



National Audit Office

**Department for Education**

Oversight of special education for  
young people aged 16–25

Detailed Methodology

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**NOVEMBER 2011**

# Detailed Methodology

**1** This appendix outlines the methods used in the National Audit Office report *Oversight of special education for young people aged 16–25*, published on 4 November 2011.

## Study scope

**2** Special education is the education, training and other support provided to students with special educational needs and disabilities. It is provided to young people with a wide range of needs, including learning difficulties like autism or dyslexia, and physical disabilities such as visual impairment or mobility problems. It covers a variety of assistance from, for example, additional classroom support to full-time packages of education and specialist therapy.

**3** The Department for Education does not deliver special education for young people directly. However, it remains responsible for policy objectives, the legislative and delivery framework, and for whether provision, overall, is value for money. Our report examined whether the Department, agencies and local authorities use information effectively to help secure value for money from special education for 16- to 25-year-olds. In particular, it focused on the following questions, and the associated criteria which we consider reflect an effective framework:

Is there a clear framework of oversight and information to provide appropriate assurance on value for money?

- Clear lines of accountability for delivery and performance.
- Effective oversight of the performance of all types of provider.
- Information sources supporting overall assessment of costs, quality and outcomes across all types of provider.

Does available information confirm that provision overall is value for money, including in the longer term?

- Objectives delivered across different providers and localities.
- Explanations for large variations in cost, choice of providers and outcomes.
- Evidence that improved outcomes provide longer-term benefits to students and the public purse.

Are specific decisions about student placements based on full information about costs and outcomes?

- Robust assessment of students' needs, and providers' ability to meet them.
- Decisions based on full understanding of all relevant costs.
- Adequate information to allow students and their families to make informed choices.

## Methodology

**4** The main methods used during the course of this study were:

- Survey of local authorities.
- Literature review.
- Semi-structured interviews.
- Case studies.
- Economic modelling.
- Funding, cost and outcome analysis.

**5** These methods are described in more detail below.

### Survey of local authorities

**6** To assess what information is available to, and used by, local authorities in making placement decisions for young people with special educational needs, we ran a web-based survey of special education commissioners at all 152 local authorities with responsibility for children's services. The survey ran between 19 July 2011 and 10 October 2011. One hundred and twenty-four local authorities (82 per cent) responded.

**7** The areas covered by the survey were:

- The importance of different factors in deciding where to place young people with special educational needs in post-16 education.
- The extent to which information on these factors is available and used by local authorities when making such placements.
- The use and effectiveness of Learning Difficulty Assessments in identifying suitable post-16 education provision, and supporting positive outcomes for young people with special educational needs.

- The extent to which local authority commissioners are aware of the total cost of different courses and support packages, including costs to other budgets and organizations.
- The extent to which local authority commissioners share information within their own authority and partner organizations to support planning.
- Arrangements for commissioning, monitoring and performance-managing post-16 special education provision within different provider settings.
- Information available to young people and their parents/carers when choosing options for post-16 special education.

### Literature review

**8** To understand roles, responsibilities and recent developments in special education, we carried out a literature review including published reports, government policy documents and extant legislation.

### Key reports

- Learning and Skills Council, *Improving Choice in Post-16 Education for Young People with Learning Difficulties and/or Disabilities* (June 2006).<sup>1</sup>
- Ofsted, *The Special Educational Needs and Disability Review* (September 2010).<sup>2</sup>
- Ofsted, *Progression Post-16 for Learners with Learning Difficulties and/or Disabilities* (August 2011).<sup>3</sup>

### Key policy and guidance

- Department for Business, Innovation and Skills, *Skills Investment Strategy 2010-11* (November 2009).<sup>4</sup>
- Department for Education, *Support and Aspiration: a New Approach to Special Educational Needs and Disability – a Consultation* (March 2011).<sup>5</sup>
- Department for Education and Skills, *SEN Code of Practice* (November 2001).<sup>6</sup>
- Learning and Skills Council, *Learning for Living and Work: Improving Education and Training Opportunities for People with Learning Difficulties and/or Disabilities* (October 2006).<sup>7</sup>

1 [http://readingroom.lsc.gov.uk/lsc/EastofEngland/Evaluation\\_IC\\_report\\_1b.pdf](http://readingroom.lsc.gov.uk/lsc/EastofEngland/Evaluation_IC_report_1b.pdf)

2 <http://www.ofsted.gov.uk/resources/special-educational-needs-and-disability-review>

3 <http://www.ofsted.gov.uk/resources/progression-post-16-for-learners-learning-difficulties-and-or-disabilities>

4 <http://www.bis.gov.uk/assets/biscore/corporate/migratedd/publications/s/skills-investment-strategy.pdf>

5 <http://www.education.gov.uk/childrenandyoungpeople/sen/a0075339/sengreenpaper>

6 <http://media.education.gov.uk/assets/files/pdf/s/sen%20code%20of%20practice.pdf>

7 [http://readingroom.lsc.gov.uk/lsc/National/learning\\_for\\_living\\_and\\_work\\_complete\\_2.pdf](http://readingroom.lsc.gov.uk/lsc/National/learning_for_living_and_work_complete_2.pdf)

- Learning and Skills Council, *Through Inclusion to Excellence* (November 2005).<sup>8</sup>
- Young People's Learning Agency, *Funding Guidance 2010/11: Rates and Formula* (June 2010).<sup>9</sup>
- Young People's Learning Agency, *National Commissioning Framework* (April 2010).<sup>10</sup>
- Young People's Learning Agency, *16–19 Funding Statement* (December 2010).<sup>11</sup>
- Young People's Learning Agency, *Placement Information: Learners with Learning Difficulties and/or Disabilities at Independent Specialist Providers 2011/12* (December 2010).<sup>12</sup>
- Young People's Learning Agency, *Placement Technical Guidance for Independent Specialist Providers 2011/12* (April 2010).<sup>13</sup>

### Key Legislation

- Apprenticeships, Skills, Children and Learning Act 2009.<sup>14</sup>
- Education and Skills Act 2008.<sup>15</sup>
- Equality Act 2010.<sup>16</sup>
- Special Educational Needs and Disability Act 2001.<sup>17</sup>

### Semi-structured interviews

9 To understand the policy, information and assurance framework through which central government runs the 16–25 special education system, we interviewed policy and funding leads at the Department for Education, the Young People's Learning Agency, the Department for Business, Innovation and Skills, and the Skills Funding Agency. The main topics covered were:

- Roles and responsibilities.
- Policy objectives for young people with special needs aged 16–25.
- Assurance, oversight and intervention frameworks.
- Measuring and monitoring costs and outcomes.
- Measuring and monitoring quality of provision.

8 <http://readingroom.lsc.gov.uk/lsc/2005/research/commissioned/through-inclusion-to-excellence.pdf>

9 [http://readingroom.ypla.gov.uk/ypla/funding\\_rates\\_and\\_formula\\_201011\\_v2.pdf](http://readingroom.ypla.gov.uk/ypla/funding_rates_and_formula_201011_v2.pdf)

10 <http://readingroom.ypla.gov.uk/ypla/ypla-nationalcommissioningframework-apr10.pdf>

11 [http://readingroom.lsc.gov.uk/YPLA/16-19\\_Funding\\_Statement\\_printerfriendly.pdf](http://readingroom.lsc.gov.uk/YPLA/16-19_Funding_Statement_printerfriendly.pdf)

12 [http://readingroom.ypla.gov.uk/ypla/241210\\_placement\\_info\\_2011\\_12\\_final.pdf](http://readingroom.ypla.gov.uk/ypla/241210_placement_info_2011_12_final.pdf)

13 [http://readingroom.lsc.gov.uk/YPLA/ypla-placement\\_tech\\_guidance-apr2010-v1-1.pdf](http://readingroom.lsc.gov.uk/YPLA/ypla-placement_tech_guidance-apr2010-v1-1.pdf)

14 <http://www.legislation.gov.uk/ukpga/2009/22/contents>

15 <http://www.legislation.gov.uk/ukpga/2008/25/contents>

16 <http://www.legislation.gov.uk/ukpga/2010/15/contents>

17 <http://www.legislation.gov.uk/ukpga/2001/10/contents>

## Case studies

**10** We visited or interviewed by telephone senior staff at 13 local authorities, five mainstream providers, seven independent specialist providers and four special schools.

### **Local authorities**

- Cambridgeshire County Council.
- City of York Council.
- Derbyshire County Council.
- Doncaster Council.
- Hertfordshire County Council.
- Kent County Council.
- Lancashire County Council.
- Lincolnshire County Council.
- London Borough of Barnet.
- London Borough of Camden.
- Somerset County Council.
- Walsall Council.
- Worcestershire County Council.

### **Mainstream providers**

- Abingdon and Witney College, Abingdon.
- Barnsley College, Barnsley.
- East Norfolk Sixth Form College, Gorleston.
- St Ivo School, St Ives.
- Tyne Metropolitan College, Wallsend.

### Independent specialist providers

- Beaumont College, Lancaster.
- Derwen College, Oswestry.
- Doncaster College for the Deaf, Doncaster.
- Farleigh Further Education College, Frome.
- Queen Alexandra College, Birmingham.
- Royal National College for the Blind, Hereford.
- West of England School and College for Children with Little/No Sight, Countess Wear.

### Special schools

- Abbey Hill School and Technology College, Stockton-on-Tees.
- Linden Bridge School, Worcester Park.
- Oak Lodge School, Barnet.
- The New School at West Heath, Sevenoaks.

### Economic modelling

**11** To estimate the lifetime costs of providing services to this group, and explore the potential benefits of improving their outcomes at age 16–25, we developed a decision-tree model using TreeAge and Excel, exploring the post-16 pathways of people with disabilities through various public services.

**12** The model included costs of education, social care, healthcare, criminal justice, and benefits and employment. We modelled the lifetime (16–64) cost to the public purse both in terms of current price (2010/11) and Net Present Value using the Treasury discount rate of 3.5 per cent.

**13** The model was used to produce a weighted average lifetime cost of supporting people with learning disabilities. We estimated that the average lifetime cost of supporting a person with a moderate learning disability who has access to social services as £2–3 million pounds at today's prices. This range is informed by sensitivity analysis which we carried out to account for the uncertainties in the parameters used, in particular around health care utilisation and benefits claimed. We also used the model to estimate lifetime costs for specific scenarios, for example a person with moderate learning disability living in residential accommodation and unemployed (£4.7 million at today's prices).

**14** For education costs, the weighted average cost was calculated as the expected average cost weighted by the proportion of students with a learning disability in different education settings (including apprenticeships) and the probability of them being in education. These proportions and probabilities were estimated using data from the Individualised Learner Record, the School Census, Edubase and Young People's Learning Agency independent specialist provider database, together with prevalence estimates from literature. For the purposes of the model, we used the prevalence estimate of adults with learning disabilities by Emerson et al.<sup>18</sup>

**15** For someone in employment, we assumed that around 20 per cent of their gross earnings were net flowbacks to the public purse, accounting for the cost of supported employment for people with learning disabilities by the Department for Work and Pensions. Average earnings were based on earnings and employment rate estimates for people with learning disabilities from the Office of National Statistics (ONS) Annual Population Survey.

**16** We assumed that, for someone with a learning disability, total benefits claimed per year were around £15,000 (with sensitivity analysis up to £23,000) excluding housing benefits.<sup>19</sup> We also assumed that, if someone with a learning disability were claiming benefits, then the minimum level of benefits claimed would be Incapacity Benefits at £4,760 per annum. For housing benefits, we assumed that if someone were not living in an institutional care setting, or not living with their parents, they would claim housing benefit. Housing benefit costs were based on national averages provided by the Department for Work and Pensions.

**17** For unit costs and utilisation rates of social care, we based our estimates on data from the NHS Information Centre for Health and Social Care.<sup>20</sup> We also used data from the Personal Social Services Research Unit (PSSRU) to inform our analysis of individual scenarios. For health care utilisation, we used estimates from Martin Knapp et al.,<sup>21</sup> triangulated with data from the ONS Lifestyle Survey. Cost from Knapp et al. is estimated from those living in institutional settings, and cost from the ONS Lifestyle Survey is more representative of the general population. We have used the two estimates as the upper and lower limit for our estimate of average health care utilisation.

**18** Cost information on criminal justice was based on modelling used in the 2010 National Audit Office study *The youth justice system in England and Wales: Reducing offending by young people*.<sup>22</sup>

18 Eric Emerson & Chris Hatton (2004). *Estimating future need/demand for supports for adults with learning disabilities in England*. Institute for Health Research, Lancaster University ([http://eprints.lancs.ac.uk/21049/1/CeDR\\_2008-6\\_Estimating\\_Future\\_Needs\\_for\\_Adult\\_Social\\_Care\\_Services\\_for\\_People\\_with\\_Learning\\_Disabilities\\_in\\_England.pdf](http://eprints.lancs.ac.uk/21049/1/CeDR_2008-6_Estimating_Future_Needs_for_Adult_Social_Care_Services_for_People_with_Learning_Disabilities_in_England.pdf)).

19 Joseph Rowntree Foundation (2004) *Disabled People's Cost of Living* ([www.jrf.org.uk/system/files/1859352375.pdf](http://www.jrf.org.uk/system/files/1859352375.pdf))

20 <http://www.ic.nhs.uk/statistics-and-data-collections/social-care/adult-social-care-information/personal-social-services-expenditure-and-unit-costs-england--2009-10-final-council-data>

21 Knapp et al. (2005) *Intellectual disability, challenging behaviour and cost in care accommodation* (<http://eprints.lse.ac.uk/336/>).

22 [http://www.nao.org.uk/publications/1011/reoffending\\_by\\_young\\_people.aspx](http://www.nao.org.uk/publications/1011/reoffending_by_young_people.aspx)



## Funding, cost and outcome analysis

**19** To assess whether meaningful value-for-money comparisons could be made between different sectors and providers, and where possible to explore trends and variations in cost and outcomes, we analysed financial and outcome data covering post-16 special education in schools, further education and independent specialist providers.

**20** Key data sources were:

- Edubase.
- Individualised Learner Record (ILR).
- National Pupil Database (NPD).
- School Census.
- 'SEN 2' survey of local authorities.
- Young People's Learning Agency's independent specialist provider database.
- Young People's Matched Administrative Dataset (YPMAD).

### Funding and cost analysis

**21** In all cases, funding was presented in real terms at 2009/10 values, using the gross domestic product deflator provided by the Treasury. This is the standard methodology used by the Department for Education to adjust costs for inflation.

#### Schools

**22** Funding for post-16 students with Statements in schools is paid to local authorities by the Young People's Learning Agency in the form of the 'SEN Block Grant'. SEN Block Grant figures for local authorities in England for the financial years 2004-05 to 2011-12 were obtained from the Agency. These were converted to academic years by linking five twelfths of the total amount for one financial year (to cover September to March) with seven twelfths of the next (April to August).

**23** Funding per student was calculated at a national and a local authority level using the number of students for whom local authorities maintain a Statement. These student numbers were obtained from the Department for Education 'SEN 2' survey of local authorities.

**24** Where student numbers were analysed by school type, it was not possible to use the SEN 2 survey dataset, since this information is not included. Instead, the School Census and Edubase datasets were used, attributing students to local authority by their home address.

### Further Education

**25** Cost and student numbers were obtained from student-level detail recorded in the Individualised Learner Record. Additional Learning Support cost and student numbers in further education settings were aggregated for all students who:

- attended further education in England;
- received Additional Learning Support worth more than £5,500, or received more than £0 but less than £5,500 and declared themselves as having a learning difficulty and/or disability;
- were aged 16–24 as at 31 August of the relevant year; and
- received 'learner-responsive' funding.

**26** Analysis was carried out at a national level for all years from 2005/06 to 2009/10, and at students' home local authority level for 2009/10.

**27** Where the population was limited to those receiving high-level Additional Learning Support, only those receiving in excess of £5,500 were included. This definition is used by the Young People's Learning Agency as a proxy to identify whether a student has a Learning Difficulty Assessment, the further education equivalent to a Statement.

**28** A further population subcategory which was used in the report comprised all those receiving 'Exceptional' Additional Learning Support funding over £19,000. This criterion is used by the Young People's Learning Agency to identify students receiving support at the upper end of the spectrum.

### Independent specialist providers

**29** The total cost and number of placements in independent specialist providers were obtained from student-level detail recorded in the Young People's Learning Agency database, which covers all students from English local authorities

**30** This was done at a national level for all years from 2005/06 to 2009/10 and by students' home local authority for 2009/10.

### Outcome analysis

#### Average level-three point score

**31** Average level-three point scores are the standard measure of sixth-form academic performance for students in schools. These were calculated by analysing the Key Stage Five subset of the National Pupil Database matched at a student level to special educational need fields. The Key Stage Five data subset is limited to students studying level-three qualifications in England.

**32** Maintained mainstream schools, academies, city technology colleges, maintained special schools and non-maintained special schools were included in the analysis. It should be noted that a significantly lower proportion of students with Statements take level-three exams compared to those without special educational needs, and that the number of students with Statements attending special schools represented in this analysis is very low.

### **Attainment by 19 at level two or above**

**33** Student attainment by 19 at level two or above was used as a measure of academic performance for all educational sectors in England. Attainment was analysed by the NAO using summary information provided by the Department for Education. The Young Person's Matched Administrative Dataset (YPMAD), from which this summary information was obtained, identifies the special educational need of students at the age of 15 whilst they are still in school. Therefore students' SEN status is consistently identified across the schools and further education sectors. The YPMAD includes all students who attended maintained schools at the age of 15.

### **Success rates**

**34** Success rates are a standard method used by the Government to measure performance in the further education sector. The population analysed in the report is limited to all students aged 16–24 who have declared themselves as having a learning difficulty or disability and are studying a course which attracts learner-responsive funding.

**35** Further Education success rates were calculated using a dataset provided by the Data Service for all qualifications excluding functional<sup>23</sup> and key<sup>24</sup> skills studied in further education establishments located in England.

**36** School success rates provided by the Young People's Learning Agency were also analysed to provide a measure that is broadly comparable to the success rate measure in the further education system. This was done using an enriched data set developed by the Young People's Learning Agency from raw data provided by the Department. The population used for this analysis was all students studying in school sixth forms whose special educational need status was recorded as School Action, School Action Plus or Statement level. The success rate refers to all types of qualification studied in schools, with the exception of key and functional skills qualifications.

<sup>23</sup> Functional skills are defined by the Qualifications and Curriculum Development Agency (QCDA) as those core elements of English, mathematics and ICT that provide individuals with the skills and abilities they need to operate confidently, effectively and independently in life, their communities and work.

<sup>24</sup> Key skills are defined by the Qualifications and Curriculum Development Agency (QCDA) as the skills most commonly needed for success in a range of activities at work, in education and training, and life in general.

**37** The Agency's school success rate methodology has only recently been developed, and the Agency reports that the underlying data set is currently of poor quality. Our analysis confirmed that these data may not yet be robust, and for this reason little reliance was placed on these figures.

**38** Social destination, employment and educational destinations, and course accreditation statistics for independent specialist providers were generated from the student level independent specialist provider database maintained by the Young People's Learning Agency.

### Comparison between independent specialist provider and general further education placement costs

**39** Independent specialist provider placements were costed using information from the independent specialist provider funding guidance, the Young People's Learning Agency independent specialist provider placement database and a National Audit Office review of available literature on SEN transport costs. The cost of a similar placement in a further education setting was calculated from analysis of the Individualised Learner Record, the National Audit Office literature review, published health and social care unit costs<sup>25</sup> and estimates of hours of therapy and care.

