



National Audit Office

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## **Report**

by the Comptroller  
and Auditor General

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## **Department for Education**

# Support for pupils with special educational needs and disabilities in England

# 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.<sup>1</sup> 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).

<sup>1</sup> '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.