and oversight of local authority and school funding. We also interviewed some of the specialist advisers whom the Department employs to support local areas. The people we interviewed at Ofsted included staff responsible for national oversight of school inspections and for overseeing joint Ofsted and CQC local area inspections. The people we interviewed at the CQC included staff responsible for national oversight of joint Ofsted and CQC local area inspections.

44 Comptroller and Auditor General, *Ofsted's inspection of schools*, Session 2017–2019, HC 1004, National Audit Office, May 2018.
45 Comptroller and Auditor General, *Financial sustainability of local authorities 2018*, Session 2017–2019, HC 834, National Audit Office, March 2018.
46 Comptroller and Auditor General, *Financial sustainability of schools*, Session 2016-17, HC 850, National Audit Office, December 2016.

5 **We reviewed published and unpublished information from the Department.** We used this information to understand how the Department exercises its responsibilities for SEND, and the range of information it uses to inform its decision-making and oversee the support system. These documents included material relating to:

- the legislative framework and implementation of the 2014 reforms;
- the SEND Code of Practice;
- accountability and governance within the system of support for pupils with SEND;
- the derivation of the notional SEND budget and national funding formula for schools;
- forecasts of expected demand for support for pupils with SEND, and capacity in special schools;
- the views of school leaders and teachers, captured in the Department's annual surveys, and workforce information covering teachers, teaching assistants and educational psychologists;
- the Department's proposals to carry out longitudinal research on the long-term outcomes achieved by pupils with SEND; and
- the work of the Department's specialist advisers.

6 **We analysed data on pupils with SEND in England** (collected by the Department in its annual school census, unless otherwise stated). We used these data to analyse trends in the numbers of children with SEND nationally and locally, exclusion levels, pupil progress, teaching staff numbers and the quality of support in special schools. The main data we used were:

- national statistics on special educational needs;
- numbers of pupils with statements of special educational needs and education, health and care plans (EHC plans) (collected by the Department from local authorities);
- numbers of permanent and fixed-period exclusions in schools;
- school and pupil numbers;
- data on pupils' attainment and progress;
- school workforce data (collected by the Department in its annual school workforce census); and
- inspection outcome data collected and published by Ofsted.

7 **We analysed the following financial data:**

- Data on the Department's dedicated schools grant allocations to local authorities covering the schools block and high-needs block. We used these data to analyse trends in funding allocations between 2013-14 and 2018-19.

- Data on budgeting and spending on SEND by local authorities and schools from the 'Section 251' data returns that local authorities submit to the Department. We used these data to analyse trends between 2013-14 and 2017-18. We considered overall trends in spending, trends in spending against budget across all local authorities, and variation in budgeting and spending between local authorities.

  When analysing Section 251 returns, we excluded spending on early years and post-school provision as this provision was outside the scope of this report.[47] We used the Section 251 returns to estimate the proportion of the high-needs block allocated to early years and post-school provision, in order to exclude this element from our analysis of funding and spending for school pupils.

- Requests by local authorities to the Department to transfer dedicated schools grant funding from the schools block to the high-needs block. We used this information to inform our understanding of the financial pressures faced by local authorities in relation to supporting pupils with high needs and their proposed responses. This information was also used to gain an understanding of the Department's processes for funding transfers.

8 **We reviewed data on cases taken to the First-tier tribunal (special educational needs and disabilities).** Data on cases taken to the tribunal are published annually by HM Courts & Tribunals Service. We analysed this information to understand how the numbers and rate of appeals to the tribunal, and the reasons for appeal, have changed over time.

9 **We reviewed the results of the joint local area inspections, and follow-up visits, that have been completed by Ofsted and the CQC.** We reviewed inspection reports and data summarising the results of joint local authority area inspections carried out between May 2016 and July 2019. We also reviewed documents relating to follow-up visits. We used this information to help us assess the quality of support for pupils with SEND, the broad reasons for strong or weak performance, and the action taken by Ofsted, the CQC and the Department in response to under-performance.

47 In our analyses of local authority spending on SEND in schools we included 'non-maintained special schools' (which educated 3,640 pupils at January 2018) with independent special schools. Independent schools are usually, but not always, run for profit. Non-maintained special schools are run on a not-for-profit basis, usually by a charitable trust.

10 We analysed text referring to SEND provision in a statistically representative sample of Ofsted inspection reports for mainstream schools. We collected electronic copies of the text of inspection reports for all full and short inspections of primary schools and secondary schools in England for the academic years 2015/16 to 2017/18. We searched the text electronically to identify which inspection reports contained text relating to provision for pupils with SEND. We selected representative samples of reports containing text relevant to SEND by school phase (primary or secondary) and Ofsted grade. We undertook qualitative sentiment analysis of the extracted text to categorise the comments relevant to the quality of SEND provision as positive, negative, mixed/neutral or unclear/ambiguous.

11 We carried out illustrative case study visits to four local authority areas in different parts of England. We selected the areas to include largely urban and largely rural or mixed communities, and some areas which had been inspected by Ofsted and the CQC and some which had not. During the visits we met staff with key responsibilities for supporting pupils with SEND. These included: the local authority director of children's services, the head of special educational needs and director of finance; the chair of the local schools forum; headteachers from local schools; and representatives of the local parent carer forum. We used these visits to understand how different organisations worked together in practice, what challenges they were facing in supporting pupils with SEND, and how they were responding to those challenges. We visited:

- Hartlepool;
- Nottinghamshire;
- Richmond upon Thames; and
- South Gloucestershire.

12 We observed two visits by the Department's specialist SEND advisers to local areas. We used these observations to understand the nature of the expert challenge and support provided by the specialist advisers, and local areas' responses.

13 We invited stakeholders to respond to a consultation exercise. We asked stakeholders for their views, and any supporting evidence they had, on the following issues:

- the incentives for local authorities and schools to direct funding to pupils on the basis of need;
- how far need is assessed consistently across England, and between different groups of pupils (for example, between boys and girls or between different sorts of need);

- how far the Department has made clear what it expects local authorities and schools to do to support pupils with SEND;
- whether there are enough school places, of the right type and in the right places, and sufficient appropriately trained staff, to support pupils with SEND effectively;
- what more could be done to measure outcomes for pupils with SEND;
- the main strengths and weaknesses in the current system;
- the financial sustainability of the current system; and
- the mechanisms for parents and young people to understand their rights and to seek redress.

We met, or received formal consultation responses from:

- the Association of Directors of Children's Services;
- ADLZ Insight Ltd;
- Ambitious about Autism;
- the Alliance for Inclusive Education;
- the British Institute of Learning Disabilities;
- the Challenging Behaviour Foundation;
- the Council for Disabled Children;
- Derby City Council;
- the Disabled Children's Partnership;
- the Driver Youth Trust;
- Independent Provider of Special Educational Advice;
- the Local Government Association;
- London Councils and the Society of London Treasurers;
- the National Association of Head Teachers;
- the National Association of Special Educational Needs;
- the National Association of Independent and Non-Maintained Special Schools;
- the National Autistic Society;
- the National Deaf Children's Society;
- the National Development Team for Inclusion;
- the National Education Union;

- the National Network of Parent Carer Forums;
- the National Sensory Impairment Partnership;
- Norfolk County Council;
- SEND Action;
- the Special Educational Consortium; and
- VIEW: the professional association of the vision impairment education workforce.

14 We reviewed information received from parents and carers of children with SEND about their experience of the support system. In addition to our structured consultation exercise, we received evidence from individuals with an interest in or experience of SEND provision. Between October 2018 and June 2019, we received 52 submissions. These cannot be considered to be a representative sample since we were inevitably less likely to be contacted by those with positive experiences. We used this information to help us understand people's experience of the support system in practice.

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