



Department
for Education

SEND Futures Value for Money Feasibility Study

Research report

November 2020

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Social Science in Government

Acknowledgements

Robert Pollock, Stine Joergensen, and Tom Davies (Social Finance) are extremely grateful to the many local government officers and teachers that generously provided their time and expertise to support this project. We would also like to thank to Dave Thomson of FFT Education Data Lab and Professor Ron Smith of Birkbeck, University of London for their insights to develop our analytical recommendations, which were invaluable. Finally, we owe a huge debt of gratitude to the DfE project team and the many other dedicated officials at the department for their guidance and support.

Contents – summary

Executive summary	7
1. Introduction	20
2. Methodology	27
3. Data available for a Value for Money analysis	33
4. Appropriate outcomes for children and young people with EHC plans	51
5. Monetising outcomes and Value for Money approach	60
6. Recommendations	69

Contents

Acknowledgements	2
List of Tables and Figures	6
Executive summary	7
SEND in England	7
Objectives and approach	9
Key Findings	9
Recommendations: a roadmap for developing understanding of Value for Money	13
Conclusion	18
1. Introduction	20
SEND Policy	20
Value for Money	21
Public Value	22
Background to the feasibility study	23
The evidence gap	23
Key questions for the feasibility study	24
Project scope	26
2. Methodology	27
Mapping datasets available to the DfE	27
Local authority case studies	27
Survey of settings	29
Desk research and developing recommendations	32
3. Data available for a Value for Money analysis	33
Information available in DfE-accessible datasets	34
Information available from local authorities	37
Information available from settings	45
Summary – Data available for a VfM study outside of datasets available to the DfE	50
4. Appropriate outcomes for children and young people with EHC plans	51
Outcomes in datasets available to the DfE	51
Soft outcomes measures	56

Summary – Appropriate outcomes for children and young people with EHC plans	59
5. Monetising outcomes and Value for Money approach	60
Indirect costs and benefits associated with outcomes available to the DfE	61
Indirect costs and benefits associated with independence in adulthood	64
Wider social costs and benefits	66
Summary – Value for Money approach for near-term analysis	68
6. Recommendations	69
i. Preliminary analysis	70
ii. Value for Money analysis feasible in the near term	73
iii. Projects to validate findings and address key gaps in data	855
Annex 1 – Detailed project recommendations	991
Annex 2 – Glossary of key terms	987
Annex 3 – Summary of relevant DfE datasets	1021
Annex 4 – Typology of high needs funding approach	1043

List of Tables and Figures

Tables

Table 1: Type of local authority employees interviewed as part of the case studies	29
Table 2: Overview of data necessary for pupil/student level VfM study	33
Table 3: Setting types for which local authorities use a banding/matrix system to determine level of high needs funding	38
Table 4: Setting types for which local authorities calculate per-pupil/student high needs funding individually	39
Table 5: Key survey findings (n=172)	45
Table 6: Soft outcomes measures	57
Table 7: Categories of indirect costs and benefits to public organisations	64
Table 8: Wider social costs and benefits	67
Table 9: Outcomes assumptions	78
Table 10: Assessment of attainment outcomes that could be included in a comparative analysis by SEND primary need type	79
Table 11: The youngest cohorts which could be used to estimate treatment effects	81

Figures

Figure 1: Roadmap for preliminary and near-term analysis and subsequent projects	13
Figure 2: NAO principles for assessing Value for Money	22
Figure 3: Breakdown of survey responses by setting type	31
Figure 4: Data journey	42
Figure 5: Comparison of pupil attainment at key stage 2	52
Figure 6: Employment rate and gap by highest qualification	62
Figure 7: Overview of VfM methodology	83
Figure 8: Roadmap for preliminary and near-term analysis and subsequent projects	865

Executive summary

In December 2018, the Department for Education ('DfE', 'the Department') launched SEND Futures - a multi-faceted programme of research about children and young people with Special Educational Needs and Disabilities (SEND) in England. Two projects have been commissioned to date:

- the **Longitudinal Study Discovery Phase**, aiming to examine the viability of conducting a large-scale longitudinal study to gather evidence on the outcomes and experiences of education of children and young people with SEND in England; and,
- a **Value for Money Feasibility Study**, aiming to provide recommendations on appropriate methodologies for a large-scale value for money study of SEND provision for children and young people with Education, Health and Care plans (EHC plans) in England.

This report contains the findings of the Value for Money (VfM) Feasibility Study.

SEND in England

Within the 2018/19 school population in England 14.9% of pupils have special educational needs.¹ A total of 271,200 pupils, or 3.1% of the school population, have an Education, Health and Care (EHC) plan.² EHC plans are for children and young people aged up to 25 who require support in addition to the general support for SEND provided by their school or other setting. EHC plans identify educational, health, and social care needs and set out the additional support to meet those needs.³

The needs of children and young people with EHC plans are diverse. The most common primary need types are Autistic Spectrum Disorder, Speech Language and Communication Needs, Social Emotional and Mental Health, Severe Learning Difficulty, and Moderate Learning Difficulty. Children and young people with these primary needs make up more than 80% of the total EHC plan population. Physical Disability, Profound and Multiple Learning Difficulty, Hearing Impairment, Visual Impairment and Multi-Sensory Impairment make up around 13% of the EHC plan population.⁴

¹ [Special Educational Needs in England, DfE, January 2019.](#)

² [Ibid.](#)

³ [Children with special educational needs and disabilities \(SEND\), DfE.](#)

⁴ Wherever possible we quote statistics about the EHC plan population only. We only use the term SEN when quoting DfE statistics that are specifically about the SEN population, which population have an additional educational need but not necessarily a disability. [Special Educational Needs in England, DfE, January 2019.](#)

There is considerable local variation in the number of children and young people with EHC plans and how they are educated. Although nationally 3.1% of all pupils have an EHC plan, as NAO recently noted, the proportion of pupils aged 5 to 15 with EHC plans ranged between 1.0% to 5.9% across local authorities.⁵ Furthermore, while nationally 39% of children and young people with EHC plans are educated in mainstream settings, there are 47 local authorities where less than 30% of the EHC plan population is educated in mainstream, and 20 local authorities where the rate is above 50%.⁶ This may reflect, amongst other things, variances in the threshold for an EHC plan between local authorities and historic local preference for mainstream or other settings types.

The additional support for children and young people with EHC plans is funded from the high needs block which is distributed to local authorities by the DfE using a national formula. Local authorities have discretion over how to allocate high needs funding based on local need: this means that the level of funding that children and young people with similar needs receive, and the type of education setting they attend, can vary from one local authority to another.⁷

At the national level, outcomes for children and young people with EHC plans are poor relative to their peers with no SEND: they have lower attainment at all key stages,⁸ are more likely to be excluded from school,⁹ and realise significantly worse labour market outcomes.¹⁰ The cost of placements in different setting types (mainstream, special, independent, resourced provision and others) can also vary greatly.¹¹ However, there is little evidence to assess whether or how the type of setting that a child or young person with an EHC plan attends and its cost relates to their individual support needs and the outcomes they achieve.

This combination of factors – diversity of needs, variation in local approach and incidence of EHC plans, and a lack of data linking costs, needs and outcomes as well as setting types – complicates an assessment of the VfM of public spending for children and young people with an EHC plan. The DfE therefore commissioned this feasibility study to

⁵ [Support for pupils with special educational needs and disabilities in England, National Audit Office, September 2019.](#)

⁶ Social Finance calculation based on [Statements of SEN and EHC plans: England 2019, National and Local Authority tables, DfE, May 2019.](#)

⁷ [Research on funding for young people with special educational needs, DfE, July 2015.](#)

⁸ [Phonics screening check and key stage 1 assessments in England, DfE, September 2019;](#) [National curriculum assessments at Key Stage 2 in England, DfE, September 2019 \(provisional\);](#) [Key stage 4 including Multi-academy trust performance, 2018 \(revised\), DfE, January 2019.](#)

⁹ [Special educational needs: an analysis and summary of data sources, DfE, May 2019.](#)

¹⁰ [Outcomes for Pupils Eligible for Free School Meals and Identified with Special Educational Needs, DfE July 2018.](#)

¹¹ The NAO estimates that in 2017-18, the cost per-pupil between age 5 - 15 in an independent special school was £50,000, compared with £20,500 per-pupil in a state-funded special school, and up to £18,000 per-pupil with an EHC plan in a mainstream school. [Support for pupils with special educational needs and disabilities in England, National Audit Office, September 2019.](#)

consider the practical research challenges and potential approaches available for conducting a large-scale VfM study of SEND provision in England.

Objectives and approach

The objectives of this feasibility study were to investigate the challenges and uncertainties previously outlined in more detail and to recommend the most appropriate form and design of any subsequent VfM study. This included the:

- Method by which cost information could be collected from local authorities and settings, its level of detail and limitations
- Availability of data to determine the causal effect of setting type on pupil/student outcomes, how this could be estimated and monetised and for which pupil/student outcomes this would be feasible
- Most applicable approach to compare costs and pupil/student outcomes to determine the VfM of school-age and post-16 settings for children and young people with EHC plans

In order to meet these objectives, the Department defined key research aims across three main strands.

- **Strand 1:** mapping of relevant datasets available to the DfE – this did not include analysis of data-sets or primary statistical research
- **Strand 2:** fieldwork with local authorities and different setting types through a combination of visits, an online survey and telephone interviews
- **Strand 3:** a review of available evidence relating to outcomes for children and young people with SEND and potential methodological options for a VfM study

Social Finance were selected through an open competition and conducted the research from April 2019 to January 2020 with support and guidance from the Department.

Key Findings

Data available for a Value for Money study

There is a considerable amount of high-quality information collected about children and young people with EHC plans by settings and local authorities on a regular basis in statutory data returns (e.g. the School Census). This includes primary and secondary type of need, headline outcome indicators (e.g. attainment, attendance), and demographic characteristics such as ethnicity or eligibility for free school meals. The

average cost per pupil/student per setting can be calculated based on this data and financial returns.

This information can be used to conduct an analysis of the VfM of different setting types in the near term. However, there are limitations to this approach and in order to conduct a more granular VfM assessment there are three important gaps in data that must be addressed:

- **Level of support need** – the amount of additional support that children and young people require to engage effectively with learning; this is distinct from primary or secondary category of support need (e.g. Moderate Learning Difficulty)
- **Cost of education in settings** – the funding spent on a pupil/student's education from a setting's budget plus any additional high needs funding from the local authority
- **'Soft' outcome measures** – for example, improvement in cognitive skills, wellbeing and essential skills for learning and independence¹²

This data is not currently collected, or required to be collected, in a systematic way at a local or national level. While some individual settings hold data relating to these costs, needs, and outcomes, it is not consistent and therefore difficult to use for comparative analysis.

Outcomes

Measures of academic attainment and progress are currently the primary method for judging the effectiveness of most education settings and of the outcomes achieved by individual pupils. It is the prevailing opinion of many in the sector that these measures should be used as far as possible to assess the VfM of education for children and young people with EHC plans as well.

For relatively high attainers, this appears entirely appropriate and suitable. However, for relatively low attainers there is a risk that academic attainment alone does not provide a rounded picture of their overall progress and achievement in education. It also therefore provides limited feedback on the value of their education setting.

¹² 'Soft' outcomes depend on measurement which is more subjective (e.g. an individual's self-assessment). While the term 'soft' outcomes can have negative connotations (e.g. less robust than 'hard' outcomes such as binary measures of attendance or employment) we use it throughout this report as the best and most widely understood catch-all term for an important category of outcomes. See the [Government Outcomes Lab website](#) for a more detailed discussion of different categories of outcomes.

Preparing for adulthood¹³ – an approach outlined in the SEND Code of Practice – places strong emphasis on a much wider range of outcomes for these children and young people, such as independent living and being healthy. However, no quantitative data is collected on preparing for adulthood and therefore progress cannot be assessed at a cohort or national level.

‘Soft’ outcomes measures, of which there are a range of detailed and robust frameworks developed by individual schools, Academy Trusts, academics and sector organisations, could fill this gap in knowledge. Many of these systems are proprietary, and none appear to be used at sufficient scale to incorporate the data into a VfM analysis in the near term. However, there is potential for these to be developed further by the DfE.

Employment is another important measure. Setting interviewees (e.g. special school head teachers and SENCOs) universally agreed that employment should be the end goal of education for children and young people with EHC plans, even if it is not always prioritised highly enough at the moment within all provider organisations.

Data on employment rates within the EHC plan cohort is available through the Longitudinal Education Outcomes (LEO) dataset. However, this is not currently published.¹⁴ The LEO dataset brings together information from the DfE, HM Revenue and Customs (HMRC) and Department for Work and Pensions (DWP), and includes data on employment status and welfare benefits. In addition to tracking employment rates it could provide a proxy measure for independence for those not in work.

Monetising outcomes and Value for Money approach

There are different categories of cost and benefit that could be affected by setting type and which could be included in a VfM study. These range from costs and benefits associated with the measurable outcomes within DfE datasets and LEO (e.g. attainment, exclusion, employment and out-of-work benefits); costs and benefits to public organisations arising from personal independence (e.g. adult social care, housing, health) and wider social costs and benefits (e.g. peers, families, economy).

Across all of these categories there is typically some information available about the outcomes that children and young people achieve and the resulting costs and benefits. For instance, there is relatively robust unit cost information for various public services that children and young people with EHC plans might encounter after education, and

¹³ This has 4 sub-domains: higher education and/or employment, independent living, social and community participation and health and wellbeing: [SEND Code of Practice: 0 to 25 years, DfE, January 2015.](#)

¹⁴ Note that the DfE has conducted analysis into the employment rate of the wider SEN population using the LEO dataset. [Outcomes for Pupils Eligible for Free School Meals and Identified with Special Educational Needs, DfE 2018.](#)

evidence from the UK and internationally on the impact of inclusion on the academic attainment both for pupils with SEND and their peers with no SEND.¹⁵

There are, however, three barriers to including many of the costs and benefits outlined above in a VfM analysis in the near term:

- i) unit costs and other assumptions are usually taken from studies of the whole pupil/student population, so it is unclear whether and how they can be applied to the EHC plan population;
- ii) there is little evidence for the baseline rate at which children and young people who had EHC plans while in education go on to require various support services in future and the long-term social outcomes they achieve; and
- iii) there is little evidence to illustrate how public service usage and wider social outcomes are affected by education setting type for children and young people with EHC plans.

These gaps in evidence mean that a Cost Benefit Analysis (CBA), which according to Treasury Green Book guidance¹⁶ would be the preferred method for assessing VfM for this policy area, is not possible in the near term. This is because a CBA requires a comprehensive picture of monetised costs and benefits for the EHC plan population to provide a proper assessment of VfM.

However, a VfM analysis in the near term could instead use a Cost Effectiveness Analysis (CEA). This is a variant of the CBA, which compares the costs of alternative ways of producing the same or similar output or outcome. In this context a CEA would directly compare the cost of producing an outcome (e.g. specific Progress 8 scores at Key Stage 4) in different settings (e.g. an independent special school placement and a mainstream setting). While it may not provide a comprehensive picture of costs and benefits, this is a valid approach for an initial comparison of setting types that can advance the DfE's understanding.

¹⁵ See Table 8 below. Page 67

¹⁶ [The Green Book: Appraisal and Evaluation in Central Government, HM Treasury, March 2018.](#)

Recommendations: a roadmap for developing the Department’s understanding of Value for Money

This feasibility study has concluded that a VfM analysis is possible in the near-term using pupil/student-level datasets accessible to the DfE. This could produce substantial new insights into the outcomes that children and young people with EHC plans achieve and the comparable VfM of settings. However, the study has also identified important gaps in information and other factors relating to the complexities of SEND funding and provision that mean the findings of such an analysis will have certain limitations and caveats.

We have therefore developed a Value for Money Roadmap to quickly develop new insights and over time address underlying gaps in data and analysis. This would begin by first constructing a comprehensive dataset for preliminary analysis and then conducting an initial VfM analysis. We have identified smaller-scale projects to ensure this analysis is as robust as possible. There are also longer-term projects to address key gaps in data so that a more granular VfM assessment is possible in the future. In addition, more fundamental changes are proposed which would enable VfM assessments to be conducted as part of business as usual in the future. An overview of the stages and sequencing of the projects is provided here, with a detailed discussion in [Section 6](#) (Recommendations).

Value for Money Roadmap – summary

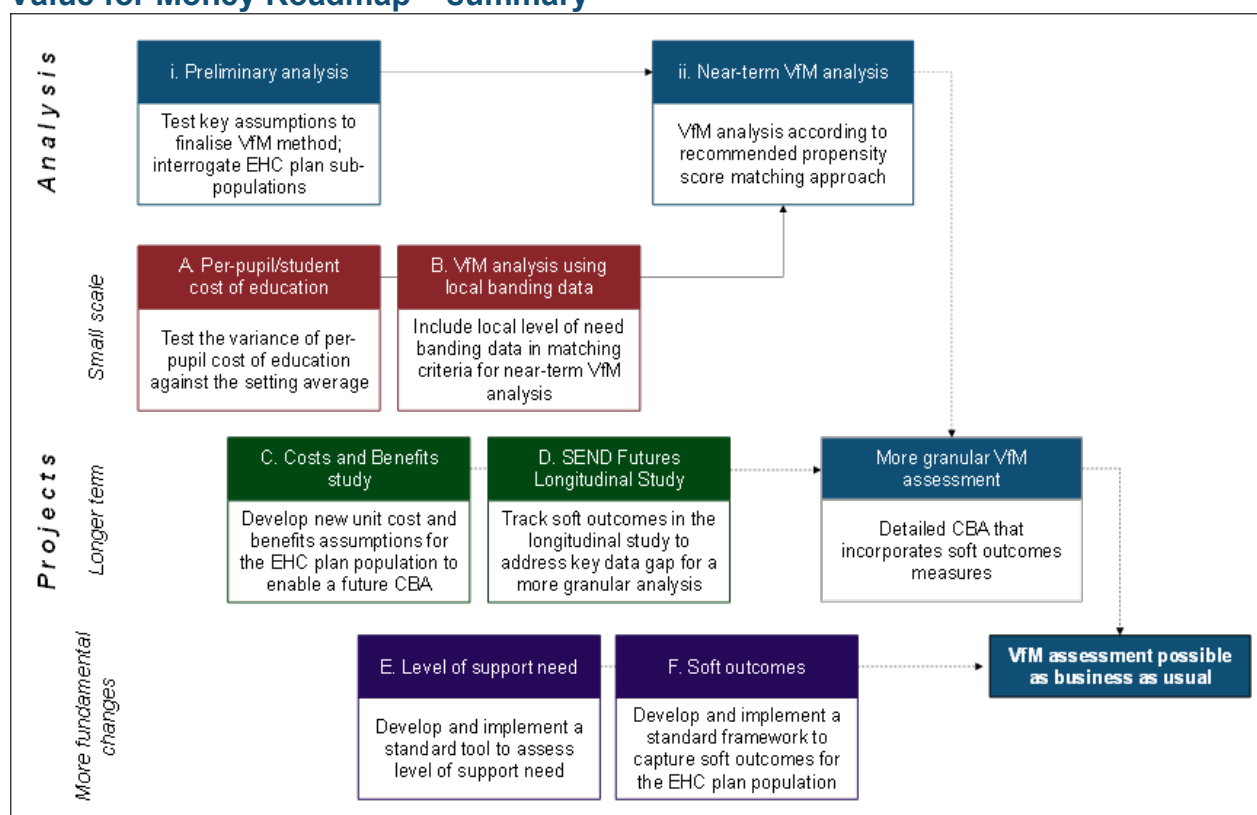


Figure 1: Roadmap for preliminary and near-term VfM analysis and subsequent projects

Recommendation i. Preliminary analysis

This feasibility study has not involved any primary analysis of pupil/student-level data. We recommend that the DfE conduct preliminary analysis by constructing a comprehensive dataset to test assumptions related to the proposed VfM analysis approach and explore potential methodological challenges highlighted by this feasibility study. This analysis will also advance the DfE's understanding of the variance in needs and outcomes of the EHC plan population.¹⁷ The approach should be exploratory and iterative.

Key questions to answer during the preliminary analysis include:

- To what extent do pupils move between setting types during their school career? What proportion of the population does not move setting type?
- What are suitable comparable sub-populations of children and young people with EHC plans? What outcome measures is it appropriate to use to compare the outcomes that these sub-populations achieve in different settings?
- How does variance in local authority SEND approach affect pupil/student outcomes and cost of support?

Recommendation ii. Value for Money analysis feasible in the near term¹⁸

A quasi-experimental approach is recommended that uses propensity score matching to identify and match together groups of children and young people with EHC plans with apparently similar needs and level of support need, but who attend different education settings. The outcomes achieved by these treatment and counterfactual groups can then be compared in a regression analysis to establish the effect of education setting.¹⁹ Outcome comparisons are then combined with the financial cost of education in a CEA.²⁰ This approach to conducting a VfM analysis in the near term has been developed based

¹⁷ In this section we use 'children and young people with EHC plans' and the 'EHC plan population' to refer both to those pupils/students that received an EHC plan since 2014 and those who had received a Statement of SEN prior to 2014 SEND reforms, or who had a Learning Difficulty Assessment during post-16 and further education. The Statement of SEN was the equivalent of an EHC plan prior to 2014.

¹⁸ This is a short summary of a detailed technical analysis recommendation. See [Section 6](#) below for full discussion of the recommended approach including methodological challenges and potential additional approaches.

¹⁹ Propensity score matching is an analysis technique to mimic a random experiment where participants are assigned to treatment and control groups using historical data. All participants in a dataset are assigned a 'propensity' score based on their characteristics or other information, and participants with similar scores are matched into groups. These treatment and control groups of matched participants are then compared over time as necessary.

²⁰ A Cost-Effectiveness Analysis is an approach to compare the relative costs of two or more policies or interventions (in this case, different education settings). This and other VfM approaches are discussed in detail in [Section 5](#).

on interview and survey findings, consultation with academic experts, and a review of relevant theory and available data.

Children and young people with EHC plans with apparently similar needs, level of support need, and academic and other abilities may not attend the same type of setting. This is the case across different authorities and sometimes within the same local authority and can be for a variety of reasons: variations in the geographic availability of special and independent places, differences in professional judgement and local authority SEND approach, parent and pupil/student preference, and the quality of support and funding for SEND in local settings (e.g. inclusion).

These variations can be used to examine differences in outcomes achieved by apparently similar pupils attending different setting types. Groups of children and young people with EHC plans who attend different settings but who appear to have similar needs, characteristics and attainment up to age 11 would first be matched using a range of matching variables. If these matched pupils attend different school settings for secondary age, their outcomes can be compared at ages 16, 19 and 25 to identify the effect of the setting. These ages provide suitable points to observe outcomes as they coincide with attainment at Key Stages 4 and 5 and the point at which local authorities' statutory responsibilities for young people with EHC plans end.

In the first instance, the principal outcomes measures observed at these points should be academic attainment (age 16, 19, 25) and employment, earnings and benefits (age 25) with possible secondary measures of percentage of not in education, employment or training (NEET), exclusions and absence. The specific academic attainment measure used at each point will depend on the EHC plan sub-population: for instance, high attaining pupils can be assessed based on Progress 8 score, whereas lower attainers based on the achievement of any recognised qualification. The most appropriate measures should be determined during preliminary analysis.

The average financial cost of education could then be introduced in a CEA to create a ratio of annual cost of education to outcomes achieved. While this does not consider important indirect and social welfare costs and benefits, it will provide the DfE with the means to compare setting types incorporating both input costs and the outcomes they achieve for children and young people.

It should be noted that the LEO dataset, which contains information related to future employment and earnings, is not currently accessible to external researchers. Although the DfE is in the process of enabling external access, this could affect timescales if it chooses to partner on future phases of work.

Recommendation iii. Projects to address key gaps in data

Depending on the initial results emerging from the near-term VfM analysis, the DfE could consider several projects to test and validate the initial findings, and over the longer-term to address the key gaps in data that will make a more robust and granular VfM assessment possible in the future.

There are 6 distinct projects. Their objectives and key considerations are summarised here, and discussed in more detail in [Section 6](#) below.

Small scale projects – A and B (*Per-pupil/student cost of education; VfM study using local banding data*) are relatively small-scale primary research projects to either nuance the approach or validate the findings of the near-term VfM analysis.

Project A involves testing the pupil/student-level figures for average cost of education that are calculable from datasets available to the DfE against both per-pupil/student budget data held by local authorities and actual spend data from settings for a sample of children and young people. This is to test whether the average cost is an adequate proxy for actual per-pupil/student outturn cost in the near-term VfM analysis.

Project B involves repeating the recommended near-term analysis approach but including local SEND banding data as part of the matching criteria. This is to both test whether the codifiable data from such banding systems produces better matches and to validate the findings of the near-term VfM analysis. It may also provide valuable insight into the effectiveness of such banding systems and whether they should be used more widely or scaled up nationally.

Both projects A and B could take place at the same time as the near term VfM analysis (to nuance the approach) or immediately afterwards (to validate the robustness of the findings). It would be simplest to conduct projects A and B with the same local authorities.

Longer-term projects – C and D (*Costs and Benefits study; SEND Futures Longitudinal Study*) are longer-term primary research projects to address key gaps in information that will enable a more granular and comprehensive VfM assessment in future; namely a CBA that includes ‘soft’ outcomes alongside measures of attainment and employment already accessible to the DfE.

Project C would develop the evidence base for the future costs and benefits associated with different outcomes for children and young people with EHC plans. The goal would be to make a CBA possible in future.

Project D would require the development of a longitudinal study of children and young people with SEND, such as that currently being explored by the SEND Futures Longitudinal Study Discovery. Such a study would be used to assess and then measure

progress against ‘soft’ outcomes for a sample of children and young people with EHC plans in England. The findings could be incorporated into a pupil dataset for a future VfM assessment to provide a more holistic assessment of the value of education for pupils who are lower attainers and for whom academic measures tell only part of the story. The longitudinal study could also be used to collect information at a large scale on pupil/student level of support need.

These projects can take place independently and irrespective of the findings of the near term VfM analysis. In addition to addressing key gaps in data that will enable a more granular VfM assessment in future, we expect the findings of both projects would be of significant value to the DfE and sector more widely.

More fundamental changes – E and F (*Level of Support Need; ‘Soft’ Outcomes*) are possible more fundamental changes based on the findings of this feasibility study. They are much longer-term and larger-scale initiatives to design and introduce new frameworks and guidance for local authorities and settings to assess and collect data on pupil/student level of support need and ‘soft’ outcomes – the two key gaps in DfE data identified through this feasibility study. Unlike project D, which would involve a sample of the EHC plan population, these projects would introduce new frameworks, tools and data collection requirements for all children and young people with EHC plans as part of business as usual.

With regard to level of support need, several local authorities and sector organisations have developed frameworks that the DfE could review in more detail with a view to developing further and rolling out more widely. For all pupils – primary age pupils working below the national curriculum, as well as other primary and all secondary age pupils – a framework could be aligned to preparing for adulthood (which is already recognised and valued by settings) but informed by other cognitive and related ‘soft’ outcomes within existing frameworks in the market (e.g. such as SkillsBuilder²¹).

These two projects would be significant undertakings for local authorities, settings and the DfE, and would have to align with the direction of wider SEND system changes. However, they could provide the DfE and the sector with a much better understanding of how value is created for children and young people with SEND, and enable more effective and outcomes-focused approaches tailored to individual needs within settings.

²¹ [SkillsBuilder](#) is a framework to measure the key cognitive and life skills that pupils need to achieve and learn in school. It assesses and measure the progress of pupils across 7 domains: listening, presenting, problem solving, creativity, staying positive, aiming high, leadership, and teamwork. See Table 6 on pg. 57 for more detail.

Conclusion

It is 5 years since the Children and Families Act 2014 introduced significant reforms to improve support for children and young people with SEND, and over 10 years since the DfE commissioned a public VfM analysis.²² Over this period total spend on EHC plans has grown, as has the number of plans.²³ As we enter a new decade there is a moment of opportunity to invest in gaining better insights into the VfM of SEND provision and improve long-term outcomes.

The DfE has taken a first positive step by commissioning this VfM Feasibility Study as part of the wider SEND Futures programme. While there are gaps in evidence and data, we conclude that a national study is feasible in the near term and should be undertaken as a matter of priority. This type of VfM study would provide significant new insight into the comparative value that settings provide for children and young people with EHC plans and inform future policy and funding options.

This feasibility study has also thrown up wider issues and important questions. Interviews with local authority officers and leadership, teachers, sector organisations and experts have shown that there does not appear to be a strong consensus about what VfM means for this cohort. Greater clarity is needed.

If employment is a priority for this cohort then this should be reflected in how the Department collects evidence and measures performance. However, while data on employment rates within the EHC plan cohort is available through the LEO dataset it is not currently published.

Furthermore, for many children and young people with EHC plans, academic attainment provides only a glimpse of their achievements, progress in education and the value their settings provide. Preparing for adulthood defines broader goals including health, independent living, and community engagement, and received positive feedback in interviews with settings and local authorities. And although it is highly valued as a tool to help set goals and plan support with children and young people with EHC plans, it has no corresponding quantitative measures so cannot be used for summative assessments. If the Department wants to achieve a more rounded picture of the value of settings for those with higher levels of need then some kind of quantitative data is required on these and other 'soft' outcomes.

Policymakers have been aware of the challenges of quantifying the outcomes achieved by children and young people with EHC plans for some time but have lacked a strategy

²² [Case study: Value for money \(VFM\) in special educational needs \(SEN\), Department for Children, Schools and Families, 2009.](#)

²³ [Have we reached a 'tipping point'? Trends in spending for children and young people with SEND in England, Isos Partnership, December 2018.](#)

to develop the evidence base and gather the appropriate data to tackle it. This feasibility study hopefully advances this debate by setting out a roadmap to develop significant new insights on the VfM of SEND provision. Addressing some of the key gaps in data identified in this study will however take time.

Nonetheless, there are immediate steps the Department can consider, for example through the SEND Review,²⁴ to maximise its role in delivering public value across the SEND system and ensure SEND priorities, inputs, and outcomes are more effectively aligned around value.

For instance, through our engagement with local authorities it was apparent that they want to prioritise VfM in their approach to allocating high needs funding, as well as to inform conversations and decision-making with local partners (e.g. settings, providers, other local public services). But as this feasibility study illustrates, there are gaps in data and no consistent understanding of VfM. As a result, even though some children and young people with EHC plans require and are entitled to significant levels of public support, VfM can only be scrutinised to a limited degree. Local authorities would benefit from clearer guidance from the DfE. Tools such as the Treasury's Public Value Framework provide central government departments with a structured framework to build VfM into policy and delivery systems by more clearly linking policy goals, inputs, and system capacity to the needs and experience of citizens and service users. Equivalent council-focused approaches could help ensure VfM is a key pillar of local systems.

The SEND Review and recent funding announcements make this is an opportune moment to make practical advances in the sector's understanding of VfM, and to tackle larger questions about what VfM means for different groups within the EHC plan population. Doing this will require a long-term plan, resources and commitment, but is likely to provide significant policy and operational benefits. This would undoubtedly help to improve outcomes for children and young people with EHC plans.

²⁴ The SEND Review was announced in September 2019 and is looking at ways to make sure the SEND system is consistent, high quality, and integrated across education, health and care. It is also considering measures to make sure that money is being spent fairly, efficiently and effectively, and that the support available to children and young people is sustainable in the future. [Major review into support for children with special educational needs, DfE, September 2019.](#)

1. Introduction

SEND Policy

The Children and Families Act 2014 and the SEND Code of Practice introduced significant reforms to establish better and more consistent support for children and young people with Special Educational Needs and Disabilities (SEND) and their parents or carers. Amongst other things, each local authority was required to produce a Local Offer; families and children and young people could ask for a personal budget; a presumption for mainstream education was strengthened; and eligibility for support was increased from 19 years up to 25.

A key element of the reforms was the transition from Statements of SEN to Education Health and Care (EHC) plans, which took place between September 2014 and April 2018. One of the arguments for the introduction of EHC plans was the need to look at a child or young person with SEN more holistically and to consider health and care needs at the same time. EHC plans include legal obligations for different local services and organisations to work together and to jointly commission services, wherever possible. When a pupil/student may require additional support an assessment for an EHC plan is conducted by their local authority. Following assessment, the plan, which has 12 distinct sections, should take no more than 20 weeks to finalise unless subject to specific exemptions.

Since the Act there has been a 47.4% rise in the number of children and young people with an EHC plan²⁵ and a gradual shift towards more pupils/students with EHC plans being educated in state-funded and independent and non-maintained special settings (INMSS).²⁶ As a result, recent data suggests that local authorities are increasingly overspending their high needs budgets.²⁷ Inspections carried out by Ofsted and the Care Quality Commission indicate that many local areas have significant areas of weakness in the support provided for children and young people with SEND. Around half of the 105 areas inspected to January 2020 have been asked to produce a written statement of action, setting out how they plan to tackle weaknesses identified.²⁸

²⁵ The number of children and young people with EHC plans rose from 240,183 in 2015 to 353,995 in 2019. The increase partly reflects growth in the total pupil/student population, as well as the impact of extending the eligibility for support from age 19 to age 25. [Statements of SEN and EHC plans: England 2019, DfE.](#)

²⁶ [Where have the pupils in mainstream schools with education, health and care plans gone? FFT Education Data Lab, February 2019.](#)

²⁷ [BBC Survey, January 2019.](#)

²⁸ [Outcome letters from join local area SEND inspections, Ofsted.](#)

Following a consultation on SEND funding, the Department for Education (DfE) launched a major review into educational provision for children and young people with SEND and announced £780m of additional funding for SEND in 2020-21 at the Spending Round.²⁹

These announcements preceded the publication of reviews of the support provided to children and young people with SEND by the House of Commons Education Select Committee³⁰ and the National Audit Office (NAO).³¹ While welcoming the spirit and intention of the 2014 reforms, these reviews expressed concerns about the way they have been implemented, the consistency of outcomes being achieved and the sustainability of the SEND funding system.

Value for Money

Value for money (VfM) is one of the key considerations of any decision involving the use of public funds across the public sector. VfM should also be assessed after an intervention has been delivered, so that evidence can inform ongoing performance improvement and new interventions.

Amongst other considerations each departmental accounting officer must make sure that Ministers in their department appreciate the need to secure value for public money. HM Treasury provides detailed guidance on managing public money³² and defines VfM as:

ensuring that the organisation's procurement, projects and processes are systematically evaluated to provide confidence about suitability, effectiveness, prudence, quality, good value judged for the Exchequer as a whole, not just for the accounting officer's organisation (e.g. using the Green Book³³ to evaluate alternatives).

Departmental spending estimates are approved annually by Parliament. The Comptroller and Auditor General (C&AG), supported by the NAO, operates independently of government to help parliament scrutinise how public funds have been used, including by providing VfM assessments of how public money has been deployed. Figure 2 below outlines the NAO's principles for assessing the VfM of government spending.³⁴

²⁹ [Press release: Schools to learn funding allocations following £14 billion pledge, DfE, October 2019.](#)

³⁰ [First Report Special Educational Needs and Disabilities, House of Commons, Education Select Committee, October 2019.](#)

³¹ [Support for pupils with special educational needs and disabilities in England, NAO, September 2019.](#)

³² [Managing Public Money, Page 17, HM Treasury, July 2013.](#)

³³ [The Green Book: Appraisal and Evaluation in Central Government, HM Treasury, March 2018.](#)

³⁴ [Assessing value for money, NAO.](#)

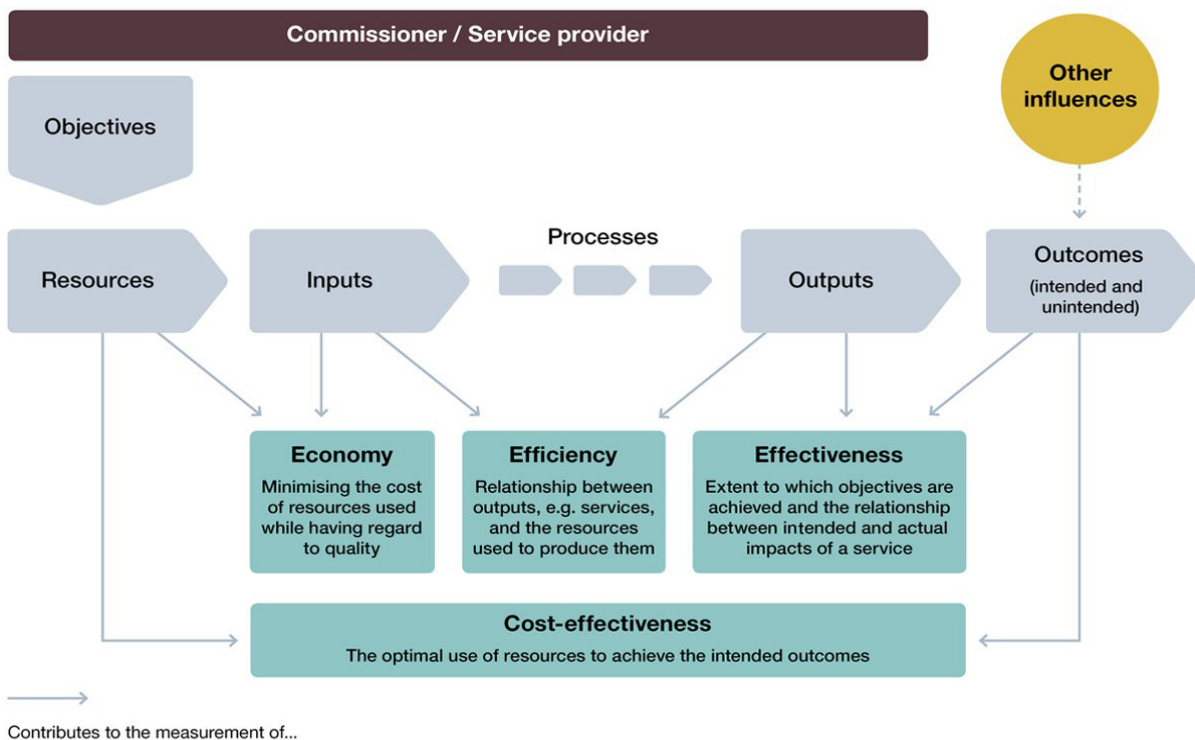


Figure 2: NAO principles for assessing Value for Money

Public Value

HM Treasury supports government departments to improve public sector productivity and the outcomes delivered for taxpayers' money. In 2019, it published a Public Value Framework³⁵ to supplement existing VfM guidance, especially to improve value “*when it is difficult to define quite what this is*”. Defence is an example as outputs such as ‘peace and stability’ are hard to define and measure. The framework is a powerful diagnostic tool which was tested and refined during five pilot reviews across a range of different areas of spend.

Rather than seeking to quantify inputs and outputs and observe the relationship between them, the framework instead seeks to define everything that a public body should be doing to maximise the likelihood of delivering optimal value from public funding. The assessment framework uses four pillars designed to explore how effectively public spending delivers results that improve people’s lives – Pursuing Goals, Managing Inputs, Engaging Users and Citizens, and Developing System Capacity. It can also support more constructive conversations about public sector productivity by providing practical insights to improve services.

³⁵ [The Public Value Framework: With Supplementary Guidance, HM Treasury, March 2019.](#)

Background to the feasibility study

To ensure that future SEND policy and funding represents good value for the taxpayer the Department commissioned this feasibility study. Its core objective is to provide insight on how to assess the VfM offered by different types of educational settings for children and young people with EHC plans.³⁶ The study focuses on three main elements comprising VfM in educational settings:

- **Costs** – information on the cost difference between a mainstream placement and placements in other types of settings for children and young people with EHC plans for a given type of SEND
- **Outcomes** – the extent to which the outcomes of children and young people with EHC plans depend on type of setting attended, once type of SEND, demographic characteristics and other relevant factors have been controlled for
- **Value for money assessment** – the costs and pupil/student outcomes associated with different types of provision in order to assess the relative VfM offered by different types of settings

The Department identified several uncertainties regarding the extent to which the above analysis could be achieved. The goal of this feasibility study is therefore to review the robustness of costs, outcomes and other information, to determine the form and design of any potential future VfM study.

This feasibility study is one aspect of SEND Futures – a multi-faceted programme of research about children and young people with SEND in England, which aims to improve the evidence base for outcomes achieved in different types of provision and the VfM of that provision. In parallel, the DfE also commissioned the Longitudinal Study Discovery Phase to examine the viability of a potential future longitudinal study gathering evidence on the outcomes and experiences of education of children and young people with SEND in England.

The evidence gap

Two of the biggest challenges identified by the DfE that could frustrate a VfM study are (a) the wide range of type and level of need experienced by children and young people with EHC plans, and (b) the variation in the way needs are identified across the country.

³⁶ Children and young people who have SEND but do not have an EHC plan (the SEN support group) are not within the scope of this feasibility study. Only 0.2% of pupils with SEN support in England attend state-funded or non-maintained special schools (see [Special Educational Needs in England, DfE, January 2019](#)), and therefore a value for money comparison between setting types is not as relevant in the way that it is for the EHC plan population. The Department is however aware that there is an evidence gap regarding the value for money of provision and interventions offered within setting types for the whole SEND population.

While children and young people with no SEND can be compared with peers in other settings and other parts of the country, the complexity of the support needs of children and young people with EHC plans mean that similar comparisons of outcomes and cost of education using existing quantitative data are far more difficult.

The principal gaps in data available to the DfE which pose challenges for a VfM study are:

- **Level of pupil/student support need** (as distinct from *type* of need). There is no standardised and easily accessible means to compare the level of need that pupils/students with particular need types have
- **Per-pupil/student cost of education.** Statutory returns require local authorities to submit figures for the total high needs funding that they provide to each education settings to support children and young people with an EHC plan. The DfE can therefore calculate the average funding that children and young people with EHC plans receive in a particular setting, but information on the actual per-pupil/student outturn spend is held by local authorities and settings
- **Outcomes.** It is widely accepted that existing outcome measures, for instance performance at Key Stage assessments, work less well for some children and young people with EHC plans compared to their peers with no SEND. More broadly, there is no clear consensus on the outcomes that settings should be aiming to achieve for children and young people with EHC plans, or how these could be measured, in order to improve their ability to live independently and thrive in the longer term

There are also challenges at a local level unrelated to data. For example, local authorities take different approaches to allocating high needs funding and implementing the SEND Code of Practice, and the organisation of local educational systems makes a comparative analysis of value more difficult. Furthermore, it is extremely challenging to compare the outcomes of children and young people in different settings (in particular, in mainstream versus special settings and maintained special versus independent special settings) when needs vary so widely and settings have the flexibility to develop their own curriculums and support.

Key questions for the feasibility study

The overarching research question for this feasibility study is: in what way is it feasible to compare the outcomes and VfM that different settings achieve for children and young people with EHC plans?

Within this, there are several sub-questions that in turn need to be answered:

Data available for a VfM study ([Section 3](#)):

- What key data gaps need to be addressed to conduct a granular VfM assessment that can compare outcomes with the costs and benefits of education for children and young people with similar needs and level of support need?
- What information could the DfE request from both local authorities and settings to address these gaps, including pupil/student needs data, the costs of education, and outcomes, which are key component parts of a VfM study?

Appropriate outcomes ([Section 4](#)):

- What outcomes are appropriate to include in a study to adequately capture the full value that settings create for children and young people with EHC plans, who have a wide variety of support needs and levels of prior attainment?

Monetising outcomes and Value for Money approach ([Section 5](#)):

- Is it possible to quantify the value of these outcomes (to individuals, their peers, families, and wider society) incorporating both the financial cost of education and wider direct and indirect costs and benefits to the public sector?
- What is the most appropriate approach to bring together cost and outcomes information to assess VfM, for instance Cost-Benefit Analysis (CBA) versus Cost-Effectiveness Analysis (CEA)?

Complexities of SEND policy, delivery and local funding³⁷:

- What other factors need to be considered in any VfM assessment to ensure that findings and conclusions are fair and robust?
- How can we control for variations in the way that the SEND Code of Practice is implemented in different local authorities, differences between individual settings and setting types, and differences in the support needs and abilities of the children and young people they educate?

By answering these questions, the aim of this feasibility study is to make practical recommendations to improve the Department's understanding of the comparative VfM of the £7.0bn high needs block in different settings.³⁸

³⁷ These issues are addressed throughout the report rather than in a single section

³⁸ [National funding formula: summary table, 2020 to 2021, DfE, October 2019.](#)

Project scope

This feasibility study focuses only on children and young people with EHC plans of school age up to 25. The research questions and methodological parameters were initially set by the DfE based on their initial understanding of data availability and challenges of conducting a statistical VfM study, and evolved over the course of the project as more detail emerged.

The study involved a significant amount of desk-based research, stakeholder interviews with central government officials, local government officers, teachers, academics and sector experts, as well as a survey of settings in 7 local authority areas.

The study did not involve primary analysis of pupil/student-level data or statistical research. Rather, the emphasis has been on assessing the availability and quality of data held by different stakeholders as well as existing research to understand what data could be used in a VfM analysis in the near term, and how the Department could address key gaps in data in future.

The study did not involve the development of new methods to measure outcomes for children and young people with EHC plans but did consider how and whether to use outcomes data already available, and how the Department could develop new or alternative methods to measure outcomes in future. See [Section 4](#) for further details.

2. Methodology

This section sets out the methodology used when conducting the feasibility study. The research team carried out qualitative and quantitative research across three discrete strands: 1) mapping of datasets available to the DfE; 2) local authority case studies and survey of settings; and 3) a review of available evidence and data sources on outcomes and VfM options. The detail and purpose of these strands is outlined below.

Mapping datasets available to the DfE

Prior to mapping the key available data within DfE dataset, it was first necessary to posit the 'ideal' VfM approach and dataset to answer the research question, assuming data availability was no object. This was a regression analysis where data for all the relevant variables are available and at the necessary level of granularity.

By working back from this it was determined that the key categories of data for an analysis to include are needs, support cost and outcomes data as well as data on key variables that impact cost and outcomes that would have to be controlled for.

Once these key data types had been identified we then worked from online guidance and with DfE analysts to identify the extent to which this 'ideal' data is currently available within datasets accessible to the DfE. This mapping exercise highlighted key gaps in the datasets, which in turn informed the design of the local authority case studies and setting survey.

The findings from the data-mapping exercise are summarised in [Annex 3](#).

Local authority case studies

The objective of the case study visits was to identify whether there was additional data recorded at a local level that could be used to fill the gaps identified in the data mapping described above. The aim was also to identify whether factors relating to the local SEND policies and approach could affect a future VfM study.

Case study visits were carried out in 7 local authorities with education responsibilities chosen to be broadly representative of England. The authorities were selected in close consultation with the DfE to ensure coverage based on:

- Region
- Type of authority (County, Metropolitan Borough, Unitary, London Borough)
- Geography (rural, urban)
- Population demographics

- Balance between mainstream and special schools
- Proportion of EHC plans relative to school age population
- Approach to allocating high needs funding
- Recent or expected Ofsted-CQC inspection performance

The following key questions formed the basis of case study interviews:

1. **Data:** do local authorities collect relevant information outside of what is submitted to the DfE through statutory returns? What is its quality and consistency? What would the process be for a local authority to provide this data to the DfE?
2. **Minimum dataset:** what is the minimum dataset that the DfE will be able to collect from every local authority? What additional information is typically captured in more 'data mature' local authorities?
3. **Local context:** what are the factors that influence the cost of support and the outcomes that children and young people achieve in settings that arise specifically from a local authority's local SEND approach (e.g. high needs block allocation)? How could we control for or account for these?
4. **Outcomes and Vfm:** what good practice and previous experience measuring outcomes and Vfm of SEND provision exists within local authorities? What were the key learnings as to appropriate outcomes, monetisation, and approach?

Interviews covered a range of local authority officers across different roles and areas of expertise (see Table 1) as part of the case study visits.

In total there were 28 semi-structured interviews across the 7 local authorities lasting 45-90 minutes. They were carried out in person by at least two representatives from the research team, with one person asking questions based on a pre-prepared script and another taking verbatim notes. The same script was used in all participating local authorities, tailored as appropriate for the job roles described below. The script was initially tested in one of the local authorities and adjusted before carrying out the remaining case study visits.

The notes from the interviews were synthesised using two different qualitative techniques: a 'top down' or deductive approach to identify themes and answers to the primary case study objectives (e.g. data availability); and a 'bottom up' or inductive approach to identify more themes and insights that were not expected or intended.

Table 1: Type of local authority employees interviewed as part of the case studies

Role	Description
Leadership	Leader of SEND teams (e.g. Assistant Director for SEND); Finance Lead for SEND.
Analyst / Business Intelligence	Analytical person(s) with operational knowledge of systems used to capture and store EHC plan data; person(s) responsible for liaising with settings to prepare School Census and other relevant returns.
Finance	Finance officer(s) responsible for recording per-pupil/ student budget data for all settings; budget reporting; and preparing financial returns.
Post-16	Analyst/Finance officer(s) and Head of post-16 (or equivalent) with overview of post-16 funding, provision and monitoring.
Team Manager	Person(s) responsible for managing the SEND team and overseeing assessment and high needs funding allocation for EHC plans.

Survey of settings

To better understand how settings measure and record needs, support cost and outcomes data an online survey was distributed to all settings in the 7 case study local authorities.³⁹

Setting types

There are different ways of classifying setting types. For the purpose of this study the research team used the following types of provision attended by children and young people with EHC plans. This aligns with the classification in the Get Information About Schools dataset:

- State-funded mainstream settings (incl. UTCs, studio schools and FE colleges)
- Resourced provision within a state-funded mainstream school
- SEN unit within a state-funded mainstream school
- State-funded special school
- Non-maintained special school
- Independent special school

³⁹ We also issued the online survey in an eighth authority that was invited to take part in case study interviews but was unable to participate for timing and staff capacity reasons.

- State-funded pupil referral unit or alternative provision
- Other independent school, including independent alternative provision

Developing the survey

The survey was created using an online survey software. The process for developing the survey questions was iterative and informed by the data mapping exercise as well as findings from the case study visits. A mock-up of the survey was tested with several Head Teachers to gather feedback on the language, terminology and structure proposed. The DfE approved the survey before it was circulated to settings.

The survey was divided into 4 sections: setting characteristics; needs data; finance data; and outcomes data. Multiple choice or checkboxes were used as far as possible to limit the use of qualitative questions, and a logic tree was developed to ensure respondents only had to answer questions relevant to their setting type. Detailed descriptions and definitions were included, where necessary, to make the questions as clear as possible and to ensure consistent responses. Respondents had the option to provide the setting's unique identifier or to remain anonymous.

Sample and breakdown of respondents

The sample included 2,171 eligible settings in total, of which 75% were primary schools, 14% secondary schools, 6% special schools, 3% independent and non-maintained special schools (INMSS) and 2% FE institutions. This is similar to the average in England, although state-funded primary schools are slightly overrepresented.⁴⁰

In most of the local authorities the online survey was distributed by the local authorities to settings via email, weekly newsletters or using an intranet. In two local authorities, the survey was distributed by the research team on behalf of the local authority.

The survey response rate was 8%, with 172 respondents of which 58% completed the survey in full and 68% completed at least half. 78% of respondents were from Counties (Essex, Hertfordshire, Gloucestershire and Surrey), 20% from Metropolitan Boroughs (Oldham, Warrington and Sheffield) and 2% from London Boroughs (Islington).

The proportion of respondents by setting type is roughly in line with the total proportion surveyed. Primary schools and special schools were slightly overrepresented and secondary schools slightly underrepresented. The response rate from post-16 settings was particularly poor even after several additional prompts by the research team and third parties. To mitigate for this, 6 in-depth semi-structured interviews were carried out

⁴⁰ National figures from [Education and training statistics for the UK, DfE October 2019](#) and [Schools, pupils and their characteristics, DfE, January 2019](#): 68% state-funded primary schools, 14% state-funded secondary schools, 4% state-funded special schools, 1.7% independent and non-maintained schools and 1.2% FE institutions.

with representatives from post-16 settings.

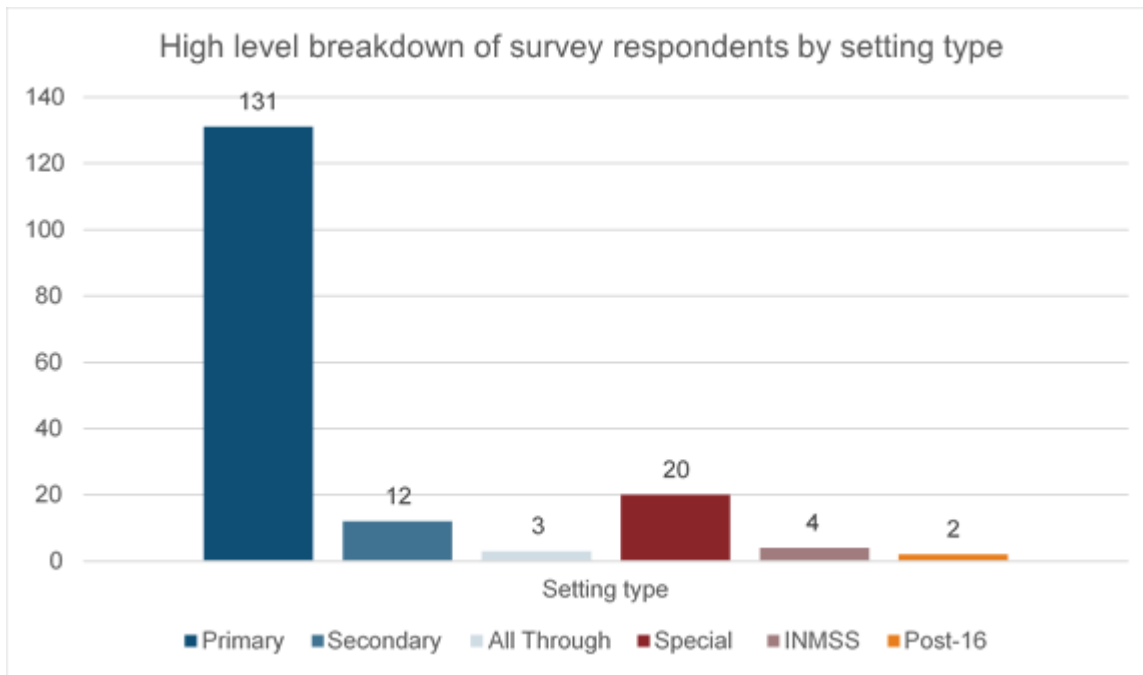


Figure 3: Breakdown of survey responses by setting type

Follow-up interviews

In addition to the survey, follow-up telephone interviews were conducted with a group of respondents who had indicated their willingness to participate through the online survey. A sample was initially selected to ensure the same number of interviews were held with representatives from all setting types, however, due to limited response from some setting types, a decision was made to interview everyone who responded to the follow-up interview request.

14 semi-structured interviews were conducted with Head Teachers and SENCOs, each lasting 30-45 minutes. 6 of the interviews were with maintained special schools, two with maintained primary schools, one with an independent specialist post-16 provider and 5 with FE colleges. The aim of the follow-up interviews was to go into more detail about the questions covered in the survey and to gather more nuanced feedback. The same topic guide was used for all the interviews to ensure consistency. The interview notes were synthesised in the same way as for the local authority case study interviews.

There was likely some sampling bias in the follow-up phone interviews: the settings that volunteered for and completed the interviews all had strong SEND approaches and were interested in VfM and outcomes for children and young people with SEND. Repeated efforts were made to conduct interviews with maintained secondary schools, non-maintained and independent special schools who had indicated their willingness to participate, but the response was limited.

Desk research and developing recommendations

To address gaps in the primary data collected, the research team conducted desk research and consulted economists, analysts, and policy, funding and practice specialists within the DfE, as well with several sector experts. Research was also carried out to identify best practice approaches to measuring outcomes and assessing level of need.

Desk research included a survey of SEND outcomes frameworks covering cognitive and related skills development, the financial and economic costs and benefits of educating children and young people with SEND, and the national and international evidence base on appropriate methods for measuring and valuing SEND outcomes.

The process for developing recommendations was iterative and undertaken in consultation with academics, sector experts and the DfE. The recommendations are designed to balance options to advance the SEND Futures programme in the near term with practical steps to develop the DfE's capability to conduct more granular VfM assessment in future, as well as any wider policy or other implications arising from the study findings.

3. Data available for a Value for Money analysis

To understand the key types of data necessary for a VfM study, we first posited the ‘ideal’ approach and dataset and worked back from this to map what is available within DfE-accessible datasets, local authorities and settings.

A granular and robust VfM study using the following regression specification (where ε is the error term, including unobserved variables) would require the key categories of data described in Table 2.⁴¹ This may be held by the DfE, by local authorities or by settings.

$$Outcome(s) = \alpha + \beta_1(Setting\ type) + \beta_2(Cost) + \beta_3(Needs) + \gamma(Other\ control\ variables) + \varepsilon$$

Table 2: Overview of data necessary for pupil/student level VfM study

Data type	Explanation
Outcomes	The dependent variable(s) being measured. This could be headline outcome measures available in DfE datasets, or other soft outcome measures such as cognitive skills, emotional literacy and wellbeing collected by local authorities or settings.
Setting type	The setting or provision type a pupil/student attends (e.g. maintained primary school, alternative provision academy, SEN unit).
Cost	The per-pupil/student cost of education. This includes both contributions from core setting budget and any additional high needs funding from local authorities.
Needs	Both the type of pupil/student need (e.g. Autistic Spectrum Disorder, Social Emotional and Mental Health) and the level of support need.
Other control variables	Control variables that influence other regression variables that must be controlled for and for which data is available. This could include pupil/student-level data (e.g. demographics) or setting and local authority-level data (e.g. children and young people with EHC plans).
Unobserved variables ⁴²	Variables that are known to influence outcomes and/or costs but for which we are unable to find appropriate data or proxies, or that may simply be unobservable.

⁴¹ Note that the regression specification outlined here is not the same as in the recommended VfM approach. The purpose of this simplified regression specification was to help initially identify the types of data necessary for a VfM study.

⁴² Wider economic costs and benefits are also a key part of any VfM analysis. The priority for the initial review of datasets available to DfE however was *financial* cost, that is, the direct input costs of per-pupil/student education (to the ESFA / DfE and LAs). This was to inform the research objectives and materials for the local authority interviews. Wider economic costs and benefits are discussed in [Section 5](#).

Information available in DfE-accessible datasets

Introduction

This section outlines whether the key categories of data detailed above are currently available to the DfE. It provides a summary of a mapping exercise to identify available fields within DfE-accessible datasets, to establish what national data sources could be used to identify and match children and young people with EHC plans, as well as characteristics, needs, outcomes and cost data that could be used in a VfM study.

Available needs data

There are three relevant datasets available to the DfE which include needs data for children and young people with EHC plans:

- i) the School Census
- ii) the Alternative Provision (AP) Census
- iii) the Individualised Learner Record (ILR)

Primary and secondary need is collected for all pupils on the roll on census day in the spring School Census. For pupils in independent and non-maintained settings funded by the local authority, needs data is collected in the AP Census. For post-16 provision, primary need is collected in the ILR.

Key gaps: datasets available to the DfE do not include information about level of support need. This is important because while two pupils/students might have a primary need code of Autistic Spectrum Disorder (ASD), for example, the nature and level of support they require could be very different. This will impact on the setting they attend, the cost of their placement and the outcomes they are likely to achieve. Moreover, the ILR captures only primary need and only for those students who choose to self-declare.

Available per-pupil/student cost of education data

There are 4 relevant datasets available to the DfE which include financial information about local authorities and/or settings:

- i) the Section 251 outturn (S251)
- ii) the Consistent Financial Reporting (CFR) framework
- iii) the Academy Accounts Return (AAR)
- iv) the College Accounts

None of these datasets include pupil/student-level cost data, but the DfE can use them to calculate *average* per-pupil/student cost of education. The S251 outturn is prepared by local authorities on an annual basis and provides an overall picture of the expenditure on schools and the actual amount spent on education centrally.⁴³ The CFR and AAR are setting-level returns that include information about the income and expenditure of local authority maintained settings and academies respectively. For post-16 provision, college accounts are submitted to the Education and Skills Funding Agency (ESFA) on an annual basis by FE institutions and include an audited annual report and financial statements.

Key gaps: access to actual per-pupil/student cost is not currently available to the DfE. A VfM analysis could be carried out using average per-pupil/student cost. But as indicated in [Section 6](#) below, the DfE would need to test whether average costs are an accurate proxy for actual spend as children and young people with EHC plans vary considerably in their level of support need and therefore per-pupil/student costs may vary.

Available outcomes data

There are 9 relevant datasets available to the DfE which capture key headline measures such as attainment:

- i) the School Census
- ii) Key Stage 1 – 5 attainment data (5 separate datasets)
- iii) the Individualised Learner Record (ILR)
- iv) the Young Peoples Matched Administrative Dataset (YPMAD)
- v) the Longitudinal Education Outcomes (LEO) dataset

For school-age pupils, the School Census captures attendance and exclusions data for all pupils on the roll on census day, and attainment data can be found in Key Stage 1 – 4 data. For post-16 provision, the ILR includes data on student destinations, Key Stage 5 has information on the assessment of learners in school sixth forms and FE colleges, and the YPMAD provides data on attainment up to age 21 and matched data up to age 24.

The DfE has also worked with the Department for Work and Pensions (DWP) and HM Revenue and Customs (HMRC) to develop the LEO dataset. The LEO dataset provides information about the employment, earnings and benefits status of people leaving education where data matching is possible.

⁴³ Cost of education for children and young people educated in independent and non-maintained settings would have to be calculated using the S251 outturn. The S251 outturn does not include setting level data on independent and non-maintained settings, which is important to bear in mind considering potentially significant variations in the cost of placements.

Key gaps: DfE headline measures (e.g. academic attainment) are used to assess the outcomes of all children and young people in education and are also measured for those with EHC plans. There are questions about their appropriateness for some of the EHC plan population (e.g. low attainers), which are discussed in [Section 4](#).

Preparing for adulthood, a framework specifically for children and young people with SEND, is used in all settings but does not require quantitative data collection: it is therefore not currently possible to ascertain progress towards independence, health and other goals in aggregate. Similarly, soft outcomes are not currently captured by the DfE and there is not a national approach to measuring or collecting this type of data for children and young people in education.

Other control variable

Datasets available to the DfE have rich information on the background and characteristics of children and young people beyond any SEND (e.g. eligibility for free school meals, ethnicity, postcode). Such factors impact on both setting type and outcomes and can be controlled for in an analysis.

There is also information at a local authority level, such as the availability of special school places, that may have an impact on the settings that children and young people attend. This data can also be included in an analysis to control for variations in local SEND approach in a national level analysis.

Unobserved variables

Unobserved variables that might affect a VfM analysis relate more to local authorities and settings than individuals. At a local authority level, this could include the current and historic approach to allocating high needs funding, or the effectiveness of support for SEND children and young people from other public services. At a setting level, this could include the SEND practice model employed by a particular setting or academy trust (e.g. whole school approach to SEND). In addition, there may be multiple other observable child, family, and community variables that could bias a regression for which there are no available national data.

Information available from local authorities

Introduction

This section outlines key findings from local authority case study visits. It examines the extent to which local authorities collect and capture needs, cost and outcomes data in addition to data submitted in statutory returns that could be used to complement data available in DfE-accessible datasets in a future VfM study.

Needs data

One of the key questions for local authorities was whether they collect data that can be used to identify level of support need for children and young people with EHC plans. Interviews with analytical and business intelligence teams in the seven case-study local authorities revealed that they do not typically hold codifiable information about level of support need on their systems. While EHC plans are themselves a rich source of information and could help to understand the level of support need for individual children and young people, in most cases these are Word documents attached to an online record, which makes it difficult to analyse and extract comparable information. There are, however, a number of projects to develop online EHC plans and processes,⁴⁴ which may make it easier to capture and collect this data in the future.

Some local authorities use a needs-based banding system to determine the level of funding for pupils with an EHC plan. In Islington, for example, the Council has created a funding matrix based on the 12 categories of need outlined in the Code of Practice⁴⁵ and scores children on a scale from 1-4 against each category.⁴⁶ This provides a quantified, analysable measure of level of support need at a pupil/student level. Table 3 outlines which of the case study authorities currently use a needs-based banding/matrix system to determine level of funding for children and young people with EHC plans.

Although 5 out of 7 of the case study local authorities use some form of banding or matrix system to assess level of support need, none of the local authorities use their banding or matrix system for all setting types. In Sheffield, for example, the Sheffield Support Grid is only used in mainstream settings, while funding for special settings is allocated as a block which is not based on individual pupil level of support need. Moreover, the

⁴⁴ For example [Using analytics and AI to aid the production of EHC plans \(Ealing, Staffordshire, Suffolk Councils\), MHCLG Local Digital Fund.](#)

⁴⁵ The twelve categories of need outlined in the SEND Code of Practice include: Specific Learning Difficulty (SpLD); Moderate Learning Difficulty (MLD); Severe Learning Difficulty (SLD); Profound and Multiple Learning Difficulty (PMLD); Speech, Language and Communication Needs (SLCN); Social Emotional Mental Health (SEMH); Autistic Spectrum Disorder (ASD); Visual Impairment (VI); Hearing Impairment (HI); Multi-sensory Impairment (MSI); Physical Disability (PD); and Other Difficulty/Disability.

⁴⁶ For more information see, [Special Educational Needs and Disabilities \(SEND\) in Islington – Advice, Guidance and Expectations, Islington Council, October 2017.](#)

approaches used are specific to each local authority and thus not consistent and comparable, so the level of support need of children and young people in Sheffield could not be directly compared with Islington. In addition, some local authorities have introduced and/or revised their banding or matrix systems recently which would complicate comparative analysis over previous years.

Table 3: Setting types for which local authorities use a banding/matrix system to determine level of high needs funding

Setting types for which local authority uses a banding/matrix system	
Essex	Mainstream settings only
Gloucestershire	Special and post-16 settings
Hertfordshire	Special settings only
Islington	Mainstream settings only
Sheffield	Mainstream settings only

Per-pupil/student cost of education data

A key aim of the case study visits was to understand the availability and quality of per-pupil/student cost data captured at local authority level. Table 4 summarises which local authorities could provide actual per-pupil/student or average per-pupil/student high needs budget data for children and young people with EHC plans. The “Y” indicates the local authority could provide actual per-pupil/student high needs budget data, and “Average” indicates that the local authority could provide average per-pupil/student high needs budget data.

A large majority of case study local authorities could provide actual per-pupil/student high needs budget data for children and young people with EHC plans in a mainstream, independent and non-maintained or post-16 setting. For placements in state-funded special schools, on the other hand, 4 out of 7 local authorities could only provide average per-pupil high needs budget data.

Whether local authorities could provide actual or average per-pupil/student high needs budget data depends on the approach to allocating high needs funding. 4 of the 7 sample local authorities allocate funding to special schools based on either pre-agreed funding arrangements, or based on the type of special school. In one local authority, for example, a special school that supports children and young people with Moderate Learning Difficulty (MLD) receives a certain pre-agreed amount of funding per-pupil, which is slightly less than a special school that specialises in Severe Learning Difficulty (SLD). While this reduces time in assessment and planning and allows school to use budgets

more flexibly it can also create funding issues. For example, interviews with the settings found that often pupils with MLD as their primary need code have the same or higher levels of support need than pupils with SLD, which is not reflected in funding allocated.

Table 4: Setting types for which local authorities calculate per-pupil/student high needs funding individually

	Per- pupil/student budget data			
	Mainstream	Special	INMSS	Post-16
Essex	Y	Average	Y	Y
Gloucestershire	Y	Y	Y	Y
Hertfordshire	Average	Average	Y	Y
Islington	Y	Average	Y	Y
Oldham	Y	Y	Y	Y
Sheffield	Y	Average	Y	Y
Warrington	Y	Y	Y	Y

Another complicating factor is that per-pupil/student budget data does not necessarily equate to outturn per-pupil/student spend in settings. Settings will in many cases pool the high needs funding they receive for multiple children and young people with EHC plans in order to provide flexible support and specialist equipment as required. This is particularly the case for special settings, which are fully funded by the high needs block (including place funding and EHC plans) and therefore use high needs funding to cover both fixed costs, such as teaching salaries, and more flexible additional support requirements.

There is no statutory requirement for settings to report on how much of their high needs budget is spent per-pupil/student: once the funding has been allocated and disbursed, it is up to settings to decide how best to support children and young people, in line with their EHC plans. As one interviewee put it, “part of the national funding reform was aimed at providing schools with more flexibility and allowing them to be more creative in deciding how needs are met. While a good thing, that also makes it more difficult to know how much is spent on a per-pupil level basis.”

Mainstream schools are expected to meet lower-level additional needs from their core funding (the “notional SEN budget”).⁴⁷ However, since this is not ring-fenced, local

⁴⁷ The Notional SEN budget is an identified amount of money within a school’s overall budget that is to contribute to additional support for children with SEND. Currently, the government suggests that a school

authorities question whether settings always use that funding to support pupils with SEND. One finance officer said, "the concept of notional SEN is too abstract. It is notional, it is not hard cash. It is an arbitrary allocation behind the scenes. As a Head Teacher you look at the bottom line. If you have £2m to run the school, you don't look at different allocations."

Outcomes data

In general, local authorities do not systematically collect outcomes data other than what they are required to submit through statutory returns. Soft outcome measures such as wellbeing are not collected in any systematic way and attempts to collect this data have generally been pilots or at a small scale. Gloucestershire County Council is perhaps the best example, where a framework has been introduced to measure well-being among children and young people with an EHC plan. However, this is mostly a practice improvement tool and the data is currently stored on paper at setting level.

Local authority officers expressed a strong desire to record soft outcomes for children and young people with EHC plans. As per the SEND Code of Practice, preparing for adulthood (see pg. 54) is used in all local authorities and its value is recognised, but there is no specific quantitative framework that supports it. Some officers, would like to use alternatives to the DfE headline outcomes in statutory returns, which they feel are not suitable for all children and young people with SEND. However, they also recognised that this would be a big change from current practice and that they would need new guidance to do so effectively. Several interviewees also expressed scepticism about using employment as a hard outcome measure for this cohort: settings might support some children and young people effectively throughout their time in education, but the quality of this support will not be reflected if they do not ultimately enter paid work.

Variations in INMSS and post-16 settings

There are some variations between the data local authorities hold about state-funded mainstream and special settings and what is held about placements in independent and non-maintained settings, and between school-age and post-16 settings.

Independent and non-maintained settings: the local authorities interviewed generally keep cost information about independent and non-maintained settings on separate spreadsheets. Instead of receiving a sum from the local authority upfront based on expected number of pupils/students, independent and non-maintained

should fund up to £6,000 worth of additional support for a pupil with SEND before applying for an EHC plan. However, with school budgets being increasingly stretched, local authorities question whether this happens in every case.

settings will invoice the local authority at the end of each term. This means that the local authority has access to per-pupil budget for all children and young people in independent and non-maintained settings.

A larger share of independent and non-maintained setting placements will attract funding from health and social care than placements in maintained mainstream and special settings. This is because children and young people in specialist independent and non-maintained settings are more likely to have higher and more complex support needs.⁴⁸ Most local authorities will keep a record of how much of the placement is paid for by education, health and social care budgets and would therefore be able to provide this information to the DfE if required.

In terms of outcomes data, local authorities have less oversight of and information about the outcomes achieved in independent and non-maintained settings than they have for maintained mainstream and special schools. While local authorities can access attainment data in the form of Key Stage results, less data is published about other key headline outcomes such as attendance and exclusion. Local authorities can, however, assess progress against outcomes in EHC plans during the annual review process.

Post-16 settings: funding for post-16 placements is to some extent more transparent than for school age settings. There are fewer students aged 16-25 with EHC plans, so most local authorities (especially ones with smaller populations) will discuss and agree with post-16 settings the courses that each young person will take and its cost.⁴⁹ FE colleges, for example, are asked to submit data outlining the course that a student will attend, the cost of both the course and additional support, as well as outcomes to be achieved.

In terms of outcomes, preparing for adulthood is the most common method for post-16 students. Most local authorities will also look at what amount of funding and type of provision will move a young adult closer to independence and employment. Interviewees regularly expressed their view that employability should be considered as most important outcome for this cohort. As one Head of post-16 highlighted, “if you are in employment you are more likely to be independent, involved in the community and have better health and wellbeing.” Progress is typically recorded during the EHC plan annual review process carried out by colleges and shared with the local authorities – progress is typically recorded with the EHC plan itself rather than as codifiable data.

⁴⁸ Finding based on interview feedback and also Social Finance experience of analytical projects with local authorities using local administrative and finance data.

⁴⁹ [Statements of SEN and EHC plans: England 2019, DfE](#)

Other key case study findings

As well as exploring data availability within local authorities, the case study visits explored three key additional areas relevant to a future VfM study: i) factors affecting local authority data availability; ii) local authority approach to measuring outcomes and VfM; and iii) variations in local SEND approach. These areas are explained in further detail below.

Factors affecting local authority data availability

Figure 4 illustrates the typical data journey from the setting → local authority → DfE, including key statutory returns and what information remains on local authority systems. The data journey varies depending on whether the setting is maintained, an academy, independent and non-maintained, or post-16.

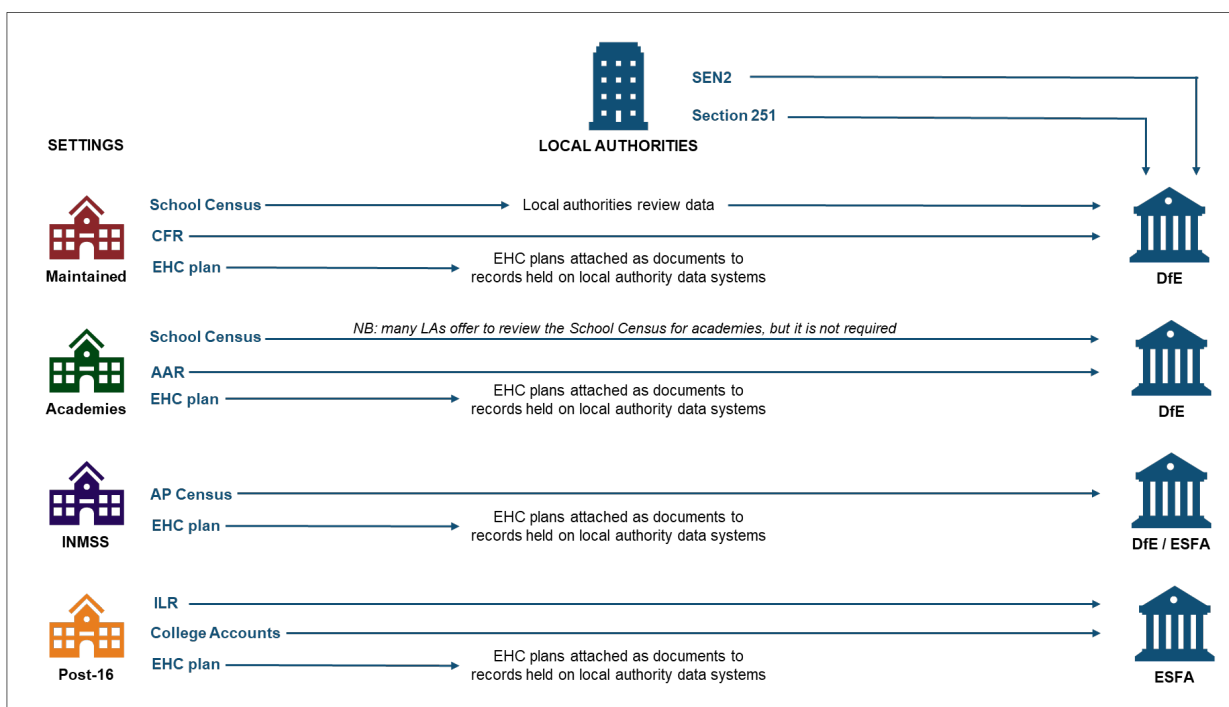


Figure 4: Data journey

Local authority SEND teams do not typically collect information in addition to that specified by the DfE. This is particularly the case when it comes to EHC plan data. While data analysts across the 7 local authorities visited expressed a desire to record more of the information found on the EHC plan and from annual reviews on their system in a codifiable way, they lacked the capacity and resources to do so.

Local authority approaches to measuring outcomes and Value for Money

It is not common for local authorities to combine cost, needs, and outcomes information to measure VfM. As one interviewee put it, "VfM is a hard nut to crack and I don't think

we are there in any way shape or form." Nevertheless, almost all local authorities expressed an interest in investigating VfM as part of business as usual. One local authority suggested that while it has not historically thought about this in a systematic way, it is in the early stages of developing with settings a framework that can help hold all partners to account for VfM.

Islington has probably come closest to carrying out a local VfM analysis. When developing its funding matrix, it hired an external consultant who matched needs and finance data for children and young people with EHC plans. However, this analysis was small scale and as one interviewee expressed, "I can't say it told us stuff we didn't already know, which is that independent schools are expensive. It would have been more useful if there were other datasets out there we could compare ourselves to." Outcomes data was not matched with needs and finance data in this exercise.

Similarly, Gloucestershire recently set up a specialist commissioning team, which looks at needs, cost and outcomes data for children and young people with EHC plans in independent schools. This has allowed the local authority to get a better understanding of performance within independent settings and whether EHC plan outcomes are met.

Local authority perspectives about Value for Money of setting types

In general, local authorities were most keen to interrogate the VfM of independent and post-16 settings. Independent settings are perceived to be very expensive, and although the children and young people with EHC plans who attend these settings often have comparatively more complex needs, interviewees did not feel that the increased cost is in proportion to better quality of support or outcomes.

Similarly, some post-16 managers expressed concern that post-16 is not offering good VfM, particularly when it comes to employment outcomes. They emphasised the importance of young people gaining confidence and support to get a job through their college experience. One team manager said, "the whole focus of post-16 for young adults with SEND should not be about the number of qualifications, but instead about whatever can enable a young person to enter employment after education."

Another interviewee felt that extending the age limit for an EHC plan to 25 has had a perverse impact on the outcomes that young people achieve in terms of employment and independence, and has led to an increasing number of students staying in education for longer without progressing: "lifelong learning does not have to be formal and in a classroom."

Variations in local SEND approach

The case study visits also highlighted how differences in local SEND approach can impact the effectiveness of support for children and young people with EHC plans within

settings, the unit cost of support, and the ability to directly compare local authorities in terms of VfM. A future VfM study will need to consider how to control for these variations between local authorities. Issues identified include but are not limited to:

- **High needs approach:** the way local authorities allocate high needs funding and the scale of delegated budgets can make the threshold for EHC plan availability variable between local authorities. For example, the case study local authority with the lowest level of EHC plans was one where the majority of funding for mainstream settings is devolved to settings through the annual budget share
- **Centrally commissioned services:** some local authorities use a large proportion of high needs funding to deliver a range of services on behalf of settings while others devolve almost all funding to them directly. This impacts the apparent unit costs of support in settings, and potentially the outcomes they achieve as well (e.g. flexible budgets might be more conducive to better outcomes, or vice versa)
- **Historic balance between special and mainstream schools:** both the interviews and public data suggests that areas with a historically higher proportion of children and young people with SEND educated in mainstream school have comparatively fewer children and young people with EHC plans.⁵⁰ In such local authorities, the EHC plan population will on average have higher needs than in other local authorities with similar demographics but a higher proportion of pupils/students with EHC plans
- **Contribution of wider public services:** the monetary contribution of clinical commissioning groups (CCGs) to SEND services can differ greatly by local authority, so too the extent to which council and health services co-commission and generally complement one other's SEND services. This, and the relative contribution and quality of other key public partners (e.g. children's and adults social care, public health, early years and early help) and the strength of the social sector and provider market may significantly impact the overall level of outcomes that settings are able to achieve in a particular local authority
- **Demand for high quality support for SEND:** the parents or carers of children and young people with EHC plans may move to areas where there are mainstream schools with good reputations for being inclusive and/or well-regarded special settings. Some local authorities may consequently have higher numbers of children and young people with EHC plans with relatively high support needs than would be expected based solely on population demographics

⁵⁰ The hypothesis is that, since more high needs funding in this situation is retained within schools as core funding, settings are more resilient and better able to support children and young people on SEN support rather than applying for an EHC plan and additional funding.

The above factors are difficult to identify in public data and therefore control for in an analysis. For the purposes of the feasibility study, these unobserved variables mean that comparing local authorities directly should be done with caution. A population level analysis, or at least an analysis conducted over multiple local authorities, may smooth out these local authority-level differences. This is discussed further in [Section 6](#).

Information available from settings

Introduction

This section outlines key findings from the setting survey and follow-up interviews. It examines the extent to which settings collect and capture needs, cost and outcomes data, outside of what is already submitted in statutory returns, that could be used to complement data available to the DfE in a future VfM study. The below findings are based on a survey distributed to settings in 8 local authorities⁵¹ as well as follow-up interviews with a small number of Head Teachers and special educational needs coordinators (SENCO).⁵²

Table 5: Key survey findings (n=172)

Question	Mainstream		Special		INMSS	
	Yes	No	Yes	No	Yes	No
Does your setting record both primary and secondary need for pupils with an EHC plan?	74%	26%	89%	11%	75%	25%
Roughly what percentage of the pupils in your setting with an EHC plan have more than one type of need? (average)	59%		91%		98%	
Does your setting have a framework for assessing need type and level of support need for pupils with an EHC plan? ⁵³	86%	14%	-	-	-	-
For children with EHC plans, does your setting record the amount of notional	46%	54%	-	-	-	-

⁵¹ While the makeup of the sample is similar to national figures, it might not be fully representative of all settings nationally.

⁵² 14 semi-structured interviews were conducted with Head Teachers and SENCOs. 6 of the interviews were with maintained special schools, two with maintained primary schools, one with an independent specialist post-16 provider and 5 with FE colleges.

⁵³ Only mainstream settings were asked this question – it was assumed that all special settings do this.

SEN/Element 2 funding you spend on a per-pupil basis? ⁵⁴						
If not, would it be possible to record the amount of notional SEN/Element 2 funding you spend on a per-pupil basis with the current system in place? ⁵⁵	59%	41%	-	-	-	-
Does your setting record on a per-pupil basis the amount of top-up funding spent on interventions outlined in a child's EHC plan?	46%	53%	28%	72%	33%	67%
Does your setting assess and record data on outcomes for children with an EHC plan other than what the DfE requires you to provide in the school census (e.g. attainment, attendance and exclusion)?	82%	18%	100%	0%	67%	33%

Needs data

Most settings surveyed (74% of mainstream schools, 89% of special schools, 75% independent and non-maintained special schools) record both primary and secondary type of need. Pupils in maintained and independent and non-maintained specialist settings are more likely to be recorded as having more than one type of need (59% mainstream schools, 91% special schools, 98% independent and non-maintained special schools).

All settings make regular use of EHC plans to understand pupil needs and carry out their own detailed assessments (which is a requirement of the EHC plan process). It is particularly encouraging that 86% of mainstream settings have a framework in place for assessing level of support need.

However, the survey and follow-up interviews also revealed that this data is most often written in case notes or free text and not codifiable. Moreover, it is not shared with the DfE or local authority in a systematic way, apart from through the EHC plan annual review process. There appears, therefore, to be very little easily collectible data in addition to primary and secondary need code that could be used in a VfM study.

⁵⁴ 14 semi-structured interviews were conducted with Head Teachers and SENCOs. 6 of the interviews were with maintained special schools, two with maintained primary schools, one with an independent specialist post-16 provider and 5 with FE colleges.

⁵⁵ Ibid.

Per-pupil/student cost of education data

Of the 131 mainstream settings that participated in the survey, 46% currently record the amount of notional SEN funding spent on a per-pupil basis. This was a higher percentage than expected, but as one Head Teacher explained “if we are applying for an EHC plan we have to document what we have spent on each pupil. That is the main reason for recording per-pupil spend.” Moreover, 46% of mainstream settings also record the amount of high needs funding spent on a per-pupil basis.

By contrast, only 28% of special schools and 33% of independent and non-maintained special schools record per-pupil high needs funding spend. The main reason is that in special setting resources are not considered specific to each pupil. As one Head Teacher said, “we resource our school based on the pool of pupils attending the school. If you need specialist support, you hire it for a group of pupils rather than for an individual.” Similarly, another Head Teacher explained that “79% of our income is spent on staff salaries. The rest is spent on equipment and additional specialist support...I would say that all the funding we get is spent on the children and therefore we don’t break it down.” Children and young people in the same setting do not necessarily receive the same level of support, due to varying levels of need, and spend can therefore vary from one person to another.

Special settings, in particular, questioned whether calculating average per-pupil spend would reflect fairly their distribution of resource. As one Head Teacher put it, “as all children receive the same funding, even when needs are significantly different, the money is used for the whole school in a way that it can ensure provision for all.” Therefore, while you could calculate average per-pupil spend “it would be a mathematical exercise and would not reflect reality.”

Outcomes data

The majority of mainstream, special and independent and non-maintained special schools track and record outcomes for pupils with EHC plans outside what is included in the DfE statutory returns (81%, 100% and 67% respectively). Communications skills and wellbeing are the most common kinds of outcomes across all settings.

However, settings use various systems (procured externally and developed in-house), which focus on different domains. The data collected across mainstream and special settings, and within settings of the same type, is therefore not consistent. However, several special settings have started using a system called Evidence for Learning. As one Head Teacher explained in a follow-up interview, “quite a lot of special schools are using Evidence for Learning. It allows us to be aspirational and to look at the whole child. Some frameworks only capture outcomes for pupils with one type of need. But Evidence

for Learning can be used across the need's spectrum." This system convergence might be something to capitalise on in the future.

Evidence for Learning⁵⁶ was developed in collaboration with several special schools. It is an app that allows you to quickly and easily gather evidence linked to individual learning goals as well as curriculum and skills frameworks. When asked whether it was possible to apply all outcomes in the skills framework to all types of needs, one of the Head Teachers responded, "I don't think all the outcomes could be applied to all types of need." This is because certain outcomes might be more or less realistic depending on the type and complexity of need.

This puts into question whether there is a set of soft outcomes that are appropriate and can adequately capture progress for all types of need, and that can also be used to compare progress across different need types.

There was disagreement in follow-up interviews over the usefulness of using standard DfE outcomes measures (e.g. attainment or employment) to monitor progress for children and young people with EHC plans. Some argue that they are useful as a target but are not an option for some children and young people and therefore do not reflect the value created by some settings. Others argue that employment, for example, is something that everyone should be looking at no matter the need or level of support need. Moreover, as a Head Teacher at a mainstream setting highlighted, while "there are a few pupils where we pull out outcomes that are not academic...we will remain focused on academic outcomes because I feel that if we get other things right, we should see positive academic progress."

Differences in data availability by setting type

The approach to measuring and recording needs, finance and outcomes data varies to some extent between mainstream and special settings. While mainstream settings are more likely to record per-pupil cost and feel that average per-pupil is an adequate proxy for the actual cost in a VfM analysis, special settings are less likely to do so. Moreover, special schools more often use their own or more specialised data system that intensively tracks various personalised progress targets and are more likely to argue for personalised outcomes and progress measures. Mainstream settings, on the other hand, are more likely to use less specialised systems suitable for the entire student population and not just children and young people with SEND.

⁵⁶ Evidence for Learning is discussed in more detail in [Section 4](#).

Variations in data availability within post-16 settings

Needs data

The FE colleges interviewed indicated that the majority of students who require an EHC plan will already have one when they apply to the college. In those cases, the level and type of support that is put in place is determined using information from existing EHC plans and from an initial additional learning support interview. The learning support interview involves an assessment of the student's learning needs against the demand of the curriculum, and then recommends the most appropriate level of support to be implemented. For students who arrive without EHC plans, but for whom a plan is deemed necessary, the college will undertake additional needs assessments.

Per-student cost of education data

All the FE colleges interviewed calculate per-student cost of education by completing a spreadsheet that is shared with local authorities. The spreadsheet is individual to each student and includes the number of programme hours the student is on and the cost of additional support required. Some of the FE colleges reported having a set of agreed rates with local authorities for different types of additional support to ensure consistency. Generally, FE colleges appear to be detailed in how they measure support for every learner for every hour. As one interviewee pointed out "the local authority has the right to do audits, but that generally does not happen because we have to submit such detailed personalised support plans." While this level of detail means FE colleges would be able to provide per-student high needs cost data, which is positive in terms of a future VfM study, it does mean that they are less able to be flexible and provide support that is not in the pre-agreed support plan if necessary.

Outcomes data

Preparing for adulthood outcomes appear to be the most frequently used measure among FE colleges outside of what is defined in statutory returns, with colleges offering specialised travel and social development skills training among other things. The Additional Learning Support team at one of the colleges interviewed also run Outcome Workshops which focus on developing the students' skills in money management, budgeting, applying for work and making appointments. However, there does not appear to be one standard way of measuring progress, and outcomes can be qualitative and individual to each student.

Summary – Data available for a VfM study outside of datasets available to the DfE

Pupil/student need data – a key gap in datasets available to the DfE is level of support need. At local authority level, no codifiable level of support need data is available that can compare pupil/student needs in multiple local authorities. A number of local authorities may have internally consistent codifiable data that could be requested by the DfE, however it could only be used to carry out smaller scale VfM analysis at a local level. This is also the case at setting level.

Per-pupil/student cost of education data – the DfE could use data collected in statutory returns to calculate average per-pupil/student support cost, but, due to wide cost variations between some settings, it is unclear how useful this would be. All local authorities record data on budgeted support cost. While some local authorities only record average per-pupil/student budgeted support cost, this might still be a better proxy than the data available to the DfE. Most settings do not record per-pupil/student out-turn spend, and special settings in particular argue that calculating per-pupil spend would not be a fair reflection of the distribution of resources. The DfE could therefore compare average cost (calculated from statutory returns) with local authority budget data and actual spend data from settings to test whether using the average is accurate enough to use in a VfM analysis in the near term.

Outcomes data – local authorities do not collect outcomes data in a systematic and codifiable way outside of what is submitted in statutory returns. Settings use a variety of frameworks and approaches to monitor incremental learning and other progress, though each framework is different and likely implemented differently within settings. Without implementing a national framework for soft outcomes, it will be difficult to compare outcomes across local authorities and settings other than those already included in statutory returns.

Implications – there are two main implications for the SEND Futures programme. First, any VfM analysis carried out in the near term must use datasets readily available to the DfE. This is because the cost, level of support need and outcomes data held within local authorities and settings are not of sufficient consistency and comparability to integrate into DfE datasets like the National Pupil Database (NPD). Secondly, there is now a much better understanding of the key pieces of data that are necessary to carry out a fully robust and granular VfM assessment in future. The Department can take practical steps to address these gaps concurrent with any near term VfM analysis.

4. Appropriate outcomes for children and young people with EHC plans

[Section 3](#) reviewed the available data for a VfM analysis in the near term and identified gaps in the data that would be needed for a fully robust and granular VfM assessment. The next question is: which of the available outcome measures are most appropriate to compare the achievement of children and young people with EHC plans in different settings?

This section reviews whether outcomes measures within DfE-accessible datasets (e.g. attainment, attendance, employment) are appropriate to use when calculating the VfM of provision for children and young people with EHC plans. We also assess whether there are any available soft outcomes frameworks, such as measures of cognitive skills, wellbeing and emotional literacy, that could be used instead of or in addition to these.

Outcomes in datasets available to the DfE

There are 4 relevant categories of outcomes measures in DfE-accessible data: academic attainment, exclusions and absence, preparing for adulthood, and employment and earnings. These outcomes measures are universal to all children and young people studying towards the national curriculum, and are often used by the Department to assess the progress of children and young people with SEND.⁵⁷

Academic attainment

In general, there is a large gap between academic attainment outcomes achieved by children and young people with SEN⁵⁸ and peers with no SEN. For instance, the Attainment 8 score of children and young people with SEN is 27.2 compared to 49.8 for those with no SEN; and the Progress 8 score is -0.61 compared to 0.08.⁵⁹ For Key Stage 2, 21% of children and young people with SEN achieved expected levels in reading, writing and mathematics, compared to 70% with no SEN.⁶⁰

⁵⁷ [Special educational needs: an analysis and summary of data sources, DfE, May 2019.](#)

⁵⁸ We only use the term SEN when quoting DfE statistics that are specifically about the SEN population, which population have an additional educational need but not necessarily a disability.

⁵⁹ [Ibid](#); FFT Education DataLab analysis has also drawn attention to issues with the universal Attainment and Progress 8 for pupils with EHC plans, especially those in special settings: [Progress 8 for pupils with SEN: Are P8 scores really that low?](#)

⁶⁰ [Special educational needs: an analysis and summary of data sources, DfE, May 2019.](#)

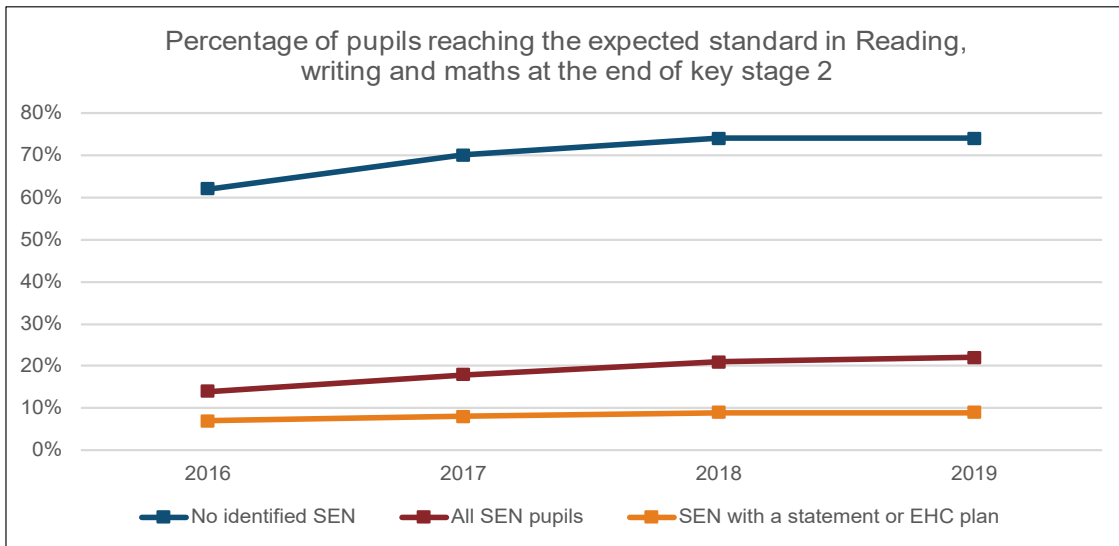


Figure 5: Comparison of pupil attainment at key stage 2

Within the EHC plan population there is a very wide variance in academic attainment. Some children and young people with EHC plans are high attaining, and it is entirely appropriate to compare the effectiveness of education settings using measures of academic attainment.

A second group of children and young people with EHC plans will have on average lower attainment than their peers with no SEND. It seems valid to use attainment measures for these children and young people if they are compared to other low attaining peers with EHC plans rather than those with no SEND. However, these measures may not provide a complete picture of the value that settings create.

To illustrate this point, there is some evidence to suggest that for a given level of support need, children and young people with SEND achieve higher academic attainment in mainstream settings.⁶¹ However, the same children and young people may have experienced greater wellbeing or engagement in learning in special settings, which is not factored into these studies, the positive impact of which could over the long term outweigh relatively better academic attainment. This dimension is not captured in attainment measures alone, and should ideally be accounted for in a future VfM study.

Finally, there is a small group of children and young people with EHC plans whose learning difficulties mean they are working below the level of the national curriculum and/or are not engaged in subject specific learning.⁶² These children and young people may achieve few or no formal qualifications, so it will not be appropriate or even possible

⁶¹ See footnotes to Table 8 ('Other children and young people' and sources) for literature on the impact of inclusion for pupils with SEND and their peers in terms of academic and wider outcomes.

⁶² [The Rochford Review: Final Report, October 2016.](#)

to evaluate the value of their education using measures of academic attainment. The Rochford Review supports this: It recommends that that the current academic age-related assessments are not fit for purpose for these pupils:

age-related expectations are not appropriate for a significant proportion of pupils working below the standard of the national curriculum tests...It is important that the many practitioners working with these pupils receive the recognition they deserve for the work they do...Assessment arrangements must reflect the unique needs and progress of individual pupils to ensure that those who work with them are judged fairly for the results they achieve.⁶³

While some currently published statistics break down attainment of children and young people with SEND by primary need, no studies have explored systematically the relative size of these three sub-populations of children and young people with EHC plans – high attainers, lower attainers, and those working below the level of the national curriculum – and the most appropriate measures of attainment that should be used for each. This will be an important question to answer in any preliminary analysis prior to a VfM analysis.

Exclusions and absence

According to DfE statistics, the rates of fixed-term and permanent exclusion are much higher for children and young people with SEN (those receiving SEN support and those with EHC plans) than their peers with no SEN.⁶⁴ As per attainment measures, this may not pose a problem for the purposes of a VfM study if children and young people with EHC plans are compared with one another rather than with their peers with no SEND.

Guidance for both settings and local authorities is stronger around preventing children and young people with EHC plans being permanently excluded, which could partly explain why the rate of exclusion is much lower compared to children and young people on SEN support (0.16% vs. 0.35%).⁶⁵ However, local authority interviews indicated that the extent to which this guidance is followed can vary by area, so preliminary analysis may also be required into the variance in exclusion rates for children and young people with EHC plans by local authority before this is included as part of a VfM analysis.

Absence may be a better indicator, for instance as a proxy for wellbeing and engagement in learning. 25.1% of children and young people with EHC plans were persistently absent⁶⁶ in 2017/18 across setting types, compared to 18.3% for children and young

⁶³ [Ibid.](#) Page 3.

⁶⁴ [Special educational needs: an analysis and summary of data sources, DfE, May 2019.](#)

⁶⁵ [Ibid.](#)

⁶⁶ School-age pupils are defined as persistently absent if they miss 10% of sessions or more.

people on SEN support and 9.4% for children and young people without SEN.⁶⁷ If this outcome were to be used in a VfM study it would be important to factor in authorised absence, which is more likely for children and young people with EHC plans due to health or related needs. For instance, although children and young people with a primary SEN type of Profound and Multiple Learning Difficulty (PMLD) missed 14.9% of sessions in a year, the authorised absence rate was 13.7%.⁶⁸

Preparing for adulthood⁶⁹

The Children and Families Act 2014 introduced an expectation that each EHC plan annual review from Year 9 onwards includes a focus on preparing for adulthood. As a result, feedback from local authorities and settings was that the framework is used to some extent in all settings, and teachers value it as a tool for gauging individual pupil/student progress and setting personalised goals. However, there are no quantitative outcome measures linked to preparing for adulthood, so it is not possible to ascertain individual progress towards the goals developed through the framework.

Destination outcomes are therefore often used as a proxy. Young people with EHC plans are entitled to additional support up to the age of 25 in order to achieve the outcomes in their plan, which includes continuing in education and training. While continuing education is a positive outcome for many children and young people with EHC plans, several interviewees in local authority post-16 teams questioned the validity of using this as a proxy for independence, giving examples of children and young people who remain in education well beyond the age of 18 but who are not progressing and who might benefit from leaving education to achieve greater independence.⁷⁰

Destination outcomes at age 16-17 are potentially more viable. The most recent data shows that 11.5% of children and young people with EHC plans at Key Stage 4 were not in education, employment or training (NEET) in Key Stage 5.⁷¹ Interviewees universally agreed that NEET is a poor outcome and should be prevented or minimised for children and young people with EHC plans, so using NEET rates to assess the value of secondary age settings may be less problematic than using the rate of students that continue in education at age 19-25.⁷²

⁶⁷ [The Rochford Review: Final Report, October 2016.](#)

⁶⁸ [Ibid.](#)

⁶⁹ There are two key pieces of legislation that have greatest influence on support for disabled young people preparing for adulthood: Part 3 of the Children and Families Act 2014 and Part 1 of the Care Act 2014.

⁷⁰ For instance, due to student nervousness about leaving the education system/that of parents or carers.

⁷¹ [Special educational needs: an analysis and summary of data sources, DfE, May 2019.](#)

⁷² A review of post-16 provision in London found that 8% of pupils with EHC plans leaving special schools were NEET after Key Stage 4, very similar to the NEET rate for pupils with EHC plans leaving mainstream

Employment and earnings

All interviewees agreed that entering and sustaining paid employment should be an important aim for all children and young people with an EHC plan. However, some interviewees felt that this may be challenging or even impossible for some children and young people with EHC plans. There was consequently some negative feedback from interviewees about using long-term employment outcomes as a way of comparing the value of education in different settings. Since the current employment rate is very low for people with learning difficulties, this would offer little additional insight about children and young people with EHC plans who do not enter work, and the value of their setting.⁷³

Nonetheless, the LEO dataset offers a means to analyse employment outcomes and dependence on out-of-work welfare support such as Disability Living Allowance and Personal Independence Payments. It combines data from the NPD and DWP on all children and young people leaving education since 2003/04, and includes information about employment status, earnings and out-of-work benefits for those who have left the education system.

Prioritising employment for children and young people with SEND

Separate to the primary research questions of this feasibility study, a notable finding from local authority and setting interviews was the near universal consensus that employability should be prioritised much more strongly within education for children and young people with EHC plans. The learning disability employment gap is stark, and it is likely that many more students can sustain paid employment than do now. Introducing employability, and potentially even employment rate, as a key measure for secondary and further education settings could be a powerful lever to narrow this gap.

This data could be used to compare the success of different settings in supporting children and young people into sustained employment, while out-of-work benefits information could be used as a proxy for level of independence for those who are not in sustained employment. This analysis has not been conducted previously and could produce significant new insights.⁷⁴ This is discussed in more detail in [Section 6](#) below.

schools: 7%. Note that pupils in London are less likely to be NEET having left secondary school than nationally. [London Post-16 SEND Review, Mayor of London, DfE and MIME, March 2019](#).

⁷³ Roughly 6% of adults who receive some kind of adult social care support are in paid employment. While this population is not synonymous with people who had EHC plans while in education, it is one of the most commonly-used proxies for the employment rate of the EHC plan population. [Special educational needs: an analysis and summary of data sources, DfE, May 2019](#).

⁷⁴ Note that the DfE has conducted analysis into the employment rate of the wider SEN population using the LEO dataset. However, children and young people with EHC plans, who represent c. 20% of the overall

Soft outcomes measures

As described above, academic attainment, employment and other outcomes are useful measures of the effectiveness of education for some children and young people with EHC plans. For others, they represent only a part of the value provided by their education setting. Soft outcomes measures, such as measures of cognitive skills, emotional literacy, wellbeing, and personal independence may address this gap.

There are a range of tools and frameworks in the market that support settings to assess and monitor these skills, from relatively light touch frameworks that are mostly paper-based to carefully moderated technology systems that capture quantitative, codifiable information. Many individual schools or Academy trusts, specialist organisations and sector coalitions have also developed their own systems. The 5 Areas of Engagement, for instance, emerged from the Rochford Review as a replacement for p-scales 1-4, with development led by the DfE.⁷⁵

Table 6 reviews a range of relevant frameworks. Some of these have a strong link to educational practice - for example, the growing emphasis on metacognitive skills and self-awareness to develop the capabilities to acquire life skills. Others focus on emotional literacy, wellbeing and engagement in learning. The list is not exhaustive but represents some of the most commonly-used and relevant systems.

Based on local authority case studies and interviews, it seems highly unlikely that any of these systems are used consistently enough across schools and at such a scale that the data could be used to supplement a VfM analysis in the near term.⁷⁶ However, they could provide the building blocks for a new system or framework that could be used in future to provide a more rounded picture of the progress and outcomes that children and young people with EHC plans achieve in education.

SEN population, are likely to have the highest and most variable levels of support need and potentially the most variable future employment rates. So, an analysis that looks at this population specifically and broken down by primary need code and other factors would be worthwhile. [Outcomes for Pupils Eligible for Free School Meals and Identified with Special Educational Needs, DfE 2018.](#)

⁷⁵ The Rochford Review recommended two new approaches to assessment for pupils with SEND working below the national curriculum at Key Stage 1 and 2, that are more appropriate for pupils' varying needs and that allow for more fluid progression onto wider forms of statutory national assessment: one for pupils working below the national curriculum but engaged in subject-based learning (Pre Key Stage Standards), and another approach for pupils not engaged in subject-based learning based around the 7 Aspects of Engagement (now the 5 Areas of Engagement) but not prescriptive of any particular method. The 5 Areas of Engagement is discussed in greater detail in Table 6.

⁷⁶ The exception is perhaps Connecting Steps, which is used in roughly a third of schools. The DfE could consider contacting B-Squared, the provider, to see whether insights from their data could inform the SEND Futures programme.

Table 6: Soft outcomes measures

System	Overview	Relevance for children and young people with EHC plans / potential to use in a VfM analysis
B-Squared (Connecting Steps)	Combined assessment framework and software package for progress towards a range of curriculums, non-academic skills and behaviour. Teachers record small steps in progress and use these to build a holistic picture of pupils' learning and achievement.	Used to some extent in roughly a third of schools. Online platform allows different teachers and schools to view and update pupil profiles. There are a range of frameworks adapted for pupils with SEND as alternatives to p-scales (e.g. for pupils not engaged in subject specific learning). Produces codifiable data.
SkillsBuilder	Framework to measure the key cognitive and life skills that pupils need to achieve and learn in school. Assesses and measure the progress of pupils across 7 domains: listening, presenting, problem solving, creativity, staying positive, aiming high, leadership, and teamwork.	The SkillsBuilder framework applies to both pupils with and without SEND (the SEND version has greater graduation to measure progress between stages). It is used by 1000+ special and mainstream schools and has been developed and endorsed by teachers, parents and others.
5 Areas of Engagement	Assessment tool to help schools support pupils who are working below the level of the national curriculum and not engaged in subject-specific study. Adapted from the 7 Aspects of Engagement, devised by Professor Barry Carpenter (Complex Learning Disabilities and Difficulties project, 2011) and endorsed by the Rochford Review to replace p-scales 1-4.	7 Aspects of Engagement was piloted with 56 schools following the Rochford Review. This identified some implementation issues (e.g. assessing against 7 aspects was time consuming) and some confusion about whether the approach was a formative or summative assessment. The DfE revised guidance and now plans to roll out the 5 Areas of Engagement nationally from 2020.
Evidence for Learning	App used by teachers to assess, manage and curate evidence of learning for SEND pupils. Developed by a partnership of special schools. Can be applied to Early Years settings.	The approach received positive feedback from special school Head Teachers consulted in this feasibility study. They highlighted that it is aspirational and can be used with pupils across the spectrum of SEND needs.
Boxall Profile	Online framework and assessment tool for social, emotional and behavioural difficulties for children and young people. Teachers fill out a test with pupils, and upon completion pupil score is compared to standard "emotional literacy" score for that age. Individualised targets are then set for the student which are reviewed and re-assessed periodically.	The online tool captures codifiable data and there is an existing benchmark to measure progress against. But only applies to social, emotional and behavioural needs.

Interviews with teachers were positive about the usefulness of frameworks such as those mentioned above in helping to engage children and young people with SEND and take a personalised approach to supporting their progress. However, feedback was mixed as to whether it would be possible to create standardised soft outcomes for summative assessments, which could be used to compare the relative performance of individual pupils/students, settings and local authorities.⁷⁷

The evaluation of the pilot of 7 Aspects of Engagement echoes these views. It found that most schools were enthusiastic about using the approach for formative assessment, but were generally apprehensive about using it for summative assessment:

This was in part due to concerns about variability amongst [EHC pupils], as the same pupil can display very different levels of engagement from one assessment to the next due to different medical, environmental or even circumstantial factors. Notably, when a pupil's engagement increased over time, schools did not necessarily feel this resulted in the pupil making progress in learning outcomes, but it was instead a reflection of how the approach helped them to improve their teaching practice.⁷⁸

Soft outcomes frameworks that can be used for summative assessments in education do exist, though. Perhaps the most similar example within education is the Early Years Foundation Stage Profile (EYFSP),⁷⁹ which is used in early years settings to assess children's development across three characteristics of effective learning. It is also used as a summative statutory assessment of a pupil's development in reception year (although it is used for all pupils, not only those with SEND).

The EYFSP provides rich data for practitioners on individual pupil progress, and local authorities and the DfE can use the data to improve the performance of early years settings and primary schools. However, implementing it is resource intensive. Practitioners must collect significant data on each pupil, and each local authority employs quality assurance teams to ensure settings capture high quality data.

⁷⁷ See for instance comments about the Evidence for Learning tool on pg. 47-48 in [Section 3](#) above. Some SENCOs and head teachers feel that the system is both sufficiently broad and detailed to capture the individual needs and starting points of all SEN pupils and the progress they make. Others doubted whether a single system could do this adequately for the full range of pupil needs and abilities within the EHC plan population without being too complex and therefore impractical.

⁷⁸ [Piloting the 7 Aspects of Engagement for summative assessment: qualitative evaluation, page 10, Standards & Testing Agency, November 2018](#). Formative and summative assessments are defined as follows in this report: "Formative assessment – assessment procedures conducted by teachers during the learning process in order to modify teaching and learning activities to improve pupil attainment." "Summative assessment – assessment to evaluate pupil learning at the end of a period of time, for example, the end of the school year, by comparing against a previous baseline"

⁷⁹ [Early Years Foundation Stage: 2019 Handbook, Standards and Testing Agency, November 2018](#).

Summary – Appropriate outcomes for children and young people with EHC plans

We recommend that the following outcomes are used in a VfM analysis in the near-term to compare the effectiveness of different settings.

Outcomes in DfE-accessible datasets – academic attainment (using the key stage and other datasets), NEET at age 16-17 (from the NCCIS dataset) and employment and earnings (using LEO) can be used for all children and young people. The specific attainment measure will depend on both age and level of attainment (discussed further in [Section 6](#)):

- Attainment and Progress 8 scores for higher attainers, and Maths and English points or achievement of any approved qualification for lower attainers could be used at age 16 to assess effectiveness of secondary setting
- NEET outcomes and Key Stage 4 attainment can be used at age 19 to assess post-16 – and to some extent secondary settings
- Employment and earnings, and receipt of unemployment and other benefits, can be used at age 25 also to assess post-16 settings and to some extent earlier stages in a pupil/student's education journey

It should be noted that these outcomes, especially academic attainment, will provide less insight into setting effectiveness for children and young people working below the level of the national curriculum, for whom the gaps in outcomes data will be significant.

These recommendations are based on a combination of theory, qualitative feedback from interviewees, DfE policy and analytical experts, and others, and a review of evidence. Some preliminary analysis is therefore also recommended to test and validate that the outcomes summarised here (and in detail in [Section 6](#)) are the most appropriate for different sub-populations of the EHC plan cohort, and the extent to which they provide meaningful insight into pupil/student progress and achievements.

Soft outcomes measures – existing frameworks or systems in the market do not have enough data to incorporate into a VfM analysis in the near term. Significant further work would be needed to develop a framework that could be used by all settings to capture a more rounded picture (e.g. cognitive skills, wellbeing) and for children and young people of all ages.

Options for testing different frameworks and developing the evidence base for soft outcomes are considered in [Section 6](#).

5. Monetising outcomes and Value for Money approach

A VfM study must incorporate both outcomes and costs. The per-pupil cost of education to the DfE / ESFA (i.e. the direct financial cost) is discussed in [Section 3](#) above. Here we consider the indirect costs and benefits (i.e. to public organisations) and wider social costs and benefits that are potentially affected by education setting. We also consider how these costs can be incorporated into a VfM analysis in the near term.

There are three main categories of costs and benefits to consider:

1. Indirect costs and benefits associated with the outcomes available to the DfE discussed in [Section 4](#) above (e.g. attainment, NEET, and employment)
2. Indirect costs and benefits associated with a pupil/student's future independence and wider outcomes in adulthood (e.g. engagement with social care, housing and health needs etc.)
3. Wider social costs and benefits (e.g. to peers, families, and the economy)

A Cost Benefit Analysis (CBA) would be the preferred approach to VfM assessment for this policy area.⁸⁰ A wide array of future costs and benefits, for individual pupils/students, public organisations and wider society, could be affected by education setting: some of these, such as future employment rate or the extent to which children and young people require support from adult social care, could be significant. A CBA would enable the DfE to take full account of these costs and benefits.

However, a robust CBA requires a relatively comprehensive understanding of future costs and benefits and their monetised value. A Cost Effectiveness Analysis (CEA) is an alternative option,⁸¹ which is used to compare the direct financial costs of alternative ways of producing the same or similar outputs. This can be valuable as an indicative measure where there is insufficient evidence for a comprehensive CBA.

We therefore consider the available evidence base for each of the three categories of costs and benefits identified above to determine the most suitable VfM approach.

⁸⁰ [The Green Book](#) recommends a CBA for detailed comparison of different policy options and interventions. A robust CBA requires that all relevant costs and benefits which may arise from an intervention are valued and included in analysis (Ch. 5.7, 6.22).

⁸¹ [The Green Book](#) recommends a CEA in situations where wider social costs or benefits will remain broadly unchanged for the delivery of a public good, such as defence (Ch. 5.2-5.5). This is not the case for comparing the VfM of different education settings for children and young people with EHC plans. However, a CEA may be preferable in situations where there are significant gaps in evidence for future costs and benefits, including for individuals, public organisations and wider costs to society.

Indirect costs and benefits associated with outcomes available to the DfE

Academic attainment: There is a strong evidence base linking academic attainment during school-age and post-16 education to future positive life outcomes and attendant economic benefits.⁸² Several frameworks have been developed specifically for the DfE and other Departments to assess the costs and benefits of academic attainment and other outcomes during different phases of education.⁸³

There are legitimate concerns to consider if assumptions developed by studies of the whole population are applied to just those with EHC plans. For instance, a DfE study of the VfM of intermediate outcomes (e.g. GCSEs, apprenticeships) bases calculations for the benefits of different qualifications entirely on future labour market outcomes.⁸⁴ However, there is a significant gap between the rates of employment, unemployment, and economic activity for people who had EHC plans⁸⁵ during education and people with no disabilities, who were the basis for the study.

The Labour Force Survey, on which the above study is based, does not identify adults that had an EHC plan during education as a specific sub-group. The closest comparison group is adults who identify as having a learning difficulty, speech impediment, or mental health issue as their primary disability.⁸⁶ The employment rate for this group is less than 25%, significantly lower than the 81.5% employment rate for people with no disabilities.⁸⁷

It may be possible to adjust the benefits of different qualifications from this study and apply them to the EHC plan population to reflect the lower likelihood of these children

⁸² [Assessing the Economic Benefits of Education: reconciling Microeconomic and Macroeconomic approaches, IFS and CAYT, March 2013](#); [Greater Manchester Unit Cost Database, GMCA, 2019](#).

⁸³ For example for early education – [Study of Early Education and Development \(SEED\): The potential value for money of early education, DfE, July 2017](#); intermediate qualifications – [The economic value of key intermediate qualifications: estimating the returns and lifetime productivity gains to GCSEs, A levels and apprenticeships, DfE, December 2018](#); and further education – [Measuring the Net Present Value of Further Education in England, Department for Business, Innovation & Skills, June 2015](#).

⁸⁴ [Measuring the Net Present Value of Further Education in England, Department for Business, Innovation & Skills, June 2015](#).

⁸⁵ In this section we use ‘children and young people with EHC plans’ and the ‘EHC plan population’ to refer both to those pupils/students that received an EHC plan since 2014 and those who had received a Statement of SEN prior to 2014 SEND reforms, or who had a Learning Difficulty Assessment during post-16 and further education. The Statement of SEN was the equivalent of an EHC plan prior to 2014.

⁸⁶ This corresponds to the three most common SEN primary need types.

⁸⁷ [People with disabilities in employment, House of Commons Library, January 2020](#). Rates of employment, unemployment, and economic inactivity for adults with and without disabilities are (respectively): 52.6% and 81.5%, 7.3% and 3.4%, and 43.3% and 15.6%. This data comes from the ONS Labour Force Survey. Note that the survey only captures employment and other statistics for adults with disabilities. People who had EHC plans during education will represent only a small proportion of this larger population.

and young people going on to enter work after achieving certain education qualifications. However, the EHC plan population has not historically been tracked from education into employment, so the figure of c. 25% is unlikely to be robust.⁸⁸

The variance in employment rate for this population is also much wider than that of the population with no disabilities (see Figure 6),⁸⁹ so separate assumptions for different sub-populations may be preferable to an average.

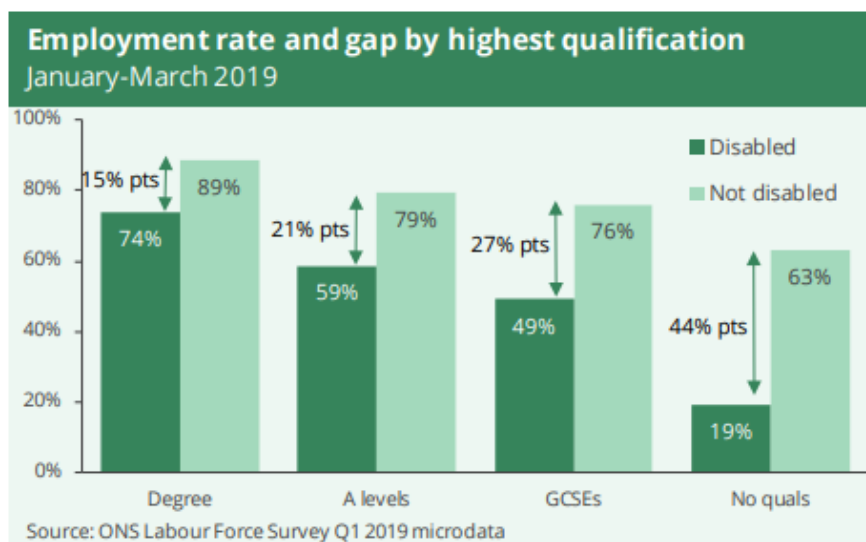


Figure 6: Employment rate and gap by highest qualification

Due to this uncertainty over the actual employment rate for adults that had an EHC plan (and the variance in likely employment rate within the population) it would be inappropriate to adjust and apply assumptions from other DfE VfM frameworks. This does however highlight an important gap in information which needs to be addressed to create accurate assumptions about the economic returns to education for children and young people with EHC plans.

Exclusions and absence: there is also evidence for the link between school exclusion and absence to future costs and benefits, whether to individuals, public organisations or society more widely.⁹⁰ The figure within the Greater Manchester Unit Cost Database is

⁸⁸ The actual figure could in fact be much lower. For instance, the employment rate for adults with learning disabilities in touch with adult social care, also sometimes used as a proxy for the EHC plan population, is only 6%: [Special educational needs: an analysis and summary of data sources, DfE, May 2019](#)

⁸⁹ [People with disabilities in employment, House of Commons Library, October 2019.](#)

⁹⁰ [Misspent Youth: the costs of truancy and exclusion, NPC, June 2007.](#) This study also includes findings for the cost of persistent absence. A more recent report estimates the cost of permanent exclusion at closer to £300k, though the detailed findings and workings are not made public: [Making the difference: breaking the link between school exclusion and social exclusion, IPPR, October 2017.](#)

for a combined cost to individuals and public organisations of £12,007 each year for c. 15 years following the exclusion.⁹¹ However, this is based on a study from 2005, and as per academic attainment above, it is unclear whether unit costs calculated in a study of people of the whole education population should be applied to the SEND cohort only.

Preparing for adulthood: Since there are no quantitative measures aligned with the preparing for adulthood framework, it is not possible to monetise outcomes. There is, however, a solid evidence base exploring the relationship between NEET and future economic costs, which outcome is often used as a proxy measure for preparing for adulthood.⁹² Again, the key issue is whether these assumptions can be applied to children and young people with EHC plans given the gap in evidence for the employment rate of this population upon leaving education.

Employment and earnings: The LEO dataset includes employment and earnings data from DWP. Using it in a VfM study could provide accurate, monetisable data on future cost and benefits for individuals that had an EHC plan while in education (earnings) and costs and benefits for HMRC/DWP (taxes and benefits). These findings will be most relevant for post-16 settings, though to some extent secondary settings as well.

Aside from costs and benefits data, the LEO dataset could be used first and foremost to address the key gap in data around the sustained employment levels of children and young people with an EHC plan post-education. This would be valuable for the purposes of this VfM study, and for wider DfE and sector research.

While the LEO dataset has the potential to add new insight for this policy area, it is important to note that, unlike the NPD, the DfE has not yet been able to make the LEO dataset available to external researchers. While the DfE wishes to extend access as soon as possible, they have not confirmed when this will happen and what may be available to researchers.

This means that, if the DfE chooses to partner with an external researcher in any future phases of work, the timescales for generating new insights from the LEO dataset around the employment rate of the EHC plan population will be slightly longer. Alternatively, DfE could conduct this analysis internally.

⁹¹ [Greater Manchester Unit Cost Database, GMCA, 2019.](#)

⁹² [Estimating the life-time cost of NEET: 16-18 year olds not in Education, Employment and Training, The University of York: Audit Commission, Coles et al., July 2010;](#) also [Greater Manchester Unit Cost Database, GMCA, 2019.](#) Note that these sources are somewhat out of date (2010 and 2012 respectively).

Indirect costs and benefits associated with independence in adulthood

Table 7 surveys the key categories of indirect costs and benefits to public organisations that could be affected by education setting for children and young people with EHC plans. We consider both the theoretical costs and benefits ('Overview of potential costs and benefits') and whether in practice it is feasible to incorporate available data in a VfM analysis in the near term ('Scope to include costs and benefits in a VfM study').

Table 7: Categories of indirect costs and benefits to public organisations

Outcome	Overview of potential costs and benefits	Scope to include costs and benefits in a VfM study
Independence while in education	The principal indirect cost/benefit area is to children's social care: interviews indicated that children and young people with EHC plans are more likely to have some form of engagement with social care than their peers with no SEND. Placement of pupils into different settings could potentially increase, prevent or reduce a family's reliance on Children with Disabilities (CWD) and Short Breaks teams (e.g. residential settings), which support families with SEND children and behaviour that challenges. These costs are theoretically quantifiable and monetisable but rely on integrating local education and social care datasets.	There is potentially scope to include cost data about CWD and Short Breaks teams in a VfM analysis in the near term. Information is available in statutory social care returns though it is unclear whether there are accepted unit costs for these services at a national level. ⁹³ The key gaps in evidence here are around the extent to which children and young people with EHC plans are engaged with these teams currently, and whether this level of engagement is affected by setting type.
Independence in adulthood	The principal indirect cost/benefit around independence in adulthood is adult social care: settings that support children and young people to develop life skills and/or enter employment may increase, prevent or reduce children and young people's future reliance on support from adult social care teams (e.g. home care, day centres, residential placements). This is an area where settings could have a significant impact on future economic costs to	The unit costs of different adult social care support packages and related support for adults with support needs are well evidenced and up to date. ⁹⁴ However, data for adult social care and Housing is not matched centrally, and it is also rare that they are integrated at a local level (i.e. unique IDs are not the same in local authority education and Adult Social Care systems). Therefore, it is unclear to what extent people with EHC plans during

⁹³ [Children's services: spending and delivery, DfE, July 2016](#); [Children's services spending: 2010-11 to 2015-16, DfE, Aldaba, November 2017](#).

⁹⁴ [Greater Manchester Unit Cost Database, GMCA, 2019](#). Cost data of adult support services are routinely published as part of regular statistical returns.

	government. Similar to children’s services above, these costs are theoretically quantifiable and monetisable, but rely on integrating local social care and education datasets.	education receive social care support later in life, and whether this is affected by setting type. It is likely that a separate study would need to be commissioned at a local level to explore this. ⁹⁵
Independent living	Similar to social care, settings that successfully support children and young people to develop life skills related to independence may reduce demand for Supported Accommodation (funded from council housing / homelessness budgets) and Shared Lives services (funded from housing / social care budgets). Supporting children and young people into sustained, paid employment would also create benefits for DWP in terms of reduced Housing Benefit (now part of Universal Credit). These costs and benefits are theoretically both quantifiable and monetisable.	There are standard assumptions for the unit costs and benefits for a range of housing support services. ⁹⁶ However, as with social care, the barrier to including these in a VfM analysis in the near term is a lack of evidence for the proportion of people that have EHC plans during education who go on to require housing support, and whether this is affected by setting type, as housing and education datasets do not appear to be linked at a local level (in all but the most data mature local authorities). A primary research study at a local level would be valuable to develop assumptions that could be applied nationally.
Health	In health economics the social and economic costs and benefits of a particular intervention of policy (setting in this case) are assessed using Quality Adjusted Life Years (QALY). This is a Cost-Effectiveness Measure that captures the combined health benefits of an intervention with the input of financial and future societal costs. Health costs and benefits are quantifiable and monetisable but would probably be calculated separately from the other categories of cost and benefits noted above, which would ideally be captured in a CBA.	Conversations with the DHSC as part of this feasibility study suggest that the Euroqol (EQ-5D) instrument would be the most appropriate measure to compare the future health costs and benefits of settings. ⁹⁷ There is ample evidence as to the unit costs of health-based support for adults with learning disabilities ⁹⁸ and the economic and patient benefits of community rather than residential care, although desk research did not identify any primary research into the link between an EHC plan while in education and future use of health services specifically. This should be the focus for any future studies.

⁹⁵ Central government welfare payments should also be considered. For example, some children under 16 with EHC plan will be eligible for Disability Living Allowance (DLA). DLA is being replaced by Personal Independence Payment (PIP) for disabled adults. It may be possible to use the LEO dataset to gauge individuals’ receipt of these benefits.

⁹⁶ [Ibid](#). Note however that unit cost figures for Supported Housing are based on supporting older adults rather than adults with learning disabilities. These should be validated against local data (or published national statistics if available) before incorporating into a VfM study.

⁹⁷ [Guide to the methods of technology appraisal, NICE, April 2013](#).

⁹⁸ [Costing Statement: challenging behaviour and learning disabilities, NICE, May 2015](#); [Transforming Care for people with learning disabilities – next steps, NHS England, January 2015](#); A. Hassiotis, Aug 2008.

In addition to the specific examples in Table 7, a general finding from interviews was that indirect costs and benefits are likely to represent a much larger proportion of the overall costs and benefits resulting from education for children and young people with EHC plans relative to those with no SEND.

This is for two reasons. Firstly, the employment rate is much higher amongst those with no SEND during education. Secondly, children and young people with EHC plans during education are more likely to engage with public services in future. For example, the DfE's VfM framework for the economic returns to early education and development (SEED) considers both employment and earnings and wider public service engagement (unlike the study discussed above that values intermediate outcomes). However, wider public service engagement still represents on average only 7% of the total returns to early education outcomes, with the other 93% accruing from future employment and productivity benefits.⁹⁹ Interviews indicated that this balance is likely to be considerably different for children and young people with EHC plans.

Wider social costs and benefits

Table 8 surveys the wider social costs and benefits (sometimes referred to as “spill over effects”) that could be affected by education setting. This is organised by stakeholder group and considers both the theoretical costs and benefits and whether in practice is it feasible to include data on this in a VfM study in the near term.

⁹⁹ [Study of Early Education and Development \(SEED\): The potential value for money of early education, DfE, July 2017.](#)

Table 8: Wider social costs and benefits

Population	Overview of potential costs / benefits and evidence base
Other children and young people	There is extensive literature on the impact of inclusion (i.e. pupils with SEND educated within mainstream settings). ¹⁰⁰ This suggests that the impact on attainment for children and young people with no SEND is neutral to positive, and potentially has several (unquantifiable) social benefits as well. However, there are significant caveats, for instance the impact is different across different domains (e.g. social, behavioural) and is also very dependent upon the support needs of children and young people. No studies identified attempt to quantify costs and benefits although our research has identified no reasons why they are not in theory monetisable and could be included in a future VfM assessment.
Teachers	There is a similarly extensive literature on teacher attitudes towards and experience of inclusion, including several literature reviews. These show mixed results: attitudes are generally positive towards inclusion, but are strongly influenced by the nature and level of children and young people's support needs. Attitudes are also dependent on the availability of additional SEN support within mainstream settings. ¹⁰¹ Presumably teacher attitudes correlate with their productivity, performance and wellbeing more widely. Another dynamic to consider is that special settings have a higher balance of staff to pupils/students, who often have specialist teaching and/or therapy skills. By contrast, the setting survey found that the great majority of high needs funding in mainstream schools is used to pay for Teaching Assistants. These are generally lower paid roles, so the wider economic benefit of special settings may be greater per student. This is an assumption based on qualitative findings only – no quantitative studies on this topic were identified that attempted to monetise costs and benefits.
Parents, Carers and Families	No published evidence was identified on the impact of different education settings on parents, carers and families. A common message from interviews with local authority SEND teams was that the most likely impact of setting type on families is that residential settings enabled one or more parents to go back to work, who might have left employment to support their child during education. This only applies however to the small number of children and young people with very high levels of support need and/or challenging behaviour. Interviews did not touch on the impact on other family members – further primary research on this topic would be valuable.

¹⁰⁰ The impact of inclusion on students with and without disabilities and their educators, S. Salend and M. Duhaney, Apr 1999; also A. Kalambouka, May 2008; P. Farrell, May 2008; Alison E. Evins, May 2015. A number of studies from Norway suggest SEND pupils achieve higher academic attainment when educated in mainstream schools. However, these do not account for the possible wellbeing and independence benefits that pupils could experience in special schools, which could outweigh academic improvements. J. O. Myklebust, 2007; E. Markussen, 2007.

¹⁰¹ Teachers' attitudes towards integration / inclusion: a review of the literature, E. Avramidis, B. Norwich, Oct 2010; Teachers' Attitudes Toward the Inclusion of Students with Autism and Emotional Behavioural Disorder, J. Cassady, 2011.

Summary – Value for Money approach for near-term analysis

According to guidance in The Green Book, a CBA is the preferred approach for combining outcomes and cost data to assess the VfM of different settings. However, there are gaps in evidence that present barriers to constructing a robust CBA:

- Indirect costs and benefits associated with the outcomes available to the DfE: the value of education outcomes is typically calculated from future employment and productivity benefits. Since the employment rate of children and young people with EHC plans is not published, it is unclear how to apply assumptions from studies of the whole education population. There is some information about the costs of exclusions and other measurable outcomes, though again these are predominantly based on impacts on employment and productivity
- Indirect costs and benefits associated with independence in adulthood: there are robust unit cost and benefit estimates for the key public services that children and young people with EHC plans are likely to engage with during and after education. However, there are gaps in evidence on the extent to which this population engage with them currently, and how this varies depending on setting type. These categories of costs and benefits are also likely to represent a larger proportion of overall costs and benefits relative to people with no SEND
- Wider social costs and benefits: evidence is mixed as to the impact on families and others of different setting types. Even where evidence is more robust, no studies were identified that attempt to quantify and monetise costs and benefits

A CBA does not appear possible before these key gaps in evidence are addressed. A CEA is therefore more appropriate for VfM analysis in the near term. While not the preferred appraisal option for this policy area, a CEA presents an opportunity to combine and compare both the input financial cost of educating children and young people with EHC plans and the outcomes they achieve in different settings.

For instance, such an approach could show that two groups of pupils/students who appear to have similar needs but who attend different setting types at secondary age have similar academic attainment at age 16 and similar rates of employment at age 25 (expressed as a ratio of 'cost : outcomes achieved'). If the input financial cost of their education is very different, it will provide a new insight into the VfM of different setting types for this group of pupils/students.

There will be circumstances in future where the DfE will require a CBA for SEND options appraisal, for instance business case submissions. A CEA is an initial step to improve understanding of VfM while gaps in data are addressed.

6. Recommendations

This study concludes that a VfM analysis is possible in the near term that can produce substantial new insights into the outcomes that children and young people with EHC plans achieve and the comparable value of settings. The recommended methodology for this analysis is described in detail below. The analysis would not require any data in addition to what is readily available in the NPD and other pupil/student-level datasets accessible to the DfE.

This feasibility study has, however, identified several important gaps in data and related barriers to conducting a VfM analysis. There are two main issues: i) whether it is possible to accurately identify children and young people with EHC plans that have similar levels of support need using currently available data; and ii) whether currently available outcome measures give an adequate account of the value that settings provide for all children and young people with EHC plans.

It is not possible to predict in advance of conducting a VfM analysis using the recommended methodology the extent to which the primary research question can be adequately addressed. We have therefore recommended additional workstreams to ensure that a VfM analysis in the near term is as robust as possible. These steps would enable the Department to test and validate its findings retrospectively and address key gaps in data so that a more wide-ranging VfM assessment is possible in future without the caveats and limitations outlined in the approach below. An overview of the stages and sequencing is as follows, and each stage is discussed in detail below.

- i. **Preliminary analysis:** at the same time as constructing the longitudinal dataset required to carry out a near term VfM analysis, the DfE could explore a series of preliminary analytical questions. These will help nuance the approach and advance the DfE's understanding of the different sub-populations and trends within the EHC plan cohort
- ii. **Value for Money analysis feasible in the near term:** we recommend a quasi-experimental approach that uses propensity score matching to identify and compare specific outcomes achieved by EHC plan sub-populations who appear to have similar needs and abilities but who attend different settings. This would be combined with financial cost of education in a Cost Effectiveness Analysis (CEA)
- iii. **Projects to validate findings and address key gaps in data:** depending on the results of the near term VfM analysis, the DfE could consider several projects to test and validate the findings of the near term VfM analysis and address key data gaps in order to make a more robust and granular VfM assessment (such as a Cost Benefit Analysis) possible in the future

i. Preliminary analysis

We have not conducted primary analysis of pupil/student-level data in this feasibility study. The proposed approach for a VfM analysis in the near term is therefore based on a combination of theory, qualitative input from interviewees, academic and education policy experts, and others, and assessments of evidence and available data.

For this reason, it is recommended that before any VfM analysis commences the DfE conduct preliminary analysis using real data to test assumptions related to the approach proposed below, and to test potential methodological challenges highlighted during this feasibility study (e.g. differences in local authority approach that could affect pupil/student outcomes and cost of education). This should also go further than previous published analysis in exploring the variance in needs and outcomes of the EHC plan population.

The approach to preliminary analysis should be exploratory and iterative. The DfE should expect to nuance and/or adapt the near term VfM approach depending on findings.

Constructing a pupil/student-level dataset

The DfE would first need to construct a longitudinal dataset of children and young people aged 4 to 25 in all setting types, for as many years as data is available. This dataset should also be used to explore the preliminary questions below.¹⁰²

Preliminary analysis questions

Preliminary question 1: To what extent do pupils move between setting types during their school career? What proportion of the population does not move setting type?

There are various setting types that children and young people with EHC plans can attend,¹⁰³ and they may move between them over the course of their education career for a variety of reasons. Interviewees suggested that it is not possible to infer from data alone whether moves constitute good, poor, or neutral outcomes from the perspective of the setting that the pupil/student moves from and/or to.

The DfE should therefore conduct analysis on the proportion of pupils/students with EHC plans whose placement is stable (e.g. for secondary age, for post-16). If this represents a

¹⁰² The available data period is considered in more detail on pg. 80-81 below. The NPD and LEO datasets contain the majority of necessary information (and the Pupil Level Annual Schools Census for years prior to 2006). The datasets that make up the NPD are themselves reviewed in [Section 3](#) (pgs. 34-35). Note that we expect simply constructing such a dataset and running initial descriptive population statistics will generate new insights.

¹⁰³ See [Section 2](#) above for the full list of settings included in this study.

large proportion of the total, it may be advisable to include this population only in a VfM analysis. This will make it clear which setting to attribute outcomes to at different stages.¹⁰⁴ The analysis could also generate new insights, for instance identifying patterns in the needs of children and young people that change settings more than others, and whether there is more stability in different phases of education.

Interviewees also highlighted that children and young people with EHC plans are more likely to move local authority than their peers with no SEND, for instance, to attend specialist settings or mainstream settings with a highly regarded SEND approach. The ability to track such movements between local authorities over time should also be tested when constructing the longitudinal dataset.

Preliminary question 2: What are suitable comparable sub-populations of children and young people with EHC plans? What outcome measures is it appropriate to use to compare the outcomes that these sub-populations achieve in different settings?

As discussed in [Section 4](#), there are large variations in the academic attainment and achievement of other outcomes within the population of children and young people with EHC plans. It will therefore be necessary to look at and compare smaller, distinct sub-populations in a VfM analysis. This is to ensure that the study utilises outcomes that are appropriate for children and young people with different needs and levels of attainment, and so that broadly similar children and young people are compared with one another.

Primary need code (e.g. ASD, MLD, SEMH) is the obvious way to segment the EHC plan population based on the data currently available.¹⁰⁵ It should be noted, however, that some local authority and setting interviews suggested that primary need code can be relatively subjective. This is supported by the variance in the proportion of the total EHC plan population with different primary need codes by local authorities, even for statistical neighbours.¹⁰⁶ A preliminary analysis should therefore also test the assumption that primary need codes are a meaningful way to segment the EHC plan population, and

¹⁰⁴ If this excludes a large proportion of the EHC plan population, then it may be possible to introduce variables into the individual-level dataset to indicate whether placements were stable or unstable for a full stage of education. Another option is to look at the added value of each additional year that pupils/students who do move settings spend in a particular setting type relative to those whose placement is stable. This would avoid reducing the sample population size, but it would also introduce additional complexity and potential uncertainty over attributing outcomes.

¹⁰⁵ Matching methodologies are discussed further on pgs. 75-77 below.

¹⁰⁶ For instance, the percentage of primary school pupils with an EHC plan and primary need of MLD in Oldham and its 5 statistical neighbours ranges from 20% to 42%. For SEMH the range is 14% to 25%. and standard deviation 4.5%. Social Finance calculation using [National tables: special educational needs in England – January 2019](#).

whether there is some other combination of pupil/student characteristics and attainment data (up to age 11) that is more useful.

The first task is simply to baseline the attainment of the population of those with EHC plans by primary need code across the range of different outcome measures available to the DfE. This will test and validate assumptions made about the most appropriate measures for each sub-population that can be used in a VfM analysis.¹⁰⁷ Such detailed statistics have not been published before, and it could provide significant insight into the achievements of different sub-groups within the EHC plan population.

Preliminary question 3: How does variance in local authority SEND approach affect pupil/student outcomes and cost of support?

The local authority and setting interviews and desk research, highlighted different local factors that may affect the comparability of settings in terms of VfM for children and young people with EHC plans. For example, the balance between mainstream and special schools.¹⁰⁸ These factors are unobserved in the available data, but it may be possible to identify which, if any, appear significant. If so they can be controlled for to some extent in subsequent VfM analysis or taken into account when interpreting results. For example, local authorities that appear to be outliers in some aspect of their SEND approach could be removed from the dataset. This would avoid inexact comparisons between pupils/ students educated in very different local authority systems. Research questions include:

- In similar local authorities where the rate of children and young people with EHC plans is very different, are the average support needs of children and young people also different? A proxy for support needs in this instance could be the average high needs top-up funding amount for EHC plans of different type
- Is there a correlation between a relatively high rate of children and young people with EHC plans, and the proportion of children and young people educated in special schools?
- Is there a correlation between approach to allocating high needs funding, and overall children and young people outcomes?
- Is there a correlation between the result of a local authority's Ofsted/CQC joint SEND inspection and children and young people outcomes?

¹⁰⁷ See pg. 79 below for the full list of outcomes measures that we recommend using for different stages of education and pupil/student needs. [Section 5](#) discusses appropriate outcomes in detail.

¹⁰⁸ See pgs. 43-44 for further discussion on variations in local SEND approach.

ii. Value for Money analysis feasible in the near term

Following the preliminary analysis outlined above, we recommend a quasi-experimental approach that uses propensity score matching to assess the impact of different setting types on outcomes for children and young people with EHC plans. The financial costs of setting type are then incorporated in a Cost-Effectiveness Analysis (CEA) to assess VfM.

Analysis approach – overview

Interviews with local authorities and settings, the DfE and other sector organisations suggested that children and young people with EHC plans that have the same primary need type, similar level of support need (e.g. high, mid, low level of classroom support required), and similar academic and other attainment may not attend the same type of setting. This is true both across different local authorities, and sometimes within the same local authority.

This can be for a variety of reasons: there are variances in the geographic availability of maintained and independent and non-maintained specialist setting places; professionals have different interpretations of the most suitable setting type for different children and young people; and personal experience affects both parent's and pupil/students' preferences for particular types of setting.¹⁰⁹

This variation can be exploited to examine differences in outcomes between setting types. A regression-based approach is recommended to compare the effect of setting type(s) upon outcomes for pupils/students with apparently similar needs. To establish the appropriate treatment and counterfactual groups required to estimate the effect and run the regression model, propensity score matching is recommended.

Propensity score matching should be used to identify children and young people with EHC plans¹¹⁰ who, up to age 11, attend the same setting type and appear to have similar needs, characteristics, and attainment, but who attend a different setting type there-after.

¹⁰⁹ Differences in the way that resources are divided between mainstream settings and the high needs block can result in different thresholds for an EHC plan. In local authorities where relatively more funding for SEND is provided directly to mainstream settings, typically for historic reasons, they might be able fund a greater proportion of support for children and young people with SEND from their core budgets. In other places where more SEND resources are directed through the high needs budget, it is likely that pupils/students may have greater need of an EHC plan to receive the same level of support.

¹¹⁰ In this section we use 'children and young people with EHC plans' and the 'EHC plan population' to refer both to those pupils/students that received an EHC plan since 2014 and those who had received a Statement of SEN prior to 2014 SEND reforms, or who had a Learning Difficulty Assessment during post-16 and further education. The Statement of SEN was the equivalent of an EHC plan prior to 2014.

Their outcomes could then be compared at ages 16, 19 and 25 to identify the treatment effect of the setting they attended.

Regression analysis and propensity score matching, outlined in detail below, are recommendations for the most appropriate analytical approaches given the qualitative findings of this feasibility study. However, other approaches should not be ruled out and it is advisable that a range of approaches are explored. Some variants and alternatives to the recommended approach are considered in the text and footnotes below, though this is not exhaustive.

Regression approach

Broadly speaking, the goal is to estimate for each pupil/student one counterfactual outcome to represent what would have happened had they attended a different type of setting. Differences between children and young people's actual and counterfactual outcomes represent the "effect" of attending a particular type of setting.

A regression-based approach could be adopted to compare outcomes Y_i for children and young people attending different types of setting T_i conditional on a set of observable covariates X_i .

$$Y_i = b_0 + \gamma_i T_i + X_i \beta_i + u_i$$

The main analytical interest lies in estimating γ_i : the effect of attending type of setting T_i (e.g. mainstream school), relative to the counterfactual setting (e.g. special school). However, interpreting this as a causal effect would assume:

1. There is sufficient common support¹¹¹ between children and young people in treatment and control groups in terms of the observable covariates X_i
2. The observable covariates X_i are similarly distributed over the area of common support
3. There are no unobservable covariates driving the allocation of children and young people into different types of setting

These are fairly strong assumptions.¹¹² A quasi-experimental approach is therefore recommended as a preliminary step to establish appropriate treatment and

¹¹¹ Common support is discussed in more detail in the propensity score matching section below.

¹¹² Assumptions 1 and 2 are dealt with to some extent by the quasi-experimental propensity score matching approach outlined below, which attempts to set up treatment and counterfactual groups of similar matched individuals, who, for whatever reason, attend different education settings. However, assumption 3 can

counterfactual groups of similar pupils/students that attend different settings. The outcomes of these groups can then be compared using the above regression approach.

Propensity score matching

Propensity score matching is an effective and common approach to establishing treatment and counterfactual groups for evaluative purposes. The overall process could be as follows.

First, the EHC plan population is segmented according to primary need. For each of these sub-groups, we expect that there is one 'dominant' setting type, that is, a setting type that pupils most commonly attend.¹¹³ Let us assume for illustrative purposes that the dominant setting type for pupils with a primary need of ASD is mainstream. Pupils with ASD in mainstream settings are therefore in the treatment group, and their outcomes will be compared to a counterfactual group of pupils in other settings.

Pupils in both treatment and counterfactual groups are given a propensity score and matched based on their probability of attending the dominant setting type according to certain matching variables.

Individual-level matching

Ideally, children and young people would be matched in terms of observable characteristics at a given point in time. Age 11, when most pupils change school at the end of Year 6 appears optimum. We expect that this is the most common point that the education journeys of children and young people with similar needs diverges. Furthermore, 80% of 16-year olds with EHC plans first receive one by age 11, which maximises the size of the observable population.¹¹⁴

Using NPD data, it would be possible to match children and young people with the following individual-level variables at age 11:

- Attainment at Foundation Stage, Key Stage 1 and Key Stage 2
- School attendance history (if they have been in state-funded schools)
- Exclusions history (if they have been in state-funded schools)

never truly be ruled out. In this instance, we invoke the conditional independence assumption (CIA) that allocation to different setting types is independent conditional on the observed covariates X_i . In practice, this means trying to ensure that any factors known to influence type of setting are included in the variables.

¹¹³ The term 'pupils' is used here (and throughout this section as appropriate) as opposed to 'children and young people' as it refers specifically to school-age pupils. This is because the recommended propensity score matching approach will match pupils based on their characteristics and attainment up to age 11.

¹¹⁴ Calculation by FFT Education Data Lab using the NPD.

- Free school meal history (if they have been in state-funded schools)
- Other demographic characteristics (gender, month of birth, ethnicity etc.)
- Neighbourhood-level deprivation using Income Deprivation Affecting Children Index (IDACI)
- Year of first registration in the state-funded system (this is particularly useful for children and young people who are international arrivals)
- Involvements with social services for children in need/ children looked after
- Age at which EHC plan was issued
- Primary and secondary need¹¹⁵

These matching variables are essentially used as proxies for pupil/student level of need in the absence of a single standardised measure, and academic and other abilities.¹¹⁶

The success of this approach depends on the quality of the matching of similar children and young people. Ideally, propensity score matching would identify in the counterfactual groups (e.g. pupils attending special schools) a significant proportion of pupils who, according to the matching variables, would have been expected to attend a mainstream school. This is common support. If the matching is too restrictive, there may not be enough children and young people to calculate statistically reliable impact estimates. If it is too permissive, the like-with-like comparison may not be sufficiently robust. Some experimentation will be necessary to refine cohort sizes.

We therefore recommend using different approaches to matching. The simplest method is nearest neighbour matching, in which pupils in the treatment and counterfactual groups that have the closest propensity scores are matched. Where the matches are not sufficiently close (i.e. propensity scores are too dissimilar) the matches would be rejected. Other options that should be tested to improve the matching quality include matching with and without replacement, caliper size, number of matches (e.g. one to many), and covariate balancing propensity score. The best approach will depend on the

¹¹⁵ Note that pupil primary and/or secondary need should not be included in the list of matching variables if they are used to initially segment the treatment and counterfactual populations, as described above. They could, however, be included in the list if the initial treatment and counterfactual groups are created based only on setting type. This would mean that pupils with ASD, for instance, could be matched with those with Hearing or Visual Impairment (and so on) if they appear to have similar levels of support need and attainment. This would overcome the issue of local authorities assessing primary need differently. But the validity of comparing the outcomes of pupils with different primary needs should be tested with practitioners.

¹¹⁶ This list is a selection of relevant and appropriate individual-level variables available in the school census and other education datasets. They have been selected by FFT Education Data Lab and Social Finance based on their evidenced relationship to pupil outcomes. A test for other relevant variables could be run during preliminary analysis.

extent to which treatment and counterfactual groups are balanced in terms of matching variables.¹¹⁷

Multi-level matching

As well as using individual-level variables to match similar pupils, there are variables that apply to multiple pupils that could be included. For example, it might be necessary to match children and young people living in similar local authorities to control for differences in the SEND approach and/or percentage of pupils with EHC plans.¹¹⁸ In multi-level matching pupils are matched according to both individual-level characteristics (above) and group-level characteristics, such as similarities between different local authorities.

Indicators that could be used as variables to match pupils at a group level based on similarities between different local authorities, include but are not limited to the following:

- Percentage of children and young people with EHC plans in each of the last 5 years
- High needs budget per total school and/or total EHC plan population
- Other indicators included in the DfE National Funding Formula¹¹⁹

Outcomes and age at which outcomes are observed

Table 9 outlines existing measurable outcomes that it would be appropriate to use at different stages in the educational journey for the EHC plan population as a whole.¹²⁰

¹¹⁷ Covariate balancing propensity score weights the sample in terms of observable covariates and propensity to attend the dominant setting type: [Covariate balancing propensity score, K. Imai and M. Ratkovic, March 2013.](#)

¹¹⁸ Multilevel matching: [Package 'matchMulti', L. Keele, S. Pimentel, P. Rosenbaum, August 2018.](#)

¹¹⁹ There are likely to be other criteria for matching similar local authorities, such as the unit cost of education, and the availability of different specialist provision. See pgs. 43-44 for discussion of how local SEND approach may affect cost of education, setting type and outcomes. Preliminary analysis Question 3 is intended to inform whether these and/or other factors are suitable criteria for matching similar local authorities.

¹²⁰ See [Section 4](#) for a detailed discussion of appropriate outcomes measures.

Table 9: Outcomes assumptions

Age at which outcomes observed

	16	19	25
Principal measures	Academic attainment by age 16	Academic attainment by age 19	Academic attainment by age 25
		% NEET	% in sustained employment
			% receiving welfare benefits
Possible alternative measure	Exclusions and attendance	Exclusions and attendance	

Setting stage being evaluated

	16	19	25
Main education stage	Secondary	Post-16	Post-16
Other stage(s)	Primary	Secondary	Secondary

Principal measures – Attainment

As discussed in [Section 4](#) above, measures of academic attainment are available for almost all the EHC plan population, though there are questions over the extent to which they represent a rounded picture of achievement and progress in education for some children and young people. However, due to the availability and robustness of this data, and because they are universal outcomes measures we recommend using them as the principal measure in a near term VfM study. Over the longer term the Department should work to develop a wider and more appropriate range of indicators.

The specific measure(s) used to compare the performance of EHC plan sub-populations will depend on whether they are higher or lower attainers. There are various academic

outcomes that could be used to compare the attainment of children and young people at different ages. These include all approved qualifications and not just the subset eligible for inclusion in Performance Tables (e.g. entry level qualifications). Suggestions include:

1. Capped “best 8” points score in all approved qualifications
2. English points score in all approved qualifications
3. Maths points score in all approved qualifications
4. The achievement of qualifications equivalent to level 1 of the National Qualifications Framework
5. The achievement of any recognised qualification

For most children and young people, we would expect attainment indicators 1-3 above to be appropriate (e.g. at age 16). For children and young people who are the lowest attainers indicator 5 may be more suitable.

Our hypothesis for the appropriate indicators for different primary needs types is summarised in Table 10. This should be tested in preliminary analysis.

Table 10: Assessment of attainment outcomes that could be included in a comparative analysis by SEND primary need type¹²¹

	Capped ‘best 8’ points score	English and maths points	Any qualification
Specific Learning Difficulty	Y	Y	N
Moderate Learning Difficulty	Y	Y	N
Severe Learning Difficulty	?	?	Y
Profound & Multiple Learning Difficulty	N	N	N
Social, Emotional and Mental Health	Y	Y	N
Speech, Language and Communication Needs	Y	Y	N
Hearing Impairment	Y	Y	N
Visual Impairment	Y	Y	N
Multi-Sensory Impairment	?	?	Y
Physical Disability	Y	Y	N
Autistic Spectrum Disorder	Y	Y	N
Other Difficulty/Disability	Y	Y	N

¹²¹ Note that this table is intended to indicate the most likely category of attainment measure that will be most appropriate for children and young people based on qualitative research and a review of published evidence. In reality, it may be prudent to look at all categories of qualification for all primary need types.

Principal measures – Sustained employment

Using sustained employment as the ultimate outcome measure for different setting types feels appropriate, especially since in this analysis it will reflect the employment rate of a type of setting as a whole rather than any specific school or college etc.

Conducting this analysis – finding the employment rate, and potentially the unemployment and economically inactive rate, for people who had EHC plans during education split by primary need and other characteristics – will address a significant gap in evidence that will also be valuable for other DfE policy initiatives and the wider sector.

The LEO dataset is required for this analysis. It is important to note that, unlike the NPD, the DfE has not yet been able to make the LEO dataset available to external researchers. While the DfE wishes to extend access as soon as possible, it has not been confirmed when this will be achieved and what will be available to researchers. This also means that the processes for vetting and signing-off external researchers and projects have not been fully defined. In addition, there is a great deal of interest in using LEO data and when access is made available there is likely to be a great deal of interest/applications made at the same time.

In light of this, one option for the DfE to consider is to conduct the proposed near-term analysis internally. If the DfE does partner with an external researcher, then the analysis could go ahead excluding the LEO dataset. This would enable quick progress, though would somewhat reduce the scope of new insights. The alternative is to pause for a short time while access to LEO is finalised. This might provide DfE with more time to consult and co-develop a research specification with the sector, and to explore the projects proposed under [Recommendation iii](#) below (pg. 84).

Age at which outcomes are observed

We recommended observing outcomes at ages 16, 19 and 25. Attainment at Key Stages 4 and 5 can be observed at ages 16 and 19. Age 25 represents the end of statutory responsibilities for local authorities and settings for young people with EHC plans, so is a suitable point to observe all qualifications achieved during post-16 education.

The drawback of observing outcomes at these times is that the findings cannot be used to assess the value of primary age settings. This issue is mitigated to some extent because it appears that the most common age at which pupils move from mainstream to special settings is at age 11.¹²² However, the methodology could potentially be adapted

¹²² This is based on previous analysis conducted by Social Finance using local authority data, and anecdotal evidence from local authority interviews as part of this project. It would be worthwhile to test whether this pattern is reflected nationally using national datasets.

for primary settings by matching younger pupils according to the individual-level matching variables discussed above and including receipt of an EHC plan at a similar time. It should be noted, however, that match quality may be lower for this approach.

Children and young people included in the analysis

The methodology proposed here is limited to children and young people who have EHC plans at the start of the academic year 7. Several cohorts could be used. For example, as the table below shows, the cohort of children and young people which turned 16 in 2017/18 would have turned 12 in 2013/14. This is the youngest cohort for which the current time-series of Key Stage 4 data exists.¹²³ To examine outcomes at ages 19 and 25, older cohorts would have to be used. It would be advisable to estimate effects for several cohorts in order to test the stability of the estimates.

Table 11: The youngest cohorts which could be used to estimate treatment effects at ages 16, 19 and 25¹²⁴

Age at end of academic year	Age 25	Age 19	Age 16
12	2004/05	2010/11	2013/14
13	2005/06	2011/12	2014/15
14	2006/07	2012/13	2015/16
15	2007/08	2013/14	2016/17
16	2008/09	2014/15	2017/18
17	2009/10	2015/16	
18	2010/11	2016/17	
19	2011/12	2017/18	
20	2012/13		
21	2013/14		
22	2014/15		
23	2015/16		
24	2016/17		
25	2017/18		

¹²³ Key Stage 4 data is available much further back than 2013/14, but changes to KS4 assessment in 2013/14 breaks the time-series.

¹²⁴ Analysis needs to take account of the 2014 reforms, which introduced the EHC plan in place of the former statement of SEN. This and other changes to legislature and curriculum should not have too much effect, as attainment and other outcomes are compared within the same cohort rather than to current rates. One issue, however, is that qualitative information on local authority SEND approach and other characteristics may not extend back more than a few years, so cannot be included as a matching criteria for older cohorts.

Value for Money approach

We recommend using a Cost Effectiveness Analysis (CEA) to incorporate the financial cost of different setting types into the comparison of pupil/student outcomes. The approach is as follows.

For each of the matched EHC plan sub-populations (e.g. children and young people with ASD and similar needs that attend different settings at age 11; children and young people with MLD and similar needs that attend different settings at age 11) average outcomes achieved at age 16, 19 and 25 are given as a ratio of the average annual financial cost of the setting: Cost / Effectiveness.

Given that we recommend observing outcomes at multiple points and splitting the EHC plan cohort into several sub-populations based on primary need and other matching criteria, there will be several cost-effectiveness ratios for each sub-population.

Example:

Propensity score matching identifies matched treatment and counterfactual groups of children and young people with ASD who during primary school appeared to have similar needs and academic attainment at Key Stage 1 and 2. At age 11 these children and young people go on to attend different settings (e.g. mainstream, special, independent) forming three new sub-groups.¹²⁵

The outcomes for the three sub-groups are compared at ages 16, 19 and 25. Given this sub-population are relatively high attainers (e.g. based on Key Stage 2 performance), both academic attainment and employment outcomes are compared. For relatively lower attainers, Maths and English points could be used as attainment measures.

To create CEA ratios, the average outcomes that the three groups achieve at ages 16, 19 and 25 are combined with the average annual or total lifetime cost of the setting they attend. This results in a table of ratios with which to compare the three sub-groups. The CEA ratio for the children and young people that attend mainstream settings observed at

¹²⁵ The recommended methodology presented here proposes matching similar pupils age 11, and then comparing the outcomes that these same matched pupils achieve by ages 16, 19 and 25. However, this does not take account of the possibility that pupil/students' needs will change over time. An alternative approach is to match pupils initially at age 11 in order to make outcomes observations at age 16, and then to re-match pupils at age 16 in order to make outcomes observations at age 19 (and so on), as some pupils will have a similar education journey to age 16 but then attend different setting types thereafter.

age 16 could be, for instance, £9,000 / Progress 8 score of 0.2 (illustrative example).

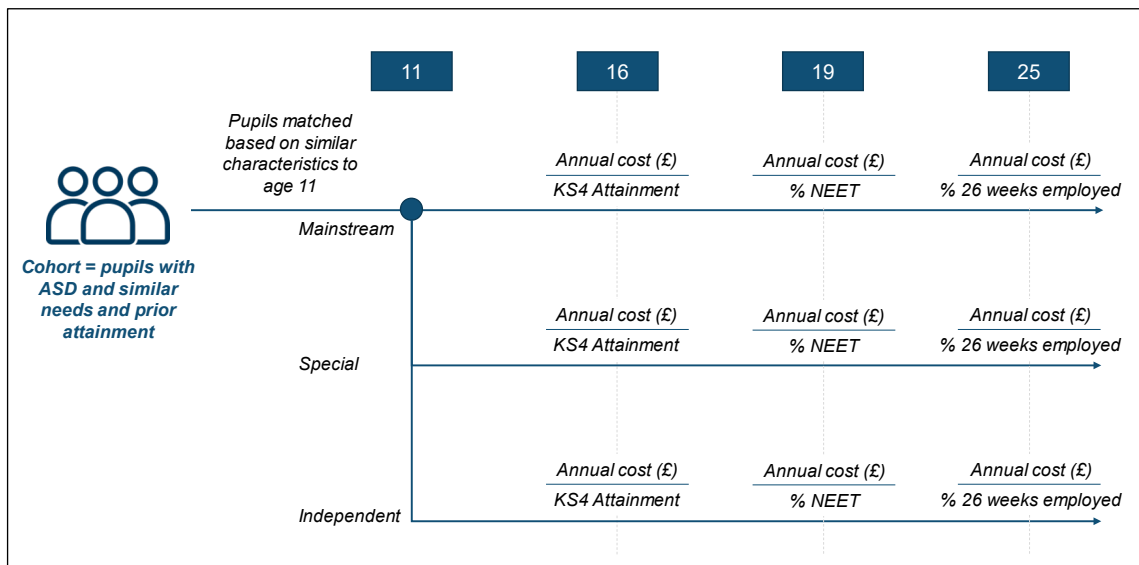


Figure 7: Overview of VfM methodology

Risks to validity and potential mitigants approaches

The robustness of the estimates generated by propensity score matching depends to a large extent on how well the matching process replicates the process by which children and young people with EHC plans are allocated to different types of setting. It will therefore be necessary to experiment using a number of methods to test the interaction effects and validity of the matching process.

If this process of trial and error finds that different approaches produce similar results in terms of matches, it suggests that matches are robust. If results vary, however, it may suggest that there are unobserved variables affecting setting type and outcomes. For example, if the treatment and counterfactual groups differ in terms of unmeasured level of support need then it would be invalid to attribute any differences in outcomes to the type of setting attended.

Variants of propensity score matching

In these instances, it may be necessary to employ additional approaches to account as much as possible for unobserved variables and to assess to what extent, if any, the analytical method is driving results. A fixed-effects approach is one option. This involves introducing fixed 'dummy' variables into the model to account for unobserved variables. Such unobserved variables could include, for instance, the level of funding or quality of

support from local health services for children and young people with EHC plans in a particular local authority.¹²⁶

Other analytical approaches

Alternatives to propensity score matching can also be explored. Principal component analysis, for example, is an approach often used in econometrics to visualise distance and relatedness between populations based on observations of possibly correlated variables, as well as to reduce the number of relevant variables included in analysis.¹²⁷ A recent study also notes Euclidean and Coarsened Exact Matching as possible alternatives depending on the nature of the variables in the dataset.¹²⁸

¹²⁶ One drawback to a fixed-effects approach is around establishing sufficient so-called common support. The propensity score matching approach described above relies on differences between local authorities to establish matched comparison sub-populations. Adjusting for this local authority-to-local authority difference by introducing a dummy control variable could substantially reduce the size of the population that can be matched and compared. See [Practical procedures to deal with common support problems in matching estimation, M. Lechner and A. Strittmatter, Econometrics Review, Volume 38, 2019, issue 2.](#) Insights from preliminary analysis question 3 may inform potential suitable 'dummy' variables.

¹²⁷ [Principal component matching: a review and recent developments, I. Jolliffe and J. Cadima, Philosophical transactions of the Royal Society, April 2016.](#)

¹²⁸ [G. King and R. Nielsen, Political Analysis, 2019.](#)

iii. Projects to validate findings and address key gaps in data

The propensity score matching approach outlined above will advance the DfE's understanding of relative setting value, but it has limitations.

For instance, this approach is designed to identify, using currently available data, children and young people with EHC plans that have seemingly similar support needs. It would not be necessary with a standardised, objective measure of level of support need. Furthermore, there are legitimate questions about whether measures of attainment will give a rounded picture of the wider value settings create for many children and young people with EHC plans. Additionally, while the CEA approach outlined above will provide new insights, a CBA would likely be needed as part of any future formal DfE business case for changes to high needs funding.

We have therefore developed a Value for Money Roadmap to develop new insights and over time address underlying gaps in data and analysis. This would begin by first constructing a comprehensive dataset for preliminary analysis and then conducting an initial VfM analysis. We have also identified smaller-scale projects to ensure this analysis is as robust as possible; longer-term projects to address key gaps in data so that a more granular VfM assessment is possible in the future; and more fundamental changes that would enable VfM assessments to be conducted as part of business as usual.

Value for Money Roadmap – summary

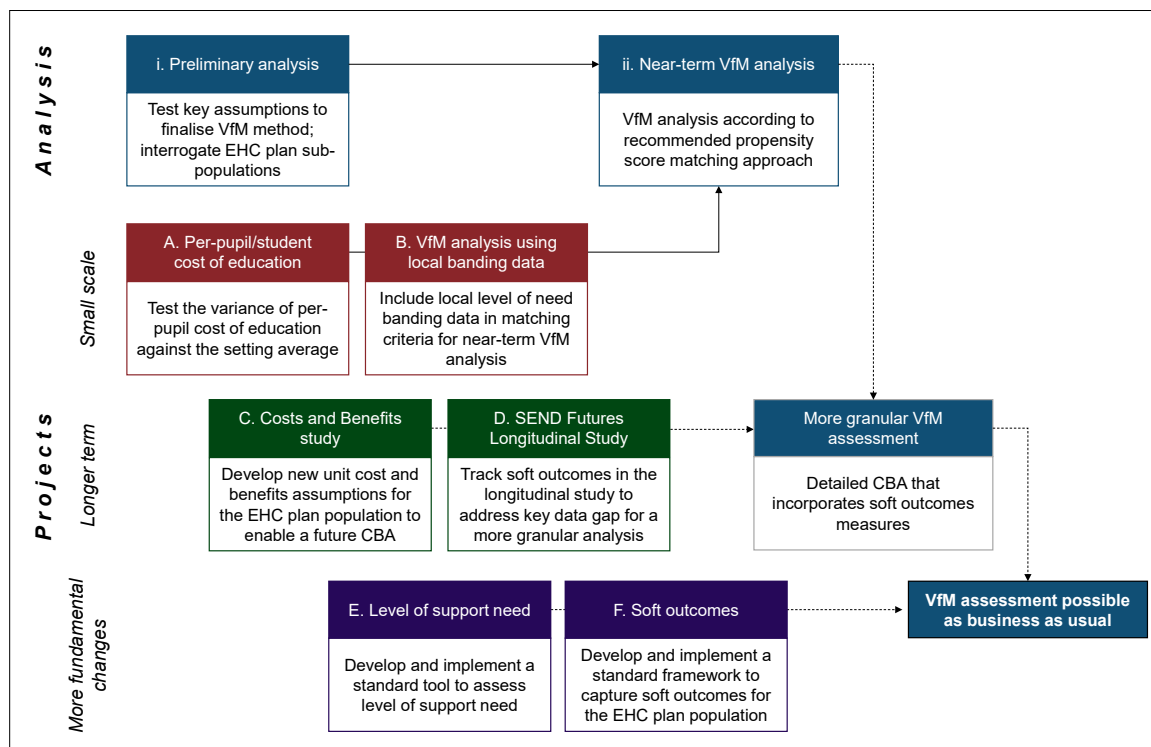


Figure 8: Roadmap for preliminary and near-term VfM analysis and subsequent projects

Overview of projects A to F¹²⁹

Small scale projects

These are relatively small-scale primary research projects that will either nuance the approach for, or validate the findings of, the near-term VfM analysis.

Project A. Per-pupil/student cost of education – the average cost of education for children and young people with EHC plans can be calculated using financial returns such as the CFR, AAR, Section 251, and College Accounts, as well as information from the School Census, AP Census and the ILR. For mainstream and special settings, this is the average cost of education for children and young people with EHC plans at each setting: for independent and non-maintained settings, the average cost of all those with EHC plans attending all independent and non-maintained settings from a single local authority. Interviewees cited that there is often a wide variance in the actual cost of supporting individual pupils/students, even within the same setting. The DfE could therefore conduct primary research in a small number of local authorities to explore how wide this variance is and whether future VfM studies would be more effective using more granular cost

¹²⁹ Project objectives and key activities are summarised here. More detailed recommendations (including research questions, partners, likely timelines) are in [Annex 1](#).

information. Note that the objective would be to test average cost data from DfE-accessible datasets against both high needs budget data held by local authorities and against actual spend data held by settings.

Project B. VfM study using local banding data – some local authorities already employ sophisticated banding and matrix systems to assess individual child and young person level of support need, which capture codifiable data. The DfE could conduct a small-scale VfM analysis in a sample of these places, employing the method outlined above (Recommendation ii) but using local banding data to match children and young people, either instead of or in addition to propensity score matching using pupil/student characteristics. The project objective is to test whether the codifiable data from such banding systems produces better matches. This would validate or challenge the findings of the near-term VfM analysis, and may also provide useful insight into whether developing a national, standardised approach to assessing pupil/student level of support need (i.e. Project E) would be worthwhile. Case studies also identified that some local authorities use the same banding systems. If it turns out that these authorities employ systems and collect data in the same way it may be possible to conduct analysis across these groups of local authorities to increase the sample population size.

Both projects A and B would take place at the same time as the near-term VfM analysis (to nuance the approach) or immediately afterwards (to validate the robustness of findings). It would be simplest to conduct projects A and B with the same local authorities.

Longer-term projects

These are longer-term primary research projects to address key gaps in information that will enable a more granular and comprehensive VfM assessment in future – specifically, a CBA that includes soft outcomes alongside attainment and other measures already accessible to the DfE.

Project C. Costs and Benefits study – the DfE could conduct a study in a small number of local authorities to gather new evidence on the costs and benefits to public sector organisations and wider society of children and young people with EHC plans. This would develop the evidence base in three ways: first, by establishing unit costs and benefits for both the indirect and wider social impacts described in [Section 5](#) above (e.g. monetisable impact on families) where these are currently lacking; second, by building evidence about the extent to which children and young people with EHC plans currently use public services during and after education (e.g. level of engagement with Adult Social Care); and third, by interrogating the relationship between different setting types and future outcomes, service usage, and other costs and benefits.

This project can take place independently and irrespective of the findings of near term VfM analysis. While the findings will enable a more granular VfM assessment in future, the outputs (e.g. research publications, open data) will also be valuable for the DfE and sector more widely. This project would require significant input from local authority officers and other local partners so should be conducted in local authorities other than those taking part in Projects A and B.

D. SEND Futures Longitudinal Study – the other strand of the SEND Futures programme of research and analysis is the ‘longitudinal study strand’. The ultimate aim of this strand is to conduct a large-scale longitudinal study in order to gather evidence on the outcomes and experiences of children and young people with SEND in England. This study could be used to address the important gap in soft outcomes for many children and young people with EHC plans. For instance, a sample of pupils and students with EHC plans with different needs and level of support needs could be assessed against a soft outcomes framework and then tracked for a number of years to gauge their progress and outcomes. The results from this study could be included as data points in a subsequent VfM assessment (i.e. in a pupil/student-level dataset) or applied to the findings as averages. For all pupils – primary age pupils working below the national curriculum, as well as other primary and all secondary age pupils – a framework could be aligned to preparing for adulthood (which is already recognised and valued by settings) but informed by other cognitive and related soft outcomes within existing frameworks in the market (e.g. such as SkillsBuilder).

This project can take place independently and irrespective of the findings of the near term VfM analysis. As in the case of project C, findings from a large-scale longitudinal study would both inform a future detailed VfM assessment and offer significant wider insight into the relationship between pupil/student needs, the support and education they receive, and the progress and outcomes they achieve.

It should be noted that a longitudinal study could also be used to collect per-pupil/student level of support data, which is the other key data gap identified in this feasibility study. The approach would be similar to that outlined above, and several local authorities and sector organisations have already developed such frameworks that the DfE could review in more detail with a view to further developing and testing in the longitudinal study. This would collect useful data on level of support needs for the purposes of a future VfM assessment, although the ‘added-value’ of this exercise may be less in comparison to capturing soft outcomes data through the longitudinal study.

Fundamental changes

These are possible wider changes based on the findings of the feasibility study. They are much longer-term and larger-scale undertakings. They would design and introduce new frameworks and guidance for local authorities and settings to assess and collect data on level of support need and soft outcomes – the two key gaps in DfE data identified in this project – as part of business as usual for all children and young people with an EHC plan. This would also introduce new requirements for local authorities, settings and the DfE.

E. Level of support need – the DfE should consider the introduction of an objective, standardised tool to assess pupil/student level of need for use in all local authorities as part of business as usual. The codifiable data collected using such a framework would make future VfM analysis and assessment more straightforward, for instance by allowing more robust matching of similar children and young people and therefore more robust comparisons of setting types. Such a tool could also provide significant additional value for settings and local authorities. A variety of tools, processes and approaches are currently used to assess pupil/student needs and calculate top-up funding at a local level, some better than others. This is an area where local authorities asked for greater guidance from the DfE during interviews, and introducing a single, universal framework could reduce the variability children and families experience in different local authorities while enhancing practitioners' ability to capture and profile the holistic needs of children with SEND and plan appropriate support. Several local authorities and sector organisations have developed such frameworks that the DfE could review in more detail, with a view to developing further and rolling out more widely.

Developing and rolling out such a tool nationally would, however, be a long-term project and would introduce new requirements for settings and local government (consultation, change fatigue, data collection, quality assurance etc.). It would also have to align with other DfE and sector programmes and initiatives (e.g. SEND Review).

F. Soft outcomes – the DfE could introduce a universal soft outcomes framework that can be used for summative assessments for all children and young people with EHC plans, and which captures quantifiable, codifiable data. This would provide greater insight into the progress and achievements of some children and young people and would enable much more rounded VfM assessment in future. It would also create a rich dataset on the outcomes of children and young people with SEND that could be used for manifold other analytical purposes. As per project D above, it is recommended that a framework could be aligned to preparing for adulthood (which is already recognised and valued by settings) but informed by other cognitive and related soft outcomes within existing frameworks in the market (e.g. such as SkillsBuilder).

Developing a soft outcomes framework that could effectively and consistently capture quantitative outcomes data for children and young people with SEND, in particular

focusing on long-term preparation for adult life, would be a large undertaking, and several interviewees questioned whether it is even possible.

Projects E and F are more fundamental changes that must balance the potential benefits against any new requirements that level of need and soft outcomes frameworks could create. However, depending on how they are introduced and used by settings and families/carers they could enable a substantially better understanding of how value is created for children and young people with SEND, and therefore support more effective and outcomes focused approaches tailored to individual needs.

Annex 1 – Detailed project recommendations

A. Per-pupil/student cost of education

- Key questions: what is the variance in per-pupil/student spend on education in different settings with the average per-pupil/student cost data available in DfE-accessible datasets (S251, CFR, AAR and College Accounts)? Is using average cost misleading for some children and young people? Note that it will be important to test this in all setting types including independent and non-maintained settings, since the Section 251/SEN2 returns only provides the average cost of all independent and non-maintained placements in a particular local authority, not the average cost for each independent and non-maintained setting
- Approach: the DfE engages with a small number of local authorities that ideally have close and trusted relationships with several representative settings (incl. independent and non-maintained settings). The DfE selects a sample of children and young people from each type of setting, and asks the respective settings to prepare an estimate for the actual annual cost of education for these children and young people. This actual cost is compared against the average that is available from DfE returns, and also the per-pupil/student budget data that is held by the local authority
- Next steps: if there is only a small variance, then the DfE-accessible cost data is a good reflection of actual spend, and confirms the robustness of the findings of the near term VfM analysis. If there are large variances between actual cost and average, such that more precise cost data would be preferable in a future VfM assessment, then there are different options for gathering more accurate data for a future study. The preferred option would be to request per-pupil/student budget data from local authorities as part of statutory financial returns. This would create an additional requirement for local authorities, but at least this information is recorded already. However, the project may also discover that this local authority-held per-pupil/student budget data is also quite different from actual costs. In this case, the DfE could consider introducing a new requirement of settings to record per-pupil/student spend data in statutory returns
- Timeline and partners: We anticipate this would be a c. 3-month project, and 2-4 local authority partners are probably sufficient. Local authorities should be selected that have different approaches to allocating high needs funding. This project should take place at the same time as the near term VfM analysis (to nuance the approach) or immediately afterwards (to validate the robustness of findings)

B. VfM study using local banding data

- Key questions: can local level of support need banding data be used in a VfM analysis, and does this result in more robust pupil/student matches?
- Approach: the DfE identify a small number of local authorities that use a banding or matrix system to assess pupil/student level of support need, which also generate codifiable data (e.g. Band 1-6). It would be useful to work with local authorities that use different systems to see which kind are more conducive to a VfM analysis. It would also be useful to identify two or more local authorities that use the same banding system (and use it in a similar way) to boost the size of the available data
- Approach: work with local authority partners to extract data from local systems on pupil/student level of support need, which can potentially be integrated into statutory returns. The VfM analysis methodology is then the same as presented in [Section 6](#), the only difference being that children and young people are matched using banding data rather than pupil/student characteristics to see whether this results in more accurate matches
- Timeline and partners: We anticipate this is a c. 4-6 month project. It should take place at the same time as the near term VfM analysis (to nuance the approach) or immediately afterwards (to validate the robustness of findings). While the analysis itself is relatively straightforward, we expect it will take time to agree the relevant data request with local authority partners, SEND teams to run this request, and then to wrangle the data and construct an appropriate data model. Ideally this project would work with the same local authorities as those involved in Project A, though there might be benefit in partnering with a group of local authorities that all use the same banding system (and use it consistently) to increase the population size for an analysis

C. Costs and Benefits

- Key questions: There are different key questions / gaps in data related to the three categories of costs and benefit discussed in [Section 5](#) above
- Indirect measurable: how can assumptions calculated for whole population (e.g. impact of 5 good passes at GCSE including Maths and English on future earnings) be applied to EHC plan population? What is the link between academic attainment and future employment for children and young people with ECH plans?
- Indirect to public organisations: what are the unit costs and benefits of future life outcomes (e.g. cost of home care for young adults with learning disabilities)? To what extent do children and young people use various public services and other support at the moment (e.g. adult social care, housing, social welfare)? Is there any relationship between these costs and benefits and setting type (e.g. are children and young people more likely to need home care that attended independent versus mainstream or special settings)?
- Wider social: what are reasonable quantifiable unit costs and benefits for the impact of different settings on other children and young people, teachers and families?
- Approach: There are two parts to the project. The first is analytical, joining up datasets at a local level to track the journey of children and young people with EHC plans once they leave the education system (e.g. integrate school census with adult social care data, health, housing). This exercise should also be able to address gaps in unit cost data by joining local administrative with finance data. The second part is primary research. The researcher would interview (or survey) a range of stakeholders to understand the impact on them of educating children and young people with EHC plans in different settings. This primary research would then attempt to quantify impacts so that findings could be used in a future VfM assessment
- Timeline and partners: The analytical component should take place with a small number of local authorities, preferably those that are relatively more mature in their use of data and are experienced integrating different local datasets for longitudinal analysis. It can take place independently and irrespective of the findings of near term VfM analysis. And while the findings will enable a more granular VfM assessment in future, the outputs will be valuable by-products for the DfE and sector more widely. This project would require significant input from local authority officers and other local partners so should be conducted in local authorities other than those taking part in Projects A and B

D. SEND Futures Longitudinal Study

- Key questions: it is possible to address important gaps in soft outcomes for children and young people with EHC plans and determine which outcomes would be most appropriate via a large-scale longitudinal study? Could such a study also be used to collect longitudinal data using a standardised assessment tool for level of pupil/student need?
- Approach: A sample of pupils and students with EHC plans with different needs and level of support needs could be assessed against a soft outcomes framework and then tracked for a number of years to gauge their progress and outcomes. The results from this study could be included as data points in a subsequent VfM assessment (i.e. in a pupil/student-level dataset) or applied to the findings as averages. Based on the findings of this feasibility study, it is recommended that a framework could be aligned to preparing for adulthood (which is already recognised and valued by settings) but informed by other cognitive and related soft outcomes within existing frameworks in the market (e.g. such as SkillsBuilder)
- Timeline and partners: This project can take place independently and irrespective of the findings of the near term VfM analysis. As in the case of project C, while the findings could be used to inform a future detailed VfM assessment they will also offer significant wider insight into the relationship between pupil/student needs, the support and education they receive, and the progress and outcomes they achieve.

E. Level of support need

- Key questions: is it feasible to develop a standardised, objective tool for assessing per-pupil/student level of need that can be employed by all (or the majority) of local authorities? Can such a tool collect the required data while also being simple and easy enough to use to roll out nationally? Is it feasible that all setting types can use it?
- Approach: start with a detailed review of existing tools that assess level of support need. Several of these have been developed by local authorities for use during the EHC plan application process, as well as by third sector and other organisations. This review is to test whether any successfully capture codifiable data that could viably be used in a VfM study, while also meeting the needs of teacher, children and young people, parents, local authorities (this should be tested with the sector). If one or more tools pass this test, the DfE could further co-develop it with relevant partners and the sector more widely on how it could be scaled nationally
- Considerations: some areas have had poor experiences of using this kind of standardised framework before¹³⁰ so the DfE would have to consult widely with the sector. Introducing any new standardised tool will also be a big upheaval for partners at a time when the budgets are under strain, and other changes and programmes need to be considered. There may also be IP issues if co-developing an existing tool rather than developing one from scratch
- Timeline and partners: Developing and rolling out such a tool nationally would be a long-term project and would introduce new requirements for settings and local government, and would have to align with other DfE and sector programmes and initiatives. The potential value from an analytical perspective must be balanced against likely new requirements that the new framework could create. To roll out a new tool in the academic year 2021/22 to all or at least a large number of settings, the DfE will need to act quickly to review and build upon existing systems (i.e. during the 2019/20 school year) in order to validate and pilot something with partners in the academic year 2020/21. If this timeline were met, standardised level of need data could start to become available in early adopter local authorities from 2022/23.

¹³⁰ The case studies also found that some local authorities who have previously used banding systems have stopped using them. This is due to complexity and transparency of the systems themselves, and difficulty in getting all partners to implement them consistently. There will be similar risks involved with developing a national system or framework.

Capturing & Understanding Need – opportunities to develop a standardised approach

Many local authorities have developed detailed banding systems and matrices to more objectively assess children and young people with EHC plans level of support need. Islington, Wakefield and many other authorities, for instance, have developed robust approaches in which children and young people are assigned a band or score according to their level of support need, which is recorded and reviewed. In some cases, regional commissioning groups have agreed to use similar or shared arrangements for some parts of the cohort, especially as part of collective commissioning of specialist provision.

Other organisations working in the sector are developing alternative approaches. IMPOWER is developing an approach in collaboration with professionals and parents/ carers across a range of local areas to capture and profile the holistic needs of children with SEND and the support they receive. This approach involves education settings and families using a tool to grade needs and the readiness of education and home settings to respond to those needs across 5 domains, which generates a single, rounded profile for each child. The profile could enable settings, professionals and parents/ carers to capture and respond to changes in needs over time and use provision and resources more effectively. This approach is currently being trialled and an evaluation of initial findings is expected to be published in Spring 2020.

These approaches to capturing and understanding need in a more systematic way could be used to create codifiable needs data for children with SEND at a pupil/student level, within settings or across larger administrative geographies. With widespread adoption, a standardised approach to assessing level of needs could provide a more nuanced understanding of population level needs and inform policy, provision and funding decisions.

F. Soft outcomes

- Key questions: is it possible to create a soft outcomes framework for all, or at least a large proportion of children and young people with EHC plans, that both meets the requirement of teachers and practitioners in working with children and young people, and captures quality data from summative assessments? What are the additional requirements or perverse incentives such a framework could introduce for settings and other partners?
- Approach: As per project D above, it is recommended that a framework could be aligned to preparing for adulthood (which is already recognised and valued by settings) but informed by other cognitive and related soft outcomes within existing frameworks in the market (e.g. such as SkillsBuilder). The DfE would need to pull together a cross-sector coalition to build on these or develop something from scratch to ensure it meets the needs of all stakeholders: interviewees in this project expressed different opinions as to whether such a framework is feasible
- Considerations: as with a new tool to assess level of support need, a new soft outcomes framework would introduce new requirements. The Early Years Foundation Stage Profile shows that such a framework is possible, but the DfE should look at its initial implementation and annual running costs. Note also that VfM analysis in the near term will indicate for which EHC plan sub-populations it is most important to develop a soft outcomes framework
- Timeline: similar to Project E above, developing and rolling out such a tool nationally would be a long-term project and would introduce new requirements for settings and local government, and would have to align with other DfE and sector programmes and initiatives (e.g. SEND Review). It must balance potential value from an analytical perspective against likely new requirements that the new framework could create. If the DfE start to co-develop a framework or frameworks this academic year, quality, consistent data will likely start to become available from 2022/23

Annex 2 – Glossary of key terms¹³¹

Term	Explanation
Academy	A state-funded school that is directly funded by the Department for Education, through the Education and Skills Funding Agency. Academies are self-governing and independent of local authority control.
Banding framework	Banding frameworks have been developed by local authorities to support local decision making for the allocation of high needs funding for children with SEND.
Cost Benefit Analysis	Cost Benefit Analysis (CBA) quantifies in monetary terms all effects on social welfare. Costs to society are given a negative value and benefits to society a positive value. Costs to the public sector are counted as a social welfare cost.
Cost-Effectiveness Analysis	Cost-Effectiveness Analysis (CEA) is a variant of CBA which compares the costs of alternative ways of producing the same or similar outputs. CEA may sometimes be appropriate where: wider social costs or benefits will remain broadly unchanged or for the delivery of a public good; an output may not be proportionately quantified.
Cost of education	The total cost to educate a child or young person between 0 – 25 with an Education, Health and Care plan. This includes both the core funding that comes from a school or setting's own budget and any funding from the local authority for additional support (for example from the high needs block). For the purposes of this report, it does not include health and social care costs that may be incurred through joint funding of EHC plans.
Disability	Many children and young people who have SEN may have a disability under the Equality Act 2010 – that is ‘...a physical or mental impairment which has a long-term and substantial adverse effect on their ability to carry out normal day-to-day activities’. Children and young people with a disability do not necessarily have

¹³¹ In addition to the glossary, a summary and description of key DfE-accessible datasets can be found in [Annex 3](#).

	SEN, but there is a significant overlap between disabled children and young people and those with SEN.
Education settings	This refers to the different types of education institution that children and young people can attend between the ages of 5 and 25. Setting types fall into three broad categories - mainstream, special and independent and non-maintained - which are used throughout this report. Within these categories there are a number of other setting types (e.g. local authority maintained school, academy, resourced provision, college etc.) which are referred to specifically where relevant.
Education stage	The different phases of education from 0 – 25. These are: early years (up to 5), primary (age 5 – 11), secondary (age 11 – 16) and further education (age 16+).
EHC plan	An EHC plan details the education, health and social care provision that is to be made for a child or young person. It is drawn up by the local authority after an EHC needs assessment has determined that an EHC plan is necessary for the child or young person and includes advice and information from relevant agencies.
Further education (FE) college	A college offering continuing education to young people over the compulsory school age of 16. The FE sector in England includes general further education colleges, sixth form colleges, specialist colleges and adult education institutes.
High needs block / high needs funding	A local authority budget for additional support for children and young people with special educational needs and disabilities from age 0 – 25, as well as for those in alternative provision who cannot receive their education in mainstream or special schools. The additional funding that a specific child or young person might receive is referred to as high needs/top-up funding.
Independent school	A school that is not maintained by a local authority and is registered under section 464 of the Education Act 1996. Section 347 of the Act sets out the conditions under which an independent school may be approved by the Secretary of State as being suitable for the admission of children with EHC plans.
Level of support need	The amount of additional support that pupils/students require to engage effectively with learning; this is distinct from primary or

	secondary need (these refer to a specific category of need, e.g. MLD).
Mainstream school	A mainstream school is an academy, maintained or independent and non-maintained school which is not a special school.
Maintained school	For the purposes of the SEND Code of Practice, schools that are maintained by a local authority – any community, foundation or voluntary school, community special or foundation special school.
Non-maintained special school	Schools in England approved by the Secretary of State under section 342 of the Education Act 1996 as special schools which are not maintained by the state but charge fees on a non-profit making basis. Most non-maintained special schools are run by major charities or charitable trusts.
Notional SEN budget	An identified amount of money within a school or other setting's overall budget that is to contribute to additional support for children with SEND.
Preparing for adulthood	Preparing for adulthood is designed to support professionals across education, health and social care to support children and young people with special educational needs or disabilities to prepare for adult life. It includes 4 outcomes: higher education and/or employment, independent living, social and community participation and health and wellbeing.
Propensity score matching	Propensity score matching is an analysis technique to mimic a random experiment where participants are assigned to a treatment and control groups using historical data. All participants in a dataset are assigned a 'propensity' score based on their characteristics or other information, and participants with similar scores are matched into groups. These treatment and control groups of matched participants are then compared as necessary.
SEN support	Where a pupil is identified as having SEN, schools are expected to take action to remove barriers to learning and put effective special educational provision in place. This system of continuous assessment and intervention is referred to as 'SEN support'. Where this report refers to pupils receiving SEN support, or 'the SEN support group', it is referring to those pupils who have an identified

	SEN but no EHC plan. Schools support these learners using their core funding.
SEN	A child or young person has special educational needs (SEN) if they have a learning difficulty or disability which calls for special educational provision to be made for him or her. A child of compulsory school age or a 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 educational facilities of a kind generally provided for others of the same age in mainstream schools or mainstream post-16 institutions.
Special educational provision	For children aged two or more, special educational provision is educational or training provision that is additional to or different from that made generally for other children or young people of the same age by mainstream schools, maintained nursery schools, mainstream post-16 institutions or by relevant early years providers.
Special school	A school which is specifically organised to make special educational provision for pupils with SEN.

Annex 3 – Summary of relevant DfE datasets

Data	Dataset	Data type ¹³²
Person-level	School Census	Pupil identifiers, characteristics, status, needs and outcomes.
	AP Census ¹³³	Pupil identifiers, characteristics, status and needs.
	Individual Learner Record	Student identifiers, characteristics status, and needs.
	Young Peoples Matched Administrative Dataset	Student attainment outcomes.
	Key Stage 1 – 4	Assessment of learners from Year 2 – Year 11.
	Key Stage 5	Post-16 assessment of learners in school sixth forms or FE colleges.
	NCCIS	Student identifiers, status, characteristics, and intended destination.
	Longitudinal Education Outcomes	Employment, earnings and benefits status of UK population.
School-level	School Census	School characteristics, pupil numbers and SEN type.
	SLASC	Pupil numbers, courses of study, pupils with SEN and children looked after by local authority.
	CFR	Information about the income and expenditure of local authority maintained settings.
	AAR	Information about the income and expenditure of academies.

¹³² See [Data collection and statistical returns, DfE](#) for further information.

¹³³ Includes pupils attending a school not maintained by a local authority but for whom the authority is paying full tuition fees i.e. independent special schools and non-maintained special schools.

	Section 251	Place numbers and funding for each local authority maintained setting.
Local authority - level	SEN2	Statistics and analysis on statements of special educational needs (SEN) and education, health and care (EHC) plans in England.
	Section 251	Funding allocated direct to schools and the amount being spent on education centrally.

Annex 4 – Typology of high needs funding approach

Essex County Council			
Population	1.8 million	EHC plans ¹³⁴	3.4% (7,520)
Region	South East	Setting types ¹³⁵	Mainstream: 57.44% Special: 38.40% INMSS: 4.16%
<p>High needs budget allocation: Essex developed a banding system to identify pupil needs and allocate high needs funding. There are 10 bands based on pupil level of need. However, this has been placed on hold for placements in specialist settings. For those placements, funding is based on pre-agreed standard per pupil payments depending on the type of specialist setting (e.g. MLD or SLD). The local authority also has a mechanism to provide additional resources to schools without having to carry out a statutory assessment for EHC plans. This is known as an Individual Pupil Resourcing Agreement (IPRA). IPRA will only be offered for up to two terms. The setting would be expected to apply for an EHC needs assessment thereafter if required.</p>			
Gloucestershire County Council			
Population	633,558	EHC plans	3% (2,919)
Region	South West	Setting types	Mainstream: 56.50% Special: 38.40% INMSS: 5.10%
<p>High needs budget allocation: In 2017, Gloucestershire started using a Resource Allocation System (RAS) to establish the level of support a child in mainstream settings with higher levels of need requires. The RAS allocates an indicative resource to support children/young people with EHC plans who require high needs funding to achieve their outcomes and to enable the settings to deliver the provision set out in the plan. Funding for special schools is different than for mainstream settings. After a child has gone through assessment and it has been decided to send the child to a special school, he/she will start off at Band A. The school must make a case for why the banding should be increased if necessary. If a child moves to a different special school, they keep the same banding. Gloucestershire is currently running a banding pilot for post-16 funding.</p>			

¹³⁴ This figure only includes number and percentage of pupils with EHC plans, and not young people in post-16 settings.

¹³⁵ Same as above.

Hertfordshire County Council			
Population	1.18 million	EHC plans	2.2% (4,902)
Region	South East	Setting types	Mainstream: 48.39% Special: 49.27% INMSS: 2.34%
<p>High needs budget allocation: Funding for mainstream settings is delegated or devolved to schools/settings through either the annual budget share or, in the case of a small minority of children with exceptional needs, through Exceptional Needs Panels (ENP). If a school/setting wishes to apply for Exceptional Needs Funding (ENF) they make a case to its local cluster panel, which includes representatives from other local schools/settings and local authority support services in the locality. If an application for exceptional funding is agreed, the ENP will decide on the level of resource to be provided and the duration of the support allocation. The currency for ENF is currently TA hours. The local authority uses a banding approach to funding for special schools based on the type of special school (e.g. MLD or SLD).</p>			
Islington London Borough Council			
Population	215,667	EHC plans	4.3% (1,101)
Region	London	Setting types	Mainstream: 53.33% Special: 42.90% INMSS: 3.77%
<p>High needs budget allocation: Islington has developed a funding matrix, which is used to allocate additional funding for children with EHC plans in mainstream schools. The matrix is based on the 12 categories of need outlined in the Code of Practice and children are assessed on a scale from 1-4 against each category. The score is then inputted into a tool, which calculates an indicative amount of top-up funding. The actual funding allocation can vary slightly depending on the cost of provision and the cost of supporting certain types of need. Local authority maintained special school placements are funded using a formula based on the needs profile of the children attending the school. For special schools that are either academies or free schools, the local authority has agreed one standard fee. In addition to EHC plans, the high needs budget funds capacity building services provided by special schools for mainstream schools. The aim is to prevent pupils from needing an EHC plan in the future.</p>			
Oldham Metropolitan Borough Council			
Population	253,623	EHC plans	3.6% (1,634)
Region	North West	Setting types	Mainstream: 46.85% Special: 48.83% INMSS: 4.31%
<p>High needs budget allocation: high needs funding for those with EHC plans is calculated based on the number of Teaching Assistant (TA) hours a child or young person requires, informed by the needs assessment and outcomes within the plan. There is a flat rate for TA hours. In reality, for special schools this operates more as a funding formula – one to one TA hours is not usually the standard approach to supporting children and young people in these settings.</p>			

Sheffield City Council			
Population	582,506	EHC plans	2.7% (2,266)
Region	Yorkshire and the Humber	Setting types	Mainstream: 44.08% Special: 52.43% INMSS: 3.50%
<p>High needs budget allocation: Sheffield delegates high needs/top-up funding for mainstream settings to 7 localities (A-G). The amount of top-up funding that each locality receives is based on the needs of pupils in the locality, as assessed against the Sheffield Support Grid. The Sheffield Support Grid is a locally developed tool which is intended to help schools allocate support to children with SEND in a fair, consistent and transparent way. The grid is split into the 4 categories of SEN used in the SEND Code of Practice: Communication and Interaction; Cognition and Learning; Social Emotional and Mental Health; Sensory and/or Physical Needs. Within each category, the grid describes 5 levels of need. Level 1 is for children whose needs can be met with simple adjustments to support which is normally available in school. Level 5 describes the support children with the most complex needs might require. Funding for special school placements is based on historical block funding driven by pupil numbers.</p>			
Warrington Metropolitan Borough Council			
Population	212,779	EHC plans	3.6% (1,163)
Region	North West	Setting types	Mainstream: 62.53% Special: 30.36% INMSS: 7.11%
<p>High needs budget allocation: Warrington has historically used a needs based banding system for both mainstream and special schools to allocate top-up funding. However, in September 2019, a new funding allocation system was introduced which moves the emphasis away from needs based funding to funding based on the actual cost of provision. Now, schools have to plan and cost interventions for each pupil. In addition to funding for EHC plans, schools may request additional support via top up funding without a plan. Top up funding via this route is agreed for a maximum of 2 years to support schools to put in place provision to enable the child or young person make accelerated progress. At the end of Year 2 the funding is reviewed and, if appropriate, escalated to an EHC referral.</p>			



Department
for Education

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Reference: DFE-RPPU/2018/67

ISBN: 978-1-83870-209-0

The views expressed in this report are the authors' and do not necessarily reflect those of the Department for Education.

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