Getting in on the Act

Provision for Pupils with Special Educational Needs: the National Picture
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Preface

Some children experience a difficulty in learning which causes them to fall behind their peers or have a disability or other problem preventing them from taking advantage of normal educational facilities. The present system for meeting the needs of these children was established by the 1981 Education Act. Ten years later it is timely to review the way local education authorities (LEAs) have met the objectives of that Act.

To this end, the Audit Commission and Her Majesty's Inspectorate of Schools (HMI) have collaborated on a study of the provision made by LEAs and schools for pupils of statutory school age with special educational needs.

This report will be followed by a handbook giving detailed advice to schools and LEAs on the management of provision for pupils with special needs.

The study team was led for the Audit Commission by Paul Vevers from the Local Government Studies Directorate of the Commission and for HMI by Bob Dyke, an Inspector specialising in this area. Martin Cook, seconded to the Audit Commission from Price Waterhouse, was the auditor on the study team.
# Table of Contents

**SUMMARY** 1

**THE STUDY** 5

**INTRODUCTION** 7
- Changes in education in the 1980s 10

**1. THE ISSUES** 13
- Identification, assessment and issuing a statement 13
  - Identification 13
  - The assessment process 16
  - Trends in issuing statements 20
  - Appeals 21
  - The content of statements 23
  - Tension between the 1981 and 1988 Acts regarding delegation 25
- Placement in school 27
  - Inconsistency in the placement of pupils in ordinary schools 27
  - Movement of pupils from special to ordinary schools 29
  - The impact of open enrolment 32
  - The impact of local management of schools 33
  - The need for caution in integration 34
  - The quality of learning for pupils with special needs 34
  - The cost of placing a child with special needs in an ordinary school 37
  - Methods of funding ordinary schools for pupils with special needs 38
  - Special school costs 41
  - Children with emotional and behavioural disturbance 45
  - Speech therapy 46
- Accountability of schools for work with pupils with special needs 47
  - Evaluation of the main methods of accountability 47

**2. RECOMMENDATIONS** 51
- Changes at a national level 52
- Action at a local level 60

**APPENDIX 1** 67
**APPENDIX 2** 68
Summary

Educational provision for pupils with special needs in England and Wales is a significant area of local government activity, accounting in 1990/91 for £1.5 billion expenditure. Pupils with special needs range from those who may have a short-term difficulty in learning, to pupils with profound handicaps. It is estimated that 20% of pupils will have a special educational need at some time during their school life.

A great deal has been achieved by schools and LEAs on behalf of pupils with special educational needs since the passing of the 1981 Education Act. Almost all of the 106,000 English and Welsh pupils in special schools as well as 65,000 pupils in ordinary schools have had a multi-disciplinary assessment resulting in a formal statement of their needs. An increasing proportion of pupils with special needs is now educated in ordinary rather than special schools. Further, the ordinary schools visited during the study match special schools in the quality of the learning experience for pupils with special needs.

However, there are some serious deficiencies in the way in which children with special needs are identified and provided for. These deficiencies are caused by three key problems:

— lack of clarity both about what constitutes special educational needs and about the respective responsibilities of the school and LEA
— lack of clear accountability by schools and LEAs for the progress made by pupils, and accountability by schools to the LEA for the resources they receive
— lack of incentives for LEAs to implement the 1981 Act.

As the 1981 Act does not define its client group it is very difficult for LEAs to implement it consistently. LEAs lack a definition of special educational needs and the threshold for issuing statements of special educational needs has not been established. Consequently the proportion of pupils with a statement varies from 0.8% to 3.3% of the pupil population in the LEAs studied.

LEAs take significantly longer on average to prepare formal statements of special need than the guideline of six months. Such delay devalues the process of assessing pupils and issuing statements of special need.

Statements generally identify provision in such vague terms that, contrary to the intention of the 1981 Act, they cannot guarantee a specific level of provision. According to many LEAs, this vagueness is deliberate because statements can lead to open-ended financial commitments which LEAs, faced with finite budgets, may be unable to meet.

LEAs have taken a cautious approach to the delegation of funds to schools for pupils with special needs. They provide their own directly employed staff to support pupils with special needs rather than delegate funds, for fear that schools will not use them for the intended purpose. They have not developed the alternative of ensuring that schools are accountable for their work with pupils with special needs.
While LEAs have placed more children with special needs in ordinary schools, they have tended not to reallocate resources from special schools. They have also often failed to assess whether the resources allocated to support pupils with special needs in ordinary schools continue to be required.

Neither special schools nor ordinary schools are called to serious account for their performance with pupils with special needs. The system of statutory annual reviews for pupils with statements is left almost entirely in schools' own hands. Additionally the inspection process has not been implemented with rigour by LEAs, with the result that schools go virtually unchallenged for their work in this area.

Although LEAs are capable of rectifying some of the deficiencies in the management of special needs provision, a number of these arise directly from the lack of clarity as to what constitutes special educational need.

Changes at the national and local level are needed. Some of these changes will require legislation. At the national level:

- guidance should be issued by the Department for Education (DFE) and Welsh Office to define the level of need in a child which should trigger the use of the 1981 Education Act procedures (paragraph 130)

- LEAs should be given guidance to help them define the responsibilities of ordinary schools for pupils with special needs and to clarify when the LEA will itself provide extra help (paragraph 131)

- parents of pupils with statements of special need should have the right to state a preference for their child's school, within limits (paragraph 133)

- consideration should be given to introducing some incentives for LEAs to implement fully the 1981 Education Act (paragraph 137)

- statements should be changed to give a greater focus on the objectives for the child and on the school's responsibilities. In most cases, the school should determine how best to meet those objectives (paragraph 139)

- the teams of inspectors planned under the Education (Schools) Act 1992 and existing LEA teams should conduct inspections of schools' work with pupils with special needs with rigour and focus on the progress made by pupils with special needs (paragraph 149)

- statutory time limits for the completion of assessments and statements should be set, with redress for parents if these are not met (paragraph 152)

- investigation is required to discover the extent to which provision is being made for pupils with emotional and behavioural disturbance who are excluded from school (paragraph 154).

There are also steps which LEAs should take to improve provision:

- a clear distinction between the role of purchaser of services (the LEA) and provider of services (usually the school) is required. Greater financial delegation by LEAs is a step in

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1 The Department of Education and Science (DES) is intending to change its name with effect from 6th July 1992. Throughout this report, the new name is used except in reference to past reports and Circulars.
this direction. LEAs should hold schools accountable for the progress which they achieve with these pupils (paragraphs 146, 150 and 167)

— all LEAs should follow the lead of the minority of LEAs which have increased the capability of ordinary schools to provide for pupils with special educational needs (paragraph 160)

— LEAs should monitor the fall in the number of pupils in special schools and consider whether resources should be moved to support pupils with special needs in ordinary schools (paragraph 164)

— schools should review the use they make of additional adults to support pupils with special needs and should plan the use of that support on a day-to-day basis (paragraph 169).

These recommendations are designed to enhance clarity and accountability and to enable LEAs to implement the fundamental principles of the 1981 Education Act in the 1990s.
The Study

There has been a great deal of change in the field of education in the decade since the passing of the 1981 Education Act. Although there have been reviews of aspects of provision for pupils with special needs, the Audit Commission and HMI recognised the need for a comprehensive review of the efficiency and effectiveness of provision, both at the LEA level and at the level of the school and classroom.

The objective of the collaboration was to bring together the Audit Commission's expertise in the assessment of effectiveness and value for money offered by schools and LEAs, and HMI's expertise in assessing the quality and effectiveness of the learning experience of pupils and of the institutions in which they are taught.

The main focus of the study was an analysis of provision in 12 LEAs and 77 schools. HMI evaluated the quality and effectiveness of learning of pupils with special needs in 151 lessons and the quality of management of the schools. The Audit Commission conducted an analysis of the LEAs' policy and strategy and undertook a detailed evaluation of the financial arrangements and performance of schools and LEAs. The joint study team interviewed 77 head teachers (50 from ordinary schools, 21 from special schools and 6 from grant-maintained schools) and 25 school governors, which provided a basis for examining the impact of LEA policy and of schools' own strategies for providing for pupils with special needs.

Thus, for each LEA and the schools, the study team brought together an analysis of the scale and cost of provision, the effectiveness of the strategies adopted by LEAs and schools and the quality of provision in the classroom, enabling the team to assess the value for money offered for pupils with special needs.

These assessments were combined with extensive research of other kinds, including the following:

- a further 12 LEAs were visited for half a day
- 1,200 statements were examined for processing time and 280 files were examined in detail for quality
- an analysis of data from 40 schools on children's performance in reading was conducted in two LEAs
- 160 parents of pupils with statements were interviewed at home for one hour by ICM, a market research company
- 90 special schools completed a brief statistical questionnaire
- a study of the administrative resources and systems in the 12 study LEAs was commissioned

— meetings were held with voluntary groups and parents
— a considerable number of written contributions were received from organisations working in the field
— a fieldwork visit was conducted in Denmark, with six meetings in the Ministry of Education, visits to five municipalities, two counties and a range of special and ordinary schools
— a range of literature and statistical information was examined.

The study team was assisted by an advisory panel consisting of professionals nominated by bodies with an interest in this area and by local authority associations.

The Audit Commission and HMI are grateful for the time and trouble taken by all those who participated in the study (see Acknowledgements). Responsibility for the content of the report rests with the Audit Commission and HMI.
Introduction

1. The report of the Committee of Enquiry into the Education of Handicapped Children and Young People, chaired by the now Baroness Warnock, estimated in 1978 that 20% of pupils would have a special educational need during their school life. The term 'special educational need' covers a wide range of conditions (Exhibit 1). However, the special needs of some pupils would be of a temporary nature, and the Committee therefore estimated that the proportion of pupils with a special need at any one time was approximately 16%.

Exhibit 1
PUPILS WITH SPECIAL EDUCATIONAL NEEDS
Pupils may have quite different types of special need.

<table>
<thead>
<tr>
<th>John</th>
<th>Angela</th>
</tr>
</thead>
<tbody>
<tr>
<td>John is 14 years of age and attends his neighbourhood comprehensive school. He is of higher than average ability, but has specific difficulties in reading and spelling which mean that he has problems with study and written work in all his subjects. He receives an hour each week of specialist tuition in spelling from the school's co-ordinator for special needs.</td>
<td>Angela is also 14 years of age. She has profound and multiple learning difficulties and attends a special school 12 miles from home. Angela has no speech and is unable to move about unaided. She is dependent on adults for feeding and toileting, but has recently learned to communicate preferences for food and choices of activity.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tony</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tony is 12 years of age and has been suspended from school on five occasions for disruptive behaviour. He has an unstable family life and becomes difficult to manage in class when there are problems at home. Although he is of average ability, he has never been able to concentrate sufficiently in class to keep up with his peers. He is now attending a special unit for pupils with emotional and behavioural disturbance.</td>
</tr>
</tbody>
</table>

2. For some pupils, it is apparent that they have special needs before they start school, usually through a medical assessment. But for the majority of pupils, their special need will not become apparent until they start school. The Warnock report suggested a process for the identification of children with special needs and this has been adopted almost universally, but
with varying degrees of effectiveness. The process is designed to ensure that everything possible is attempted by the ordinary school to help a child make progress. Only if the child's difficulties are not resolved is the next stage of the process brought into effect (Exhibit 2).

Exhibit 2
IDENTIFYING CHILDREN WITH SPECIAL NEEDS
Schools are encouraged to identify pupils with special needs and to try to help them make progress.

3. The 1981 Education Act represented a radical change in the way in which provision for pupils with special needs was considered. The individual pupils became the focus of attention rather than the category into which they fitted. The Act requires LEAs to:
   - identify children with special needs
   - place children in ordinary schools where possible
   - make additional provision where a child's needs cannot be met by an ordinary school alone
   - work closely with parents.

The Act also places an obligation on the governors of schools maintained by the LEA to 'use their best endeavours' to ensure that pupils with special needs receive the provision which they require. The Act was amended to place the same obligation on the governors of grant-maintained schools.

4. For a small number of children, ordinary schools alone cannot provide an education which will fulfil the pupils' potential. In these cases, the 1981 Education Act obliges LEAs to consult with parents and then undertake a full assessment of the child, usually involving at least a doctor, a teacher and an educational psychologist. If the LEA agrees that some special help is required, it must issue what is called a 'Statement of Special Educational Need' (usually referred to simply as a 'statement'). In this statement the LEA must outline what educational provision is required to meet the child's needs. The LEA is then obliged to make that provision. Throughout the process, parents have the right to appeal and LEAs are obliged to take account of their views at each stage. Currently 168,000 pupils in England and Wales (2.1% of the total school population) have a statement.
5. The type of provision which the LEA can specify is varied. It might be as intensive as a specialist boarding school, or as limited as an hour or two of individual help for a pupil each week (Exhibit 3). The 1981 Education Act obliges LEAs to educate children who have a statement in ordinary schools, if certain conditions can be met (see Appendix 1). Although special schools do have particular expertise, there are potential social benefits to all pupils when those with special needs are successfully placed in ordinary schools. These benefits include the opportunity for the pupils with special needs to be educated in their own community and the opportunity for other pupils to accept the presence of peers with disabilities.

Exhibit 3
WHERE ARE PUPILS WITH SPECIAL NEEDS EDUCATED?
There are several types of provision which can be made for pupils with special needs

![Diagram showing percentages of pupils with special needs in different types of education settings.]

Source: Welsh Office and DFE.

6. Special schools cater for 1.3% of the total school population. There are various types of special school (Exhibit 4, overleaf). There is some overlap in the severity of need of pupils in different types of special school, as the children often have complex needs and do not fall neatly into the categories for which special schools provide. Not all LEAs have a sufficient number of pupils in each group to justify maintaining every type of school. They may therefore buy places in other LEAs' special schools or in independent special schools.

7. Approximately £1.5 billion was spent by English and Welsh LEAs in 1990/91 in making provision for pupils with special needs. Almost 1,300 special schools were run by LEAs themselves, accounting for £800 million of the total, with 95,000 pupils being educated in them. Special schools run by LEAs and by other organisations employ some 16,000 teachers. In addition, special schools usually employ non-teaching assistants and this brings the pupil:adult ratio down to 3:1. The balance of expenditure goes on supporting pupils with special needs in other types of provision, such as independent special schools, or in ordinary schools.
DIFFERENT TYPES OF SPECIAL SCHOOL

Special schools focus on different areas of need

**Moderate learning difficulties**
This type of special school typically has 70 to 150 pupils on roll, with class sizes of 10 to 12 pupils. The curriculum and school organisation are similar to that of ordinary schools, although pupils’ progress is slower and they receive more individual attention.

52% of the total special school population

**Severe learning difficulties**
Between 40 and 80 pupils will typically be on roll in this type of school, often with an age range of 9 to 19 years. Approximately one-third of the pupils have multiple handicaps and there is specialised equipment for them. Classes are small, with 8 to 10 pupils, with classroom assistants in addition to the teacher. The full National Curriculum is offered.

24% of the total

**Emotionally and behaviourally disturbed**
These schools are small, with typically 60 pupils on roll. An average class will have only 6 pupils to enable the teacher to give individual attention and to manage difficult behaviour. Pupils are predominantly boys and of secondary age, although many schools have a small number of younger pupils.

8% of the total

**Other types**
Other types of special school include schools for the physically disabled and hearing or visually impaired pupils.

16% of the total

Source: Audit Commission / HMI fieldwork in 12 LEAs.

CHANGES IN EDUCATION IN THE 1980s

8. There have been radical changes since 1981 to the method of financing ordinary schools. The 1988 Education Reform Act introduced a system called local management of schools (LMS), under which schools manage their own budgets. Funds are allocated to schools largely on the basis of the number and ages of pupils enrolled at the school. LEAs may allocate money to schools on the basis of other factors including the number of pupils with special educational needs in the school, but LEAs do not have to delegate these extra resources for pupils’ special needs to schools. In fact many of them have retained a significant proportion of those funds in order to provide teams of support teachers managed directly by the LEA.

9. During the 1980s a new system of enrolment was also introduced. Parents were given greater scope to express a preference for the school to which they would like to send their child. This, coupled with the requirement that schools should publish information about their pupils’ performance in public examinations, means that schools are increasingly concerned about their reputation. Schools are beginning to consider how the work which they undertake with pupils with special needs will be viewed by the parents of all potential pupils.
10. The *Education Reform Act* introduced a new type of school called a grant-maintained school. These schools are not controlled by the LEA and they have their own policies for the admission of pupils. Some grant-maintained schools have units for pupils with special needs. When a child with a statement attends a grant-maintained school, the LEA is still obliged to ensure that the provision specified in his or her statement is actually made and to provide the resources for any provision specified in the statement which is not ordinarily available in schools in the area.

11. The *Education Reform Act* introduced a further change through the introduction of the National Curriculum. For the first time this places an obligation on special schools to teach subjects such as science and technology and a foreign language. It also means that it is difficult for ordinary schools to withdraw pupils from one subject in order to give them extra tuition in another, as the school must teach the full National Curriculum to all pupils.¹

12. By September 1993, LEAs must submit proposals to the DFE and Welsh Office to introduce formula funding of special schools. LEAs may base special school budgets on the number of places which the LEA predicts are needed, rather than on the number of pupils in them, as it is not appropriate to give special schools a financial disincentive to help move pupils who would benefit from an ordinary school place. These proposals must follow a review by the LEA of all the provision which it makes for pupils with special needs.

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¹ There are a limited number of exceptions to this rule. In particular, a statement may specify that a child need not cover parts of the National Curriculum, but in practice that rarely happens.
13. Since 1981 there have been changes to the method of financing schools, to the way in which they admit pupils, to the information which schools publish about their performance and to the curriculum which they teach. This has created a régime quite different from the one pertaining when the Act was passed, and raises the question whether the objectives of the 1981 Act can be achieved in this new environment.
1. The Issues

14. This chapter analyses the main issues in the management of provision for pupils with special needs. For convenience, the issues are discussed in the order in which a child with special needs would progress through the system, starting with the process of identification and assessment of special needs and the issuing of a statement, then considering the education and funding of children with special needs in ordinary and special schools. The chapter concludes with an assessment of the accountability of schools for the achievements of pupils with special educational needs.

IDENTIFICATION, ASSESSMENT AND ISSUING A STATEMENT

IDENTIFICATION

15. Ordinary schools have made a significant investment in staff to address the requirements of pupils with special needs. All of the secondary schools visited had a special needs co-ordinator and almost all the primary schools had a post with responsibility for pupils with special needs. However, these staff were working without a practical definition of what is meant by special educational needs. While many LEAs tell schools what to do once they have identified a pupil with special needs, they do not give them clear guidance as to what level of difficulty in a child merits exceptional provision.

16. Most LEAs have not done so because of the difficulty of drawing up guidelines which are specific enough to be of practical use in determining which pupils require a statement, but not so specific that they exclude pupils who do not fit neatly into categories. LEAs also fear that if they set too low a threshold, they will be faced with a level of demand from schools for extra help which they could not afford to provide.

17. The lack of definition of special educational need is compounded by a lack of clarity over the respective responsibilities of schools and LEAs. The 1981 Act makes a significant distinction between pupils whose special needs can be met by ordinary schools using resources which are generally available and pupils whose needs cannot. However, the Act does not clearly define the divide. LEAs have no guidelines as to the level of need with which a school would ordinarily be expected to cope, or the level of resource the school is expected to provide before referring the child to the LEA. This lack of definition in the Act makes it very difficult for LEAs to budget, because there is no firm basis on which to assess how many pupils will require extra help from the LEA and what the amount of that help will be.

18. There is nothing which prevents LEAs from stating the responsibilities of ordinary schools, i.e. defining what is 'ordinarily available provision' in the language of the Act. Indeed the Warnock Committee itself suggested something similar in proposing that the Secretary of State should define resources which are not generally available in ordinary schools. This has not

1 Report of the Committee of Enquiry into the Education of Handicapped Children and Young People, 1978, recommendation 4.27
been done. LEAs are therefore reluctant to state how they interpret the Act, as the absence of clear national guidance has left them uncertain how this should in practice be done.

19. LEAs have this open-ended commitment at a time when the Education Reform Act has curtailed their flexibility to deploy resources by prescribing the way in which the schools' budget should be allocated. LEAs are in a squeeze, under pressure to make provision for an important group of pupils but reluctant to make commitments to a group whose size and nature are barely defined.

20. The lack of definition of the client group and of the respective responsibilities of schools and LEAs leads to inconsistencies in practice between LEAs. This is evident in the degree to which different LEAs take over formal responsibility for a child's education by issuing a statement. Among the study LEAs it varies by a factor of four (Exhibit 5). Such differences would be reasonable if ordinary schools in the LEAs with a lower proportion of pupils with a statement were consistently more capable in providing for pupils with special needs than schools in LEAs with a higher proportion. The observations of the study team do not support this view. If these differences reflect the incidence of pupils with special needs in the LEAs, then again the degree of variation between LEAs would be reasonable. Therefore, comparison between the incidence of special needs and the proportion of pupils with a statement in LEAs is required. There are, however, no reliable primary indicators of the incidence of special educational need. Therefore, comparison between the incidence of special needs and the proportion of pupils with a statement in LEAs is required. There are, however, no reliable primary indicators of the incidence of special needs, so it is necessary to look for a proxy indicator. There is evidence (Appendix 2) to show that the level of deprivation in an area is an indicator of the incidence of special educational need.

Exhibit 5
ISSUING STATEMENTS: VARIATION BETWEEN LEAs
The degree to which LEAs issue statements varies widely

![Graph showing variation in the percentage of pupils with a statement between LEAs.]

Source: Audit Commission / HMI fieldwork in 12 LEAs.

21. When the level of deprivation in each LEA is set against the proportion of pupils with a statement, there is no correlation (Exhibit 6). This supports the study team's observation that the likelihood of a child getting a statement depends more on the LEA's interpretation of the 1981 Act than it does on the proportion of pupils with special needs in the LEA. It is not surprising that LEAs interpret the Act differently in view of the lack of clarity about the nature of the pupils to whom the Act was intended to apply.
Exhibit 6
CORRELATION BETWEEN DEPRIVATION AND STATEMENTS ISSUED
There is no correlation between the proportion of pupils with a statement and the level of deprivation in the study LEAs.

% of pupils with a statement

\[ \begin{array}{c}
\text{Study LEA} \\
\end{array} \]

\[ \begin{array}{c}
\text{Less deprived} \\
\text{More deprived} \\
\end{array} \]

Deprivation score

Source: Audit Commission / HMI fieldwork.

Inconsistencies within LEAs

22. Not only is there a lack of consistency between LEAs, there is also a lack of consistency within individual LEAs. There are four indicators of this:

(a) an examination of 300 cases showed that pupils with widely differing levels of need were issued with statements

(b) it is one of the major concerns of voluntary bodies

(c) schools in all 12 LEAs were able to point out children without a statement with greater needs than those with a statement

(d) LEAs admitted that factors which had no bearing on the level of need of a child were influential in the decision to issue a statement. The most significant factors were the level of determination of the school or parent and whether the parent was represented by a lawyer or voluntary organisation. The speed with which the child moves through the process is not consistently determined by the severity of his or her need. In practice, it depends on the ability of the school and the parents to drive the process ahead.

23. The lack of consistency in the degree of need in a child which merits a statement and the absence of a consistent threshold at which the LEA takes over responsibility for the child's education create a number of difficulties:

(a) pupils with lesser needs are receiving extra help while pupils with greater needs are not

(b) the size of the group at whom funds are to be targeted is not known, making it difficult for the LEA to budget. LEAs may thus be exposed to pressure to spread a finite amount of resources over an ever increasing number of pupils

(c) it is not clear to parents or schools at what stage they may be entitled to help for their child
(d) it is difficult to challenge an LEA which decides that a pupil's needs do not merit a statement.

(e) it is difficult for the LEA to maintain a consistent approach when faced with pressure groups which may be advocating that greater priority be given to a particular group of pupils, even though they may have lesser needs than other groups of pupils.

(f) the degree of variation in practice between parts of the country means that the place where a child lives has an unreasonable influence on the likelihood of receiving the benefits of a statement.

These are serious problems which undermine some of the advances which have been brought about by the 1981 Act in the identification of pupils with special needs.

THE ASSESSMENT PROCESS

24. Once the parent and LEA agree that a child may have special needs which warrant extra help from the LEA, a 'multi-disciplinary assessment' will be carried out, by a range of professionals already described (paragraph 4). The aim of this is to discover the full extent of the child's needs and to inform those involved in the education of the child. It appears that the assessment process is not achieving this aim, at least as far as two of the most important people on the receiving end of this advice - parents and head teachers - are concerned. Few parents or head teachers found it an informative process (Exhibit 7), although both groups were keen to get the resources which were allocated via statements.

Exhibit 7
VALUE PLACED ON ASSESSMENTS OF CHILDREN'S NEEDS UNDER THE 1981 EDUCATION ACT

Few parents and head teachers found the process informative.

<table>
<thead>
<tr>
<th></th>
<th>Parents' views</th>
<th>Head teachers' views</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informative</td>
<td>38%</td>
<td>16%</td>
</tr>
<tr>
<td>Valued for resources</td>
<td>13%</td>
<td>18%</td>
</tr>
<tr>
<td>No value</td>
<td>21%</td>
<td>66%</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ICM and Audit Commission / HMI research.

25. One of the causes of the low value placed on the information produced in the assessment is that it often does not reveal anything new. In most cases, the school has already had informal
discussions with the educational psychologist. The only new information may come from the medical officer or any other non-educational professionals who know the child. In 50% of cases there is no medical problem, and in half of the cases where there is a medical problem the report from the medical officer gives only a description of the child without offering any advice on the educational implications. The multi-disciplinary assessment is a screening process and therefore will not necessarily reveal new information. Nevertheless, it is surprising that parents and teachers do not value the process as providing a sound basis on which to make decisions and to set objectives for the child's education.

Time taken to complete assessment and prepare a statement

26. The length of time it takes to complete the assessment and issue the statement is the principal reason why the process is not valued. All of the LEAs take longer than the six months recommended by the DFE and Welsh Office and the median is 12 months (Exhibit 8). In the worst case, the parent of a seven-year-old child will not, on average, receive the details of the assessment until the child is 10 years old, by which time most of the information is out of date. Such delay renders the process virtually worthless.

Exhibit 8
TIME TAKEN TO COMPLETE ASSESSMENTS AND STATEMENTS
The recommended time to assess a child and issue the statement is six months. Study LEAs take longer

Note: 'Time taken' is the period from the LEA deciding to assess, to the final statement.
Source: Audit Commission / HMI fieldwork in 12 LEAs.

27. The delay does not necessarily occur because of a lack of administrative resources. The fastest LEAs do not devote more time to each statement which they are actually administering (Exhibit 9, overleaf). If an LEA had an increasing backlog of cases which were not being administered, then an increase in resources could reduce the time taken. However, the LEAs do not have reliable management information which enables them to establish whether this is the case.

28. The delay might also be due to the time taken by the district health authority to provide medical reports. The sample of statements does show that health authorities take longer than the other professionals involved in the process. However, in all except one case the delay in receiving
medical reports accounts for only a small part of the total (Exhibit 10). Nor is the delay caused by a lack of funding for educational psychologists. The average number of assessments or re-assessments for each post of educational psychologist is less than one per week during term time, although there are wide variations between LEAs (Exhibit 11).

Exhibit 9
ISSUING STATEMENTS: THE ADMINISTRATIVE RESOURCES
The fastest LEAs do not devote more administrative time to each statement

Exhibit 10
DO MEDICAL OFFICERS CAUSE THE DELAY IN ISSUING STATEMENTS?
In all but one LEA, the time taken by the medical officer accounts for only a small part of the total time taken

Source: Audit Commission / HMI fieldwork in 12 LEAs.

29. The procedures outlined in the 1981 Act and its attendant Regulations do not inherently cause significant delays. There are statutory waiting periods, amounting to a minimum of 44 days, to give parents time to respond to the LEA. But in most cases parents are in agreement
Exhibit 11
NUMBER OF ASSESSMENTS PER EDUCATIONAL PSYCHOLOGIST
In most LEAs an educational psychologist currently undertakes less than one assessment or re-assessment per week during term time

Source: Audit Commission / HMI fieldwork in nine LEAs.

with the course of action proposed by the LEA, which means that only the minimum waiting period is required. The main delay arises in the administration of the process by the LEA.

30. The lack of management information in LEAs on the time taken to complete the process illustrates the lack of priority given to it. It is not a major task to gather that information. The study team was able to assemble the necessary data in one day or less in each LEA. A close examination of the process shows that in the two LEAs with the most rapid completion times, senior managers and the chief educational psychologists spend more time overseeing the administration of the process. Both LEAs set personal targets for the completion of each stage and had negotiated response times with the health authority. It is reasonable to conclude that the lack of priority given to the process in the other LEAs was the principal cause of the delay.

31. In many cases, LEAs had taken no action to reduce delays and one LEA introduced an additional administrative process with the expectation that it would increase the time taken. It is unusual for LEAs to act in this manner. That they do so is unacceptable but is symptomatic of the difficulty in managing demand consistently when the group eligible for additional resources is so open-ended. The situation is exacerbated by the in-built financial incentive to delay the completion of statements.

32. The lack of a positive incentive for LEAs to complete the process to time and of a structure for calling the LEA to account to parents for its work in this area means that there is no counter to the inherent incentive to delay, and some LEAs are likely to continue to regard the issuing of statements as an administrative task which does not warrant management attention, instead of seeing it as the cornerstone of the rights of parents and children.
TRENDS IN ISSUING STATEMENTS

33. Despite the delays, there has been a steady increase in the proportion of pupils receiving a statement (Exhibit 12). This apparently gradual trend masks considerable differences between LEAs. One LEA, faced with a rising demand for statements, undertook a comprehensive strategy to increase the capability of ordinary schools to provide for pupils with special needs. In co-operation with head teachers, it put a higher priority on resources for schools which undertook strategies to develop their skills in teaching pupils with special needs rather than those which requested only individual pupil support. It set up a small development fund to enable schools to undertake specific projects in this area. The policy was backed by a consistent approach from the educational psychology service in ensuring that schools had themselves attempted to help a child before referring them to the LEA for a formal assessment. This policy reversed the increase in the number of statements issued by the LEA (Exhibit 13). The change arose because of the policy of increasing schools' capability, not as a result of a failure to administer the 1981 Act.

Exhibit 12
PROPORTION OF PUPILS WITH A STATEMENT IN ENGLAND AND WALES
There has been a steady increase in the proportion of pupils with a statement

Source: DFE and Welsh Office.

34. By contrast, another LEA did not feel that the requirements of the 1981 Act represented an improvement on the LEA's current assessment and placement procedures and hence had avoided issuing statements wherever possible. In that LEA in 1990 there were more children in special schools without a statement than there were with a statement. Under pressure from the DFE, the LEA began to issue large numbers of statements - but this was purely an administrative phenomenon, unrelated to any increase in demand from parents or schools (Exhibit 14).

35. Because of the absence of management information it was not possible to assess whether there was an increase in demand in the LEAs which was hidden by increasing delays in the completion of the process. However, the last two years for which records are available nationally (1990 and 1991) show a more marked increase in the number of statements issued in comparison with previous years (Exhibit 12). Also the trend in the 12 study LEAs continued upwards in 1992, indicating an increase in demand. If the proportion of pupils with a statement continues to grow, then resources will be spread over a larger number of pupils than was envisaged in the Warnock
Without a clearer definition of the client group and of the responsibilities of ordinary schools, it is difficult for LEAs to decide which children are a priority for extra help, and to target resources accordingly, and for the DFE and Welsh Office to form a view as to whether these resources are adequate.

Exhibit 13
MANAGING THE DEMAND FOR STATEMENTS IN ONE LEA
The LEA reversed the increase in the number of statements

Source: Audit Commission / HM1 fieldwork.

Exhibit 14
TREND IN STATEMENTS ISSUED IN ONE LEA
Under pressure from the DFE, the LEA began to issue statements, but this increase bore no relation to demand from parents or schools

Source: Audit Commission / HM1 fieldwork.

APPEALS
36. There are several types of appeal or complaint open to parents:
(a) If an LEA refuses to assess a child, the parent may complain under the 1944 Education Act that the LEA is acting unreasonably
(b) If the LEA assesses a child and refuses to issue a statement, the parent may appeal under the 1981 Act to the Secretary of State for Education or the Secretary of State for Wales

(c) If the parent does not agree with the content of a statement, the parent may appeal firstly to a local panel set up by the LEA and then, if still not satisfied, to the Secretary of State. In addition, parents may complain to the local government ombudsman if they believe that their LEA is guilty of maladministration, and a few parents have initiated judicial reviews.

37. Local appeals are rare, and most LEAs have had only a handful in the last five years. The number of appeals to the Secretary of State is also low, but is increasing (Exhibit 15). In approximately two thirds of cases, the Secretary of State found in favour of LEAs. The DFE reports that appeals against a refusal to issue statements took between 6 and 9 months on average to complete, and appeals against the statement took between 9 and 12 months on average. Complex cases may take significantly longer. The Department's published aim is for decisions to be reached within six months and it is therefore also exceeding the target times for the process.

Exhibit 15
APPEALS TO THE SECRETARY OF STATE FOR EDUCATION
There has been a significant growth in appeals to the Secretary of State, but they are still only a minute proportion of the 26,000 statements now issued annually

<table>
<thead>
<tr>
<th>Year</th>
<th>Refusal to issue</th>
<th>Statement content</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>1984</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>1985</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>1986</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>1987</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>1988</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>1989</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>1990</td>
<td>40</td>
<td>10</td>
</tr>
<tr>
<td>1991</td>
<td>40</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: DFE. Appeals for England only.

38. Complaints to the ombudsman concerning special educational needs have also been increasing. If the ombudsman decides that there is evidence that maladministration has occurred, he may issue a public report. He did so in only a small number of cases (Exhibit 16). The ombudsman for Wales issued one report in each of the last two years on cases concerning special needs.

39. LEAs state that parents are increasingly seeking representation from voluntary groups when requesting formal assessments, and that parents of children with special needs are becoming more litigious. The growth in the number of appeals does indicate a trend in this direction, but

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1 Source: correspondence between DFE and the study team.
this must be put in the context that only a tiny proportion of the 26,000 statements issued in England in 1991 went to appeal to the Secretary of State and in the cases of only a handful of the 28,000 statements issued annually in England and Wales did the ombudsmen issue reports.

Exhibit 16
TREND IN COMPLAINTS TO THE OMBUDSMAN OF MALADMINISTRATION IN THE AREA OF SPECIAL NEEDS
The trend in the number of complaints is upwards but the total number is small

![Graph showing trend in complaints and reports]

Source: Commission for Local Administration in England (figures for one of the Commission's three regions are excluded as they were not available).

THE CONTENT OF STATEMENTS

40. Once the LEA and parent have accepted that a statement is required, the LEA should define the child's needs and the provision which is required to meet them. In fact, in the sample of statements analysed, children's needs were not usually itemised in such a way that parents could judge whether the provision proposed by the LEA would address them.

41. In all the LEAs, the officer responsible for writing statements told the study team that one of the prime objectives of the statement was to 'protect' resources for pupils with special needs, so that the extra provision was, in a sense, guaranteed. This arises from the obligation on an LEA, having stated what educational provision should be made, to ensure that it is made. The LEA can then change the provision only by amending the statement.

42. One LEA described the provision to be made in quite specific terms. It did so for three reasons: firstly it provided protection for the parents; secondly it defined and limited the liability of the LEA; and thirdly it enabled the provision to be costed and then the money delegated to the school. However, the statements allowed sufficient flexibility for schools to be able to manage the resources on a day-to-day basis. In order to respond to changes in pupils' circumstances, this LEA frequently amended statements: almost one third of the sample analysed had been amended, some of them several times. This compares favourably with the other 11 LEAs where less than 5% of the sample analysed had been amended. Unfortunately, this LEA was exceptional.

43. In the sample of statements analysed, where statements identified a special school as the required provision, virtually none specified what particular help was to be provided within
the special school. The assumption was that once a child was placed in a special school, all needs would automatically be met. This is a mistaken assumption, as will be seen in the section on schools. Where the placement was in an ordinary school with some additional help, the statements were usually even more vague. The additional help was rarely described in a way in which it would have been possible to assess whether it was being delivered or not. It is not uncommon to find provision described in terms such as 'This child requires provision suitable for a child with general learning difficulties'.

44. Since most statements for pupils in ordinary schools are vague, they cannot protect a specific level of provision. The notion that statements protect resources is therefore a fallacy. The 1981 Act envisaged that a statement would be a guarantee that extra help would be provided consistently and for as long as required. In fact, there are numerous examples of LEAs changing provision. One LEA, facing a budget crisis, reduced the extra teaching hours by 50% for all pupils with statements issued because of learning difficulties. LEAs which ran their own teams of peripatetic teachers frequently changed the levels of support offered to pupils. Rarely was there any discussion of this with parents – but even if there had been, the parents could hardly have claimed that the provision specified was not being made since it was not usually made clear in the first place.

45. The problem is not that LEAs refuse to allocate resources to support pupils with special needs in ordinary schools. In fact, analysis of a sample of pupils indicates that LEAs allocate quite significant funds to individual pupils on top of the normal provision (Table 1). The problem is that LEAs do not make the long-term commitment to supporting pupils. In the face of unpredictable demand and pressure on their finances the LEAs are not confident of their ability to guarantee the level of finance required. It was also stated by some LEAs that they did not want rigidly to specify a form of help now that might not be appropriate in, say, a year's time, and would therefore be a hindrance to both child and school. The latter is not a valid reason, as LEAs are able to modify statements.

Table 1
ADDITIONAL RESOURCES PROVIDED FOR PUPILS WITH STATEMENTS IN ORDINARY SCHOOLS

<table>
<thead>
<tr>
<th>Type of need</th>
<th>Cost of average hours provided per full year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning difficulties</td>
<td>£2,808</td>
</tr>
<tr>
<td>Physical disability</td>
<td>£3,500</td>
</tr>
<tr>
<td>Hearing impairment</td>
<td>£5,900</td>
</tr>
</tbody>
</table>

Source: Audit Commission/HMI visits to schools, 1991/92 financial year.

46. This situation has arisen because of the changes which have been taking place in the structure of education. This part of the 1981 Act had the potential to work more readily in an environment where there was less control of public expenditure and where LEAs had discretion over the whole education budget with the flexibility to move funds into areas under pressure. That is not now the situation. There are much tighter controls on the way in which LEAs may spend money.

47. There is a set of pressures on LEAs which results in most of them operating the defensive strategy of not making a commitment through the statement. The school wants extra resources,
and a guarantee of their continuity – and parents usually want the same. However, there is no
clear limit to the school's responsibility, and it is financially in the school's interests to pass
responsibility for additional resourcing to the LEA. Therefore the school puts pressure on the
LEA. The LEA is under financial pressure: it has an open-ended obligation to an ill-defined group.

48. The LEA is under pressure to delegate funds, but does not want to do so because it
cannot be sure the school will deliver the provision to the special needs pupil. The LEA cannot
be confident about schools' provision because it has not implemented systems for monitoring how
well schools are performing with special needs pupils. It may not even have systems to assess
whether schools actually spend the money as intended.

49. At the root of the problem are three factors: firstly, the lack of clarity over the nature
of the client group and consequently where schools' own responsibility ends; secondly, the lack
of structures to ensure accountability which makes LEAs hesitant to delegate; thirdly, there is an
incentive for LEAs not to specify what is to be provided because they thereby avoid a long-term
financial commitment.

TENSION BETWEEN THE 1981 AND 1988 ACTS REGARDING DELEGATION

50. There are two further problems which arise from the experience of those few LEAs
which have delegated resources for pupils with statements. Firstly, the 1983 Education (Special
Educational Needs) Regulations oblige LEAs to specify in detail the provision for a child with a
statement, including the facilities, equipment and staffing arrangements appropriate to meet his
or her needs. However, the essence of delegation under the 1988 Education Reform Act is that schools should have discretion to decide how they spend money delegated to them, provided that they do this in a way which is consistent with the scheme of local management and in a way which achieves the best outcome.

51. Secondly, the 1981 Act encourages LEAs to assess the individual needs of pupils. However, in order to meet the requirement of the 1988 Education Reform Act that where funds are delegated to schools, this must be done by reference to a formula, many LEAs have assumed that they have to categorise pupils into a group corresponding with an element within the formula. To achieve this, one LEA set up five bands of special need, each of which had a monetary value, and pupils were categorised into these bands. However, in practice these broad bands did not describe pupils' needs accurately and pupils were often placed in a category which allocated resources above or below their actual level of need. Another LEA agreed with its ordinary schools that it would fund pupils with statements issued because of their learning difficulties to the same extent, even though there were significant variations in their levels of need. This LEA was also thereby allocating resources above or below the pupils' actual level of need. This is not an intrinsic problem of formula funding, but arises from the way in which many LEAs have drawn up the elements of their schemes for local management of schools which relate to pupils with special needs.

52. There is less of a problem where the LEA delegates funds to a school for a group of pupils which is large enough to result in any over-funding of some pupils to be counter-balanced by under-funding of others. The adoption of a larger number of finer bands of funding would in principle lessen the problem, but this was rejected by a number of LEAs on the grounds that the scheme of local management would become unduly difficult to explain to parents and schools.

53. The former of the LEAs described above (para. 51) recently introduced a new system of formula funding through which pupils are assessed and the school is allocated a number of 'funding units' (each worth £500) depending on the assessment of the pupil's needs in that school. This enables the LEA to target funds more accurately. In order to meet the requirements of formula funding under the Education Reform Act, the LEA has to publish the criteria for determining the level of funding which individual pupils attract.

54. The deficiencies in the processes of assessment and issuing statements mean that some of the principal provisions of the 1981 Act are not being implemented. In particular, the concept of a timely, meaningful assessment of a child's needs, followed by a clear statement and guarantee of help has largely not materialised. Out of 12 LEAs, the implementation of the statutory procedures has broken down almost completely in one, has been virtually ignored in another, and in a third the level of demand is out of control. Most of the remaining LEAs are falling far short of an adequate performance in most of the measures detailed in this section.
PLACEMENT IN SCHOOL

55. LEAs in England have been placing a gradually increasing proportion of pupils in ordinary schools (Exhibit 17). The trend is broadly similar in Wales, but with a smaller proportion of pupils being placed in special schools. Welsh LEAs reported that the geography of some of the Welsh counties previously made special school placement less viable for rural areas with difficult communications. More recently, as the 1981 Act encouraged LEAs to place an increasing proportion of pupils in ordinary schools, the Welsh LEAs took positive decisions not to build more special schools. LEAs' performance in placing children in ordinary schools can be most clearly assessed by looking at trends in the proportion of pupils in special schools, as this reflects how far LEAs are placing these pupils in ordinary schools.

Exhibit 17
PROPORTION OF PUPILS IN SPECIAL SCHOOLS
LEAs have been placing a smaller proportion of pupils in special schools since the 1981 Act was implemented.

Source: Audit Commission / HMI analysis of DFE and Welsh Office statistics.

INCONSISTENCY IN THE PLACEMENT OF PUPILS IN ORDINARY SCHOOLS

56. There are marked differences in the degree to which LEAs place pupils with special needs in special schools (Exhibit 18, overleaf). Contrasts are acute for pupils with moderate learning difficulties. For example, in one LEA pupils with such difficulties account for half of the special school population, while another LEA has no special schools at all for these pupils.

Why there are variations between LEAs

57. This level of variation would be reasonable if it reflected the differing incidence of pupils with special needs, but there is no correlation between the level of social deprivation and the proportion of children which is placed in special schools in an LEA (Exhibit 19, overleaf and Appendix 2).

1 The exhibit shows the proportion of pupils for whom LEAs are responsible which is placed in LEA special schools or funded by the LEA to receive special provision in independent or non-maintained schools.
Exhibit 18
PROPORTION OF PUPILS IN SPECIAL SCHOOLS
LEAs differ considerably in the degree to which they place pupils in special schools

Source: Audit Commission / HMI fieldwork in 12 LEAs.

Exhibit 19
CORRELATION BETWEEN DEPRIVATION AND PERCENTAGE OF PUPILS IN SPECIAL SCHOOLS
The percentage of pupils in an LEA's special schools does not have a relationship with the level of deprivation in the LEA.

Source: Audit Commission / HMI fieldwork.

58. This pattern may not be caused by parental preference. A sample of 160 parents of pupils with a statement of special need were interviewed as part of this study. This survey indicates that the overwhelming majority of parents place great value on advice from educational professionals employed by the LEA. There is therefore a need for caution in accepting that such trends are the result of independent parental preference, when parents are open to significant influence by individual LEA officers, particularly as parents do not have the right to make the final choice.
MOVEMENT OF PUPILS FROM SPECIAL TO ORDINARY SCHOOLS

59. The Warnock report\(^1\) envisaged that special schools would have a role in taking children for short periods of time for intensive work then returning them to ordinary schools. The Warnock Committee believed that special schools would be able to use their expertise and lower pupil:teacher ratio to enable pupils who were falling significantly behind to catch up sufficiently to be able to cope in an ordinary school. This is largely not happening.

60. The only special schools which transferred pupils to ordinary schools to any significant degree were schools or units whose primary function was the assessment of pupils. They constituted less than 5% of the total sample. Some special schools have a role in 'outreach' work, where the special school staff support pupils who are moving into ordinary schools on a full- or part-time basis, or provide advice to ordinary schools. Many special schools took groups of children to ordinary schools for certain activities, in order to encourage some degree of integration between special and ordinary school pupils.

61. A survey of 85 special schools shows that less than 2% of pupils move annually onto the roll of an ordinary school (Exhibit 20). This cannot be taken as a sign that the process of assessment has ensured that only pupils who need to spend their whole school career in special schools are placed in them, because in 11 out of the 12 LEAs, the chief educational psychologist reported that there were pupils in the LEA's special schools who could reasonably be educated in an ordinary school.

Exhibit 20
PROPORTION OF SPECIAL SCHOOL POPULATION MOVING TO ORDINARY SCHOOLS
In a sample of 85 special schools less than 2% of the pupils move to an ordinary school each year

The average special school has 70 pupils on roll

Source: Audit Commission / HMI survey.

\(^1\) Op. cit. 1978, paragraph 8.8
Why pupils do not move from special to ordinary schools

(i) Lack of co-ordination

62. There is an element of 'passing the buck' in this situation. Several special school head teachers said that ordinary schools could not cope with the difficult pupils remaining in special schools and that ordinary schools were not willing to put in the amount of work required to ensure a successful transfer. A number of ordinary school head teachers who said that they had been trying to take on more pupils with special needs claimed that special schools were over-protective. LEAs for their part said that they could not attend all the annual reviews of pupils in special schools and that it was up to the special school to nominate appropriate pupils to transfer.

(ii) Parental Choice

63. If it were true that all the parents of pupils in special schools thought that they should remain there, then this situation would be quite reasonable because the 1981 Act directs LEAs to take account of parents’ views. However, the evidence from the survey of parents is contrary to this. Thirty-six percent of the parents of children in special schools wanted to change their child's school. This was more than three times the number of parents of children with statements placed in ordinary schools who wanted to change schools (Exhibit 21).

Exhibit 21
VIEWS OF PARENTS OF CHILDREN IN SPECIAL SCHOOLS
A significant proportion of the parents of children in special schools wanted to change school – far more than was the case among parents of children with statements in ordinary schools

<table>
<thead>
<tr>
<th>View of parents of children in special schools</th>
<th>Happy with school</th>
<th>Want to change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>64%</td>
<td>36%</td>
</tr>
</tbody>
</table>

Source: ICM survey of 160 parents in two LEAs for Audit Commission / HMI.

64. In the main, these parents wanted to move their child to an ordinary school (Exhibit 22). It has been suggested by some educationalists that a proportion of these parents may have had difficulty in coming to terms with their child’s special needs and hence have had unrealistic expectations of them. Whilst this may be true, the survey also reveals that those same parents who wish to transfer their child place a high value on professional advice – and that advice would presumably aim to give them a realistic picture of their child’s capabilities. The evidence of the study is that the lack of movement of pupils from special schools to ordinary schools does not reflect parental preference. There must be serious concern not only about the situation itself, but also about the lack of awareness of the problem in most of the study LEAs.
Exhibit 22

PLACEMENT PREFERRED BY PARENTS WHO WANTED TO CHANGE CHILD’S SCHOOL

Most parents of children in special schools who wanted to change preferred an ordinary school for their child.

Ordinary school (including unit) 59%
Combination of ordinary and special 15%
Other special 11%
Other 15%

Source: ICM survey of parents for Audit Commission / HMI.

(iii) The underlying causes

65. This situation is symptomatic of four underlying problems. Firstly, the LEA is legally in the position of the person representing the child’s educational interests. However, it is also the provider of education through special schools. There is no separation of the rôle of the client, who purchases services, and the contractor, who delivers them. Hence the LEA is in the position of monitoring itself. The weakness of this relationship is exacerbated by the fact that most LEAs do not regularly send an officer to the annual reviews of pupils in special schools. The special school, which may have only limited knowledge of the practical possibilities of a transfer, is left in the position of advising the parent.

66. Secondly, the level of accountability to the parent by the school and LEA is weak. Parents cannot simply move their child from a special school and enrol him or her in an ordinary school, because the child may require individual support funded by the LEA. Indeed, they cannot legally withdraw a child from a special school without the LEA’s consent – although this is a provision of the Act which is rarely used (Section 11, 1981 Education Act). In a situation where the parents’ choice is limited by the law, there need to be clear safeguards.

67. Thirdly, there is a financial disincentive for the LEA when pupils move from special schools, as the LEA has to fund an ordinary school place plus extra support and continue to fund an empty special school place.

68. Finally, the consequences for a small special school in pursuing a programme of transfer of pupils to ordinary schools could be the loss of viability for the school. Whilst hopefully no special school head teacher would take self-interest into account when considering any individual pupil, it is a perverse incentive to the school if, by transferring pupils, it reduces its own numbers below the level at which the school can effectively or economically deliver the National Curriculum. The failure of many LEAs to produce clear plans for the future of their special schools is perpetuating this uncertainty.
THE IMPACT OF OPEN ENROLMENT

69. It has been speculated that the introduction of open enrolment, the pending publication of league tables of examination results and the more competitive environment in which ordinary schools will operate mean that ordinary schools will be less willing to accept pupils with special needs. This concern is not yet evident in any change in the trend for a decreasing proportion of pupils to attend special schools (see Exhibit 17). In addition, the study team interviewed 56 head teachers of ordinary schools on this subject. The vast majority said that open enrolment had made no difference to their willingness to accept pupils with special needs (Exhibit 23). Further, virtually all head teachers said that the small number of pupils with more severe special needs would make little difference to their school’s examination results. There was no difference between the attitude of head teachers of the six grant-maintained schools visited and their counterparts in LEA-maintained schools.

Exhibit 23

THE IMPACT OF OPEN ENROLMENT

Head teachers say that open enrolment has made no difference to their willingness to accept pupils with special needs

<table>
<thead>
<tr>
<th>Open enrolment makes no difference</th>
<th>Less inclined to accept pupils with special needs</th>
<th>Having pupils with special needs enhances school’s image</th>
</tr>
</thead>
<tbody>
<tr>
<td>69%</td>
<td>11%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Proportion of 56 head teachers of ordinary schools

Source: Audit Commission / HMI fieldwork.

70. No LEA reported increased difficulty in setting up units for pupils with special needs (including learning difficulties) in ordinary schools, providing that they were able to agree on the funding arrangements with the school. A number of schools were contemplating seeking grant-maintained status, and all stated that they wished to retain their units for pupils with special needs. The one exception to all of this is the case of children with emotional and behavioural disturbance. This group of children is considered later.

71. Most ordinary schools saw themselves as serving the whole local community. Twenty per cent of them saw a positive advantage to their image in taking pupils with special needs, as most head teachers thought that parents were interested in the school’s flexibility in meeting individuals’ needs as well as in the overall examination results. This attitude was broadly

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1 The Independent 22.8.91 and 18.3.92, Times Educational Supplement 7.5.91 and 24.4.92, Education magazine 14.6.91
replicated in the survey of school governors, again with no difference in the attitude of governors of grant-maintained schools and governors of LEA-maintained ordinary schools.

72. Schools which felt that they had a higher proportion of pupils with special needs than neighbouring schools did want that fact recognised when the performance of schools was analysed. However, that was not, in the view of the head teachers, a reason for rejecting such pupils. These factors indicate that the introduction of open enrolment and the prospect of the publication of exam results have not at the moment made ordinary schools more reluctant to accept pupils with special needs.

THE IMPACT OF LOCAL MANAGEMENT OF SCHOOLS

73. The full impact of the local management of schools on the willingness of ordinary schools to provide for pupils with special needs is not yet clear because not all LEAs have fully implemented their schemes of local management, but LMS has clearly made head teachers more aware of the cost of providing for pupils with special needs. Most of the head teachers of ordinary schools reported that they were now insisting that LEAs give assurances of funding when the LEA wishes to place pupils with special needs in their school – even in isolated cases to the extent of delaying the pupil’s entry to the school.

74. Funding for pupils with special needs but without a statement was a regular source of dispute between school and LEA. Over half of the head teachers interviewed claimed that they were inadequately funded to provide for such pupils (Exhibit 24). This view is weakened substantially by the fact that 60% of them were not aware of the resources they did get. This situation arises partly because LEAs have not been sufficiently clear about amounts in schools’ budgets which relate to special needs, and partly because head teachers have not seen it as a priority to find this out. This is a serious situation because head teachers cannot be held accountable for the effectiveness with which they have applied these resources if it is not known what these resources are.

Exhibit 24
THE IMPACT OF LOCAL MANAGEMENT OF SCHOOLS
Over half of the head teachers interviewed do not think that they are given the level of funding they need for pupils with special needs

<table>
<thead>
<tr>
<th>Views of a sample of head teachers of ordinary schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of resourcing is inadequate: 52%</td>
</tr>
<tr>
<td>Level of resourcing is reasonable: 37%</td>
</tr>
<tr>
<td>No view: 11%</td>
</tr>
</tbody>
</table>

Source: Audit Commission / HMI fieldwork.
75. The problem of the lack of clarity about funding is compounded by the lack of definition by LEAs of the responsibility of ordinary schools for providing for pupils with special needs. Without that definition, there are always likely to be disputes between the school and LEA over who is responsible for paying for any extra help, particularly as special needs are amongst the few remaining sources of additional funds for schools. For the same reason there is also a danger that schools will press inappropriately for statements to be issued.

THE NEED FOR CAUTION IN INTEGRATION

76. There was no doubt in the minds of almost all the head teachers and some 75% of governors of ordinary schools that they could not cope with all pupils with special needs. The overwhelming view was that there was a continuing rôle for special schools, even in the context of the trend in placing a greater proportion of children with special needs in ordinary schools.

77. A further cautionary note, based on the experience of Denmark, must be sounded in addressing the question of whether ordinary schools are, in general, more effective for pupils with special needs. Denmark has a longer history of placing children with special needs in ordinary schools. However, the Ministry of Education and the Danish LEAs visited as part of the study reported a trend away from placing pupils with severe learning difficulties in ordinary classes. As such pupils grow older, the gap between them and their peers becomes wider and they become socially isolated. This has resulted in advice to the parents of these children to place them in separate units housed in ordinary schools. Although the trend to reduce the number of children in special schools in Denmark is continuing, these pupils are moving into special units in ordinary schools (Exhibit 25).

Exhibit 25
EXPERIENCE OF INTEGRATION IN DENMARK
A greater proportion of pupils with special needs is being placed in special classes in ordinary schools

THE QUALITY OF LEARNING FOR PUPILS WITH SPECIAL NEEDS

78. The study attempted to assess what the effects were on the quality of learning for pupils with special needs of placing them in ordinary schools, where the expertise of special schools is no longer available to them. To examine this, an inspector from HMI observed pupils with special
needs in each of 151 lessons. The prime measure of quality was the outcome of the lesson for an individual pupil, taking into account the differing levels of ability of the pupils selected by the inspector. The focus on an individual child with special needs was a rigorous test of teachers' planning and organisation. Lessons were graded on a scale of one to five. The basis on which grades were given is outlined in Appendix 3. The learning experience of pupils with special needs was broadly of the same quality in ordinary and special schools. There were examples in both types of school of lessons which provided well for pupils with special needs. Primary schools performed best, reflecting a more flexible approach to lesson organisation, which enabled pupils to work at different levels (Exhibit 26). However, in the case of pupils with learning difficulties, the gap between them and their peers is not so great in early school years. It tends to widen as pupils grow older, making it more difficult for teachers in secondary schools to deliver lessons which are appropriate for pupils of widely differing ability. In secondary and special schools only slightly more than half the lessons in schools provided satisfactorily or better for these pupils.

*Exhibit 26*
**CAN ORDINARY SCHOOLS PROVIDE ADEQUATELY?**
The learning experience of a sample of pupils with special needs was of a similar level of quality in all types of school.

<table>
<thead>
<tr>
<th>HMI lesson grade (average)</th>
<th>Good</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
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<tr>
<td>3</td>
<td>4</td>
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<tr>
<td>4</td>
<td>5</td>
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<tr>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

*Primary* | *Maintained* | *Special* | *Secondary* | *Poor*

**Source:** Audit Commission / HMI fieldwork.

79. It is significant that the quality of the learning experience for pupils with special needs is virtually the same in both special and ordinary schools, when it might be expected that the presumed higher level of expertise in special schools would lead to a better quality of learning experience for the pupils. The quality of pupils' learning in special schools was affected by a lack of pace in lessons. In addition there was a general absence of assessment and associated response to pupils' individual needs, and in some classes a low level of expectation for pupils. This picture is confirmed by HMI reports on the quality of provision in special schools.

80. This does not mean that all children with special needs could be educated in ordinary schools, but it does indicate that for those pupils who are able to cope in an ordinary school, their

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placement there has resulted in a quality of education broadly similar to that which they would have received in a special school. These pupils are also able to benefit from being educated within their local community.

81. The two main methods of supporting pupils with special needs in ordinary schools are to withdraw them from a class lesson for intensive tuition or to provide an extra adult in the lesson. These strategies can work well, but schools often do not use them to best advantage. The best withdrawal sessions were targeted on pupils' needs and linked to current work in class. Pupils clearly benefited, and detailed records of their work enabled teachers and pupils to recognise the progress being made as well as helping teachers to plan future sessions effectively. In half the sessions, however, pupils merely practised skills without reference to their individual needs or to current classwork, or they undertook pieces of classwork for which the support teacher had been poorly briefed. As a result, despite the intensity of staffing, the quality of work in withdrawal sessions was not notably higher than in class lessons (Exhibit 27).

Exhibit 27
QUALITY OF PUPILS' LEARNING IN WITHDRAWAL SESSIONS
In spite of the greater attention which pupils received, the quality of their learning was not significantly greater in withdrawal sessions than in all lessons

<table>
<thead>
<tr>
<th>HMI lesson grade (average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good</td>
</tr>
<tr>
<td>Poor</td>
</tr>
</tbody>
</table>

Withdrawal sessions | All lessons in ordinary schools

Source: Audit Commission / HMI fieldwork.

82. Support in class can be crucial to the ability of a pupil to remain in an ordinary school when his or her difficulties in learning are serious. The system has advantages over withdrawal because pupils are not isolated from the experiences of their classmates and from the full breadth of the curriculum. Support in class is generally focused on lessons where the pupil with special needs or the class teacher is expected to have particular difficulty in coping. For example, a pupil with behavioural difficulties may present a problem in a practical science lesson, or a pupil with poor literacy skills may need more help than the teacher can provide in a lesson which relies heavily on the reading of instructions. There is the potential for the helpers to raise the quality of the experience for their target pupils considerably.

83. In practice, when an additional adult works closely with the target pupil, although there is some beneficial effect on the pupil's learning in comparison with unsupported lessons, this effect could be much greater if teachers planned the role of the additional adult in detail (Exhibit 28). Some
Exhibit 28

THE IMPACT OF CLOSE ADULT SUPPORT

Close adult support does improve the quality of learning for a pupil with special needs in ordinary school classes – but not as much as it should.

<table>
<thead>
<tr>
<th>HMI lesson grade (average)</th>
<th>Good</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
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<tr>
<td>2</td>
<td></td>
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<td>3</td>
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<tr>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

With close adult support

<table>
<thead>
<tr>
<th>All lessons in ordinary schools</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
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<tr>
<td>2</td>
<td></td>
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<td>3</td>
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<tr>
<td>4</td>
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<td>5</td>
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</tbody>
</table>

Source: Audit Commission / HMI fieldwork.

Lessons consisted mainly of the teacher's talk with the class, use of a video, or demonstration of some process, where there was little or no role for the additional adult. Some resources which teachers prepared for lessons were so poorly matched to the ability of the pupil with special needs that the helper could not use them successfully with the pupil. These findings are reflected in HMI surveys of provision for pupils with special needs.\(^1\)\(^2\). Because so much of this work was unplanned, the work of the additional adults was not fully effective in raising the quality of pupils' experience in spite of schools' heavy investment in both withdrawal and support in class.

THE COST OF PLACING A CHILD WITH SPECIAL NEEDS IN AN ORDINARY SCHOOL

84. It was commonly suggested by the study LEAs that it cost more to place a child in an ordinary school than in a special school and that therefore an LEA which implements this part of the 1981 Act more vigorously suffers a financial disincentive for doing so. This merits further examination, because the 1981 Education Act does allow LEAs to take 'the efficient use of resources' into account when deciding whether to place a child in an ordinary school. The provision currently being delivered to a simple of pupils with statements issued because of learning difficulties and placed in ordinary schools was costed, and compared with the average cost per pupil in special schools for children with moderate learning difficulties in a sample of LEAs. The costs appear broadly similar (Exhibit 29, overleaf)\(^3\). However, all 12 LEAs had vacant places in their special schools. This means that where a pupil might reasonably be educated in either type of school, it is doubly expensive for the LEA to educate the pupil in an ordinary school,

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\(^1\) Provision for Primary Aged Pupils with Statements of Special Educational Needs in Mainstream Schools. DES, 1990.
\(^3\) The sample included pupils with a wide range of learning difficulties in the same way that the population of pupils in special schools for pupils with moderate learning difficulties includes pupils of widely differing abilities. Care has been taken to ensure that costs of both types of school have been calculated on a comparable basis. See also Exhibit 34.
Exhibit 29
COSTS IN ORDINARY AND SPECIAL SCHOOLS
On average it is not more expensive to educate a child with learning difficulties in an ordinary school with support rather than in a special school for pupils with moderate learning difficulties.

£’000 per pupil

Source: Audit Commission / HMI fieldwork.

because it then has also to bear the cost of an empty place in a special school, as well as the cost of pupil-funding and extra support in the ordinary school.

85. Such comparisons of marginal costs can be misleading. The low marginal cost of special schools arises largely because LEAs have not moved resources as quickly as the pupil population has moved. If special school funding were made more responsive to changes in the pupil population, as is the case in some LEAs, then the cost considerations in the choice of special or ordinary schools would on average be neutral as far as pupils with moderate learning difficulties are concerned.

86. In the case of pupils with more severe handicaps, it is often more expensive to place a pupil in an ordinary school if major physical adaptations are required or if pupils are placed singly in ordinary schools, meaning that the cost of extra support staff is not spread across two or three pupils, as would be the case in a special school. Most of the fieldwork LEAs are developing ‘resourced ordinary schools’ which have been adapted to take small groups of pupils with particular disabilities and will take pupils from outside their catchment area in order to get the maximum value from physical adaptations and extra support staff. These require some ‘pump-priming’ investment to enable pupils from special schools to be educated within ordinary schools.

METHODS OF FUNDING ORDINARY SCHOOLS FOR PUPILS WITH SPECIAL NEEDS
87. LEAs fund provision for pupils with special needs in ordinary schools in three ways:
   (a) general funding through the formula, in the same way that they fund all pupils, largely on the basis of the number and age of pupils
   (b) delegating certain funds for pupils with special needs, including in some cases funds allocated via a statement
   (c) providing services directly to pupils, e.g. individual tuition, specialist advice, etc.
88. There are significant differences in the degree to which LEAs allocate money specifically for work with special needs (Exhibit 30). When an LEA funds special needs pupils mainly through (a) above (as in LEA 9 in Exhibit 30), then schools will only know what proportion of funds is intended for special needs provision if the LEA tells them how the basic unit of funding has been determined. Such a method of funding also means that the LEA is making little distinction between schools which may have different proportions of pupils with special needs. Under method (c) above, the differential between schools is reduced if the LEA does not deploy these teachers with reference to the level of special need in each school.

Exhibit 30

FUNDING OF PUPILS WITH SPECIAL NEEDS IN ORDINARY SCHOOLS

There are significant differences in the degree to which LEAs allocate money specifically for work with special needs

<table>
<thead>
<tr>
<th>LEAs</th>
<th>Special needs marginal funding</th>
<th>General funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4</td>
<td>1</td>
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<tr>
<td>2</td>
<td>3</td>
<td>2</td>
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<td>6</td>
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<td>9</td>
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<td>9</td>
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<tr>
<td>10</td>
<td>5</td>
<td>10</td>
</tr>
</tbody>
</table>

Note: Most LEAs estimate that some 16% of pupils in ordinary schools have special needs. This chart shows the average funds per pupil in the 16% category. The general funding is each child's share of the general schools budget less special needs funds. Comparison of LEAs' general funding is approximate as some LEAs treat costs in different ways. The marginal funding has been individually calculated for each LEA during fieldwork.

Source: Audit Commission / HMI fieldwork.

89. The head teachers interviewed in the study made it quite clear that it was more expensive to educate pupils with special needs because they need more adult attention, and that it was a disincentive for the school to accept pupils with special needs if the resources allocated via the formula or by the LEA did not compensate for the extra cost.

90. The degree to which an LEA differentiates between pupils with special needs but without a statement and other pupils is a matter for the education committee to decide when drawing up its formula. The LEA may not differentiate at all – it may include resources for pupils with special needs in the basic age weighted pupil unit, or through another factor in the formula. But whichever approach the LEA adopts, clarity about the level of resources which schools are receiving for pupils with special needs is vital if schools are to accept their responsibility for these pupils and be held accountable for the resources they have received.
Delegation of funds for pupils with special needs in ordinary schools

91. Although all of the LEAs have delegated some funds via their schemes for the local management of schools for pupils with special needs but without a statement, most have retained a significant proportion of special needs funds to pay for teams of support teachers directly employed by the LEA. Three of the LEAs had delegated significant proportions of their special needs funding to schools, but the other LEAs expressed concern about delegating those funds. This concern centred around two areas:

- the LEA had no guarantee that, if it delegated funds, they would be spent on pupils with special needs
- central LEA teams were considered to be more skilled and better trained in providing for pupils with special needs than the teachers that ordinary schools could deploy.

92. The experience of LEAs which have delegated special needs funding has not, thus far, borne out these concerns – in particular, that schools will misapply funds. All these LEAs noted that they had not had an increase in complaints from parents on this subject, although this is an insufficient safeguard as many parents may not necessarily complain or even know if their child is receiving inappropriate provision at school. Two of the LEAs visited schools to assess whether they were applying delegated resources appropriately. One had used its inspection team to evaluate the work of a sample of schools, and the other used advisory teachers to review annually the case of every pupil for whom schools received special needs funds, whether the pupil had a statement or not.

93. Most of the head teachers and teachers in ordinary schools which were visited did not agree that central LEA teams were better equipped than they were to provide for pupils with learning difficulties, and they also felt that they could provide this service to pupils more efficiently themselves. Delegation of this service would mean that time currently spent travelling would be spent in school and would reduce the problem of peripatetic teachers arriving at inappropriate times during the school day – a significant bone of contention with many ordinary schools. Furthermore, it is difficult for peripatetic teachers to be as well co-ordinated with pupils’ ordinary class teachers as the staff of their own school because, moving between schools, they are usually not so easily available to hold discussions with the class teacher.

94. All the LEAs employed teams for the support of hearing or visually impaired pupils. In some cases, LEAs also had small support teams for other specific disabilities. The teachers in these teams are usually specially trained and may have access to complex equipment. The case of these teams is different from that of teams of support teachers for pupils with general learning difficulties. For example, in the case of a hearing-impaired child, the only support necessary might be an occasional visit by the specialist teacher to advise the classroom teacher. If schools had to employ staff for this, it might be difficult for them to find such a specialist teacher, and unlikely that it would be economic for each school to set up a contract for such a small number of hours even if they could find a specialist teacher willing to work so few hours.

95. Most head teachers who had pupils with such specialised needs did not feel confident in assessing what level of support these pupils needed. They felt that there was as much danger that they would over-provide – thus affecting the child’s independence – as that they would under-provide. But that does not mean that they have to take this service only from the LEA.
One LEA is setting up a scheme under which it will prescribe the support which is to be provided to pupils with exceptional needs and then allow the school to buy the service from one of a number of organisations, such as special schools and voluntary bodies, which have been approved by the LEA as being qualified to provide such services. This LEA has retained a team of specialist teachers which is sufficient in size to assess the help required by these pupils, monitor their progress and provide teaching support in cases where the schools select them or where no other organisation is able to provide the service.

96. LEAs are more cautious about delegation of general support services for pupils with learning difficulties than is justified by the experience of those LEAs which have delegated. The fear that schools will use funds intended for special needs for other purposes is no reason for LEAs to retain direct control of these resources, as it lies within LEAs' remit to set up systems to make schools accountable at the same time as they delegate funds. For more specialist teams, such as those for hearing impaired or visually impaired children, it would appear both more efficient and effective to manage them centrally.

SPECIAL SCHOOL COSTS

97. Given the trend for more pupils with special needs to be educated in ordinary schools, it would be expected that the number of staff employed in special schools would have reduced in line with that trend. As this has not happened, special school costs per pupil have risen significantly in the last five years, much faster than ordinary school costs per pupil (Exhibit 31). If the staffing levels of special schools in the study LEAs had been adjusted to maintain a constant pupil:adult ratio over the last five years, then £4.9 million would have been released in 1990/91 alone (Exhibit 32, overleaf). If this picture were replicated nationally then £53 million could have been redeployed.

Exhibit 31
COMPARISON OF COSTS BETWEEN ORDINARY AND SPECIAL SCHOOLS
Special school costs are rising much faster than costs in ordinary schools

![Graph showing comparison of special and ordinary school costs per pupil](image)

Source: DFE; not adjusted for inflation.

Special school staffing levels
98. It is important to explore whether this relative increase in special school staffing was necessary. Many special school head teachers claim that they are now receiving children with
Exhibit 32
RELEASING RESOURCES FROM SPECIAL SCHOOLS
If the pupil:adult ratio had remained constant in 10 study LEAs, £4.9m of staffing would have been released.

Source: Audit Commission/HMI fieldwork.

greater levels of need than has been the case in the past. There is no objective data which gives a picture of the trends in the severity of need in the population of all pupils with special educational needs. The proportion of the total special school population comprising pupils in schools for children with severe learning difficulties is not increasing (Exhibit 33). However, it could be the case that the trend in all categories of school is for their pupils to have more severe needs.

Exhibit 33
PROPORTION OF PUPILS IN DIFFERENT TYPES OF SPECIAL SCHOOL
There has been no change in the relative proportions of pupils in different types of special school.

Source: Audit Commission/HMI fieldwork.
99. As more children are educated in ordinary schools, those who still require special schools will be those with greater needs. However, the reduction in the proportion of pupils attending special schools has not been large (approximately 9% in England and Wales between 1987 and 1991).

100. Most LEAs had used DES Circular 11/90 and Welsh Office Circular 58/90 on special school staffing as a broad guideline. The Circulars advise LEAs on the level of staffing required for broad categories of pupils with special needs. But the Circulars assume that the LEA knows how the current population of pupils in its special schools is distributed between the categories, whereas in fact most of the study LEAs do not know this.

101. Three LEAs stood out because they had taken action. One of these LEAs, small in size, reviewed staffing levels in its special schools and concluded that they had previously been under-staffed. Therefore the LEA allowed the pupil:adult ratio to decrease as the special school population declined. The second LEA, a large one, completely rationalised its provision, amalgamating several special schools in the process. The third LEA (also large) used its educational psychologists to assess independently the staffing needs of all pupils in 12 special schools. It identified surplus special school staffing of approximately £1 million per annum and redirected those staff into the support of pupils with special needs in ordinary schools. This has not led to widespread special school closures. In many smaller LEAs it may not be an option to close special schools because LEAs may have only a small number of such schools and may want to keep them open to provide choice for parents without pupils having to travel excessive distances. But even in small LEAs there is scope for adjusting staffing levels in response to changes in the pupil population.

102. None of this is to say that special schools would not benefit from additional resources. HMI reports that many of them are lacking in facilities and expertise in science, technology and foreign languages. However, as staffing accounts for most of special school costs per pupil, it is most important that LEAs undertake this review (Exhibit 34, overleaf). Since the average pupil:adult ratio in the study LEAs is 3:1 it follows that only a very few pupils have to move to give the LEA scope to adjust staffing levels.

103. The cost-effectiveness of making adjustments as pupil numbers change is even greater in special schools for pupils with severe learning difficulties, as the average pupil:adult ratio is almost 2:1. The high costs of provision for pupils with emotional and behavioural disturbance reflects the fact that some of these special schools are residential. Every study LEA which had such residential schools was reviewing the appropriateness of this type of provision on both educational and financial grounds. Pupils are often sent to such schools in order to remove them from their homes. Almost all LEAs involve the social services department which, in some cases, jointly funds the placement.

The reason why most LEAs have not attempted rationalisation

104. The main reason cited by LEAs which have not undertaken reviews of special school staffing levels is that it is too contentious. LEAs' attempts to rationalise provision in the special school sector can provoke a negative reaction from individuals and voluntary groups who are active in this area. This makes elected members and officers cautious. But if caution becomes
As staffing accounts for most of the total cost, there is a clear incentive for LEAs to review staff levels in response to changes in the pupil population.

<table>
<thead>
<tr>
<th>Cost per pupil (1990/91) £'000</th>
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<tbody>
<tr>
<td>Staff cost</td>
</tr>
<tr>
<td>12</td>
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<tr>
<td>10</td>
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<tr>
<td>8</td>
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<tr>
<td>6</td>
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</table>

<table>
<thead>
<tr>
<th>Moderate learning difficulties</th>
<th>Severe learning difficulties</th>
<th>Emotional and behavioural disturbance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff cost</td>
<td>Non-staff costs</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

Source: Audit Commission / HMI fieldwork.

inaction, then resources will remain in special schools when the pupils for whom they were originally intended are now placed in ordinary schools.

105. The claim that voluntary groups oppose this type of rationalisation was put to a number of such groups, whose response was that there was no wish on their part to perpetuate special school provision which was inappropriate or to frustrate decisions which were designed to get better use from resources. However, their concern was twofold:

— that where specialist expertise was built up in a special school, it should not be dissipated when that school closes

— that funds released from rationalisation of special schools should remain in use in the support of pupils with special needs.

106. It is difficult to see how LEAs could achieve the former without keeping on a full establishment of staff in a school which, shortly prior to closure, may have only a handful of pupils. This would consume a significant amount of money which should be used more directly for the benefit of pupils, and would prevent the specialist expertise of these staff from being used elsewhere. The second concern is for LEAs to address. The LEAs which had rationalised special schools had made a determined effort to pay heed to it. From the experience of the LEAs which have successfully undertaken such changes, it is clear that, through a most painstaking process of discussion, LEAs can adjust special school provision to reflect more accurately their current needs without alienating either parents or voluntary bodies.

Placement of pupils in non-LEA special schools

107. Approximately 11,000 pupils are placed by LEAs in independent and non-main­tained special schools. Often these are boarding schools and often they provide for children with
very particular types of need. Usually these schools are expensive, with fees frequently exceeding £15,000 per school year and with the costs being charged to LEAs escalating well above the rate of inflation (Exhibit 35).

Exhibit 35
THE COST OF A PLACE IN INDEPENDENT / NON-MAINTAINED SPECIAL SCHOOLS
The cost of a place is high and has risen significantly above the rate of inflation in each of the last five years

Source: Audit Commission / HMI fieldwork.

108. The LEA may need to 'pump-prime' the establishment of new types of provision before it can educate pupils who would otherwise need to attend such schools. One LEA invested a proportion of a £336,000 special fund to develop provision in ordinary schools inside the county. In particular, it set up a number of 'resourced schools' which had physical adaptations carried out and were given additional staffing. These schools received pupils nominated by the LEA from any area of the county. The LEA was then able to realise its objective of reducing new admissions to schools outside its boundaries. As a number of older pupils were leaving such provision and the LEA did not need to use these places for new admissions, two years after the implementation of the policy the LEA saved school fees of £0.5 million per annum. Whilst the level of placements in independent schools was being contained by almost all LEAs, it was less common to find that they implemented positive strategies to drive the trend more sharply down by creating small units of specialised provision within the LEA.

CHILDREN WITH EMOTIONAL AND BEHAVIOURAL DISTURBANCE

109. Children with emotional and behavioural disturbance are an exception to much of the foregoing. LEAs reported that there was an increase in the number of pupils who are excluded from schools. But it is difficult to confirm this since LEAs do not collect statistics on a consistent basis. The DFE, through the National Exclusions Reporting System (NERS), is gathering data on this, although the NERS only records permanent exclusions. Pupils who are excluded from school do not necessarily have an emotional or behavioural disturbance. Some are disaffected
from the schooling they are offered and some head teachers are reported to be anxious to improve the disciplinary image of their school and hence are readier to exclude difficult pupils. However, the trend in exclusions is widely used in LEAs as an indicator of trends in the number of pupils with emotional and behavioural disturbance.

110. Yet the number of pupils in special schools for children with such disturbances is not increasing in the LEAs studied. Although some LEAs provide a limited degree of home tuition for these pupils, and some provide special independent units, the provision is usually limited, and falls far short of giving these pupils access to a full curriculum\(^1\). The size of any increase in the number of pupils with emotional and behavioural disturbance excluded from school has to be established before an assessment can be made of the degree to which the school system is unable to provide for them.

SPEECH THERAPY

111. An issue which has been causing concern to special school and ordinary school head teachers and LEAs is the provision of paramedical services. This concern relates more specifically to speech therapy, but on occasions special schools have reported problems in getting other types of therapy. All LEAs reported problems in getting an allocation of speech therapy for pupils who, they said, required it. All the LEAs regard it as the responsibility of the National Health Service. However, addenda to Circulars 22/89 from the DES and 54/89 from the Welsh Office have stated that where speech therapy is regarded as special educational provision, LEAs are under a statutory duty to arrange for its provision. Both the DFE and the Department of Health are agreed that this should normally be provided by the district health authority, but where this is not possible, the LEA must arrange for its provision. No LEA studied wished to do so, as it was their view that the funding was provided via the National Health Service.

* * *

112. In conclusion, there have been clear achievements in ordinary schools in providing for a greater proportion of pupils with special needs and in matching the quality of special schools. These ordinary schools could not at present provide for all pupils with special needs and there is a continuing rôle for special schools. However, there are some serious problems facing the special school sector. In too many special schools, the quality of education does not support their becoming centres of excellence for pupils with special educational needs. LEAs have not assessed whether resources can be adjusted in the light of changes in pupil numbers, and costs per pupil have increased significantly. Special schools have not taken on the rôle of providing short-term intensive placements as envisaged in the Warnock report, and there is serious concern that they and LEAs may be ignoring parents' wishes to see a greater movement of pupils from special to ordinary schools. The following section will outline how the lack of effective systems of accountability for all schools is the cause of a number of these problems.

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\(^1\) HMI survey: Provision for Pupils with Emotional and Behavioural Difficulties in Maintained Special Schools and Units. DES, 1989.
ACCOUNTABILITY OF SCHOOLS FOR WORK WITH PUPILS WITH SPECIAL NEEDS

113. The key factor which is missing in these considerations of the use of resources for pupils with special needs is an analysis of what these funds are expected to achieve in terms of a child fulfilling his or her potential. There are five main ways in which schools are held accountable for work which they undertake with all their pupils:

- parents' rights to express a preference for their child's school
- the publication of examination results
- standard testing and reporting
- inspections
- governors' overview of the school's work.

In principle, all of these methods apply to the work which both special and ordinary schools carry out with pupils with special needs, but not all to the same extent. Pupils with a statement have the extra safeguard of a statutory annual review.

EVALUATION OF THE MAIN METHODS OF ACCOUNTABILITY

Parents' choice of school

114. The parents of children with special needs but without statements have the same rights as any parent to express a preference for a school and the authority responsible for admissions must comply with this preference, subject to certain conditions. However, the parents of pupils with a statement of special need do not have that right. Although all 12 LEAs say that they nonetheless seek to act on parents' wishes, the survey of parents suggests that this is true only at the stage of initial placement, at which point most parents are in agreement with the recommended placement. The survey shows that later a significant proportion of parents of pupils in special schools wish to change their child's placement. The parents of children with statements who wish to enrol their child at a different school may make their views known at the annual review. But in practice, the study has shown there is very little chance that the wish of parents to move their child from a special school will be fulfilled.

Publication of examination results

115. The publication of examination results is a useful measure for the parents of pupils whose special needs do not include learning difficulties. However, in the format which is currently proposed, the results are of little help to the parents of the vast majority of pupils with special needs who have learning difficulties. This is because only the final results will be published. It will not be possible for parents to distinguish how well schools have achieved with lower ability pupils. To enable parents to do this, it would be necessary to show the level of achievement of pupils when they entered school as well as the grades achieved in examinations taken towards the end of their school careers. In this way parents could assess how much progress schools had enabled the less able pupils to make. This assessment of how much value a school has added to a child's education is often encapsulated in the term 'value-added'.
Standard testing and reporting

116. The standard methods of testing and reporting being introduced under the National Curriculum have the potential to provide a very helpful measure for parents and LEAs of the level of a school's performance with pupils with learning difficulties. It will be possible for LEAs to compare the progress which, for example, different secondary schools make with pupils in similar bands of ability. Testing under the National Curriculum will not be fully implemented for some years, but LEAs already have objective data which could be used for this purpose.

117. One LEA participated with the study team in analysing reading tests for pupils in pairs of primary schools which served the same localities. The analysis considered the progress made by the least able pupils. It showed that one school out-performed its neighbour every year, even though its intake of pupils of low ability was generally slightly less able than that of its neighbouring school (Exhibit 36). Such analyses provide management information of an objective nature which should trigger further investigation.

Exhibit 36
COMPARISON OF NEIGHBOURING SCHOOLS' PERFORMANCE IN READING WITH LOWER ABILITY PUPILS
School 1 performed better, even though its intake was less able

<table>
<thead>
<tr>
<th>Average progress per pupil in months</th>
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<tbody>
<tr>
<td>30</td>
</tr>
<tr>
<td>25</td>
</tr>
<tr>
<td>20</td>
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<tr>
<td>15</td>
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<td>10</td>
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<td>5</td>
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<tr>
<td>0</td>
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<tr>
<td>1984-88</td>
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<tr>
<td>1985-89</td>
</tr>
<tr>
<td>1986-90</td>
</tr>
<tr>
<td>1987-91</td>
</tr>
</tbody>
</table>

Source: Audit Commission / HMI fieldwork.

118. Indicators such as this need to be supplemented with other types to ensure that a broad picture of a school’s performance with such pupils is gained. For example, some pupils with severe learning difficulties will not learn to read, and therefore such indicators are of little use in these circumstances. For these pupils there are other measures, of spoken language or of non-verbal communication, for example, which are equally useful. The inspectors responsible for special needs in the LEAs were not generally in favour of the use of such information on the grounds that it gave only a partial picture of a school's work with pupils with special needs, and was therefore misleading. But performance indicators are not designed to paint the whole picture. They are designed to highlight problems and trigger more detailed investigation. They enable inspection teams to focus their limited time and they also highlight schools which are succeeding in this area.
Inspection of schools' work with pupils with special needs

119. The inspection of schools in relation to their work with pupils with special needs is very limited. Out of 56 ordinary schools visited, only five had had any significant formal inspection by the LEA of the school's work with pupils with special needs over the last five years. Out of 21 special schools only three had had any kind of formal inspection. Where inspections had taken place, there was little focus on what pupils with special needs were actually achieving in the school. Instead, inspections concentrated on an assessment of the educational process rather than on the pupils' progress. The result was that it was impossible to tell from the inspection reports what the schools had achieved with the pupils.

Governors' overview of schools' work with pupils with special needs

120. School governors have the responsibility to 'use their best endeavours', as the 1981 Act puts it, to provide for pupils with special needs, and they are able to call the head teacher to account for the school's work. The sample of 25 governors interviewed do not in practice carry out this function fully. Only three of them were able to describe the school's strategy for working with pupils with special needs and the majority of them were unsure whether the school's policy for pupils with special needs had ever been discussed at a governors' meeting. Many of these governors found the workload heavy and did not think it was practical for them to become involved in greater detail in assessing the work of the school. Schools' accountability to governors for their work with pupils with special needs is, thus, relatively limited.

Annual reviews

121. Pupils with a statement have the protection that there must be an annual review, during which the school is expected to give an account of the child's progress and the LEA is expected to re-evaluate whether the provision is still appropriate. In most LEAs, the schools themselves conduct the review, and decide whether their provision for the child is appropriate - generally with no one from the LEA present. Most of the LEAs have a system for tracking whether annual reviews were carried out but annual reviews were not completed regularly in 25% of cases.

122. The documentation sent to LEAs and parents after annual reviews usually gave an indication of the progress which the pupil had made - but rarely gave an indication of whether that progress reflected his or her potential. Schools did not usually set objectives against which the pupil's achievements might be compared at the next annual review.

123. Two LEAs systematically evaluated whether resources continued to be needed - and both of them had found that they could re-allocate such significant funds that it was cost effective to review some cases termly. In general, however, it was not usual to find that the effectiveness of the additional resources provided had been reassessed. There were several cases where the support had continued to be provided even though the child had left the school altogether.

124. Schools are not in the main held accountable for the progress which they make with pupils with special needs. The degree to which they are called to account for the resources which they receive is also limited. There are examples of good practice in implementing systems of accountability from several LEAs, but in most cases schools are not meaningfully challenged over the quality of their provision for pupils with special educational needs.
2. Recommendations

125. A great deal has been achieved in the decade since the passing of the 1981 Act: a greater proportion of pupils with special needs is educated in ordinary schools; there is now a high level of awareness of special needs among ordinary school teachers; and LEAs have made a significant financial commitment to pupils with special educational needs. In spite of the counteracting pressures on LEAs, it is possible to find examples of the effective implementation of each part of the 1981 Act in individual LEAs. However, there are serious deficiencies in many of the LEAs and most have not managed to implement all aspects of the 1981 Act to the degree to which they themselves would wish. LEAs are also experiencing difficulty in managing aspects of the service which are not necessarily governed by that Act, in particular in implementing systems for monitoring the performance of schools and in managing resources in response to changes in the pupil population.

126. There are three principal causes of these problems:
- lack of clarity about what constitutes special educational need and about the respective responsibilities of schools and LEAs
- lack of systems to ensure that schools and LEAs are accountable for their work in the area of special needs
- lack of incentives for LEAs to implement the 1981 Act.

127. Changes in other areas of education have also had an impact on provision for pupils with special needs. In particular, these affect those LEAs which wish to delegate funds for pupils with statements, as there is some conflict between the principles of the 1981 and 1988 Acts. The requirement of the 1981 Act to specify provision is not compatible with a system of full delegation under which the school, not the LEA, should determine how it arranges the education of the pupil, insofar as it has the expertise to do so. There are also practical problems in the application of formula funding to pupils with statements of special needs in ordinary schools.

128. There have been other, more general changes since the 1981 Act was passed. There is a greater emphasis on the rights of parents. There is also a more controlled financial environment for LEAs, through the prescriptions of the 1988 Education Reform Act and through central government controls over local authority expenditure.

129. This does not imply that the basic provisions of the 1981 Education Act are unworkable. There are five main principles in the Act:
- the most needy pupils should have the safeguard of a full assessment of their needs
- the extra help they require should be provided with continuity for as long as necessary
- subject to certain conditions (see Appendix 1) pupils with special needs should be educated in ordinary schools
The recommendations in this chapter are designed to enable LEAs to implement these principles in the present environment as well as to address some of the problems in the management of the service. Changes are also required at a national level to enable LEAs and schools to overcome some of the deficiencies identified (Exhibit 37). Some of these changes will require legislation. It is to the changes required at a national level that this chapter turns first.

### Exhibit 37
**RECOMMENDATIONS AT A NATIONAL LEVEL**
Changes are required to address the underlying problems

<table>
<thead>
<tr>
<th>Problem</th>
<th>Recommended solutions</th>
</tr>
</thead>
</table>
| Lack of clarity | • Guidelines on threshold for formal assessment  
• Framework for defining responsibilities of ordinary schools |
| Lack of accountability for pupils with statements | • Rights for parents to state preference for school  
• New type of statement, specifying objectives and resources  
• Client/contractor split between LEA and school  
• Annual reviews attended by LEA  
• Time limits to complete statements |
| Lack of accountability for pupils without statements | Same methods as apply to all pupils but with:  
• rigorous inspection  
• use of special needs performance indicators at school level |
| Lack of incentives for LEAs | • Consider use of financial incentives  
• Publish indicators of LEA performance in special needs |

### CHANGES AT A NATIONAL LEVEL
A DEFINITION OF THE CLIENT GROUP

130. There should be national guidelines as to when a child requires additional help from the LEA. These guidelines should be drawn up with reference to the degree of children's need. This recommendation is made in the full knowledge of how difficult it will be to draw up guidelines which are specific enough to be useful but not so tightly defined that they exclude those children
who do not fit into categories. But without this change, it will not be possible to overcome some of the most significant deficiencies identified in this study. A number of voluntary groups have expressed enthusiasm for such a measure, and have indicated a willingness to participate in the drawing up of guidelines, and a small number of LEAs are piloting guidelines of this nature. These guidelines should not be rigid and would not replace individual multi-disciplinary assessments, which should be a safeguard to ensure that any individual pupil with a sufficient degree of need is made the subject of a statement. They would indicate when it would be appropriate to undertake an assessment without pre-judging its conclusion.

DEFINITION OF THE RESPONSIBILITIES OF ORDINARY SCHOOLS

131. The study has highlighted the problems caused by the lack of a practical definition of the level of responsibility of ordinary schools for pupils with special needs. Although the level of provision which is generally available in an LEA’s schools will depend on their scheme of local management, many LEAs would find it helpful to have a national framework within which to make a definition for schools in their area. LEAs should clearly state how schools are resourced for providing for pupils with special needs and how far the schools’ responsibilities extend. The national guidance should encourage LEAs to make clear in what circumstances they will provide additional help and on what basis priorities for that help are decided.

132. If the above measures are taken then the obligation on an LEA to provide for all pupils with statements in its area becomes manageable, because the client group will be more closely defined. It will not completely remove the problem of uncertainty, because the guidelines cannot be so specific. Whilst the actual size of the group will not be known precisely from year to year, LEAs will be able to build up a pattern of demand based on experience.

INCREASED ACCOUNTABILITY TO PARENTS

133. The study identified the problem of parents’ views not being acted upon by some schools and LEAs. Although the appeals procedure does provide some safeguard for parents in this situation, it is a lengthy process and one which very few parents undertake. One step in the direction of increasing the accountability of LEAs and schools to parents would be to give parents of pupils with statements similar rights to state a preference for a school to those given to parents of pupils without statements, with similar rights of appeal. It is particularly appropriate to consider this development given that parents’ choice has been a theme of recent legislation and of the Parent’s Charter. The preference could be for an LEA maintained special or ordinary school or for a grant-maintained school. It is not recommended that it should extend to any non-main­tained or independent school which provides special education. These schools are usually very expensive and in addition the LEA would have to be sure that the school could deliver an appropriate education.

134. The parents of pupils without a statement do not have complete choice, as their choice is subject to their child satisfying the criteria for admission to the chosen school, and to there being places available. Giving the parents of pupils with a statement the right to state a preference for the school will not result in the parents always getting their choice. In considering parents’ preferences, LEAs should be enabled to take into account the conditions outlined in the 1981 Act relating to the placement of pupils in ordinary schools (Appendix 1).
135. This proposal represents a shift in emphasis to increase the onus on LEAs and schools to respond to parents' wishes rather than a radical change in current practice. There are a number of possible objections to this proposal (Exhibit 38). Some of these are based on the assumption that the professionals' assessment would be ignored, and that parents might have unrealistic expectations of their child. The experience of Denmark is helpful here. The practice there is to place much greater weight on parents' views. The Ministry of Education makes it quite clear that in cases of dispute, it will usually support the parent. This greater emphasis on parents' views has not evidently resulted in a large number of inappropriate placements. Parents in Denmark make this decision in the light of the level of resources which the LEA is prepared to provide.

Exhibit 38
PARENTAL CHOICE – POSSIBLE OBJECTIONS
With the right powers, LEAs could manage all of these objections

136. Action is also required to address the problem that the preference of parents who wish to change their child's school during his or her school career is often not complied with, particularly when the child is placed in a special school. The current legal position should be reviewed with the aim of strengthening the rights of parents of pupils with statements who wish to change their child's school.

INCENTIVES FOR LEAs

137. Changes are required to give LEAs an incentive to implement the 1981 Act. Funding mechanisms could be devised to create incentives for LEAs to succeed in meeting the needs of the least able pupils. Now that results from standard assessment tasks are becoming available, the DFE and Welsh Office should consider how a combination of the value-added approach at the lower-ability end of the scale and a measure of the activity of the LEA in implementing the provisions of the 1981 Act can be used to create a financial motivation for achievement. This recommendation is intentionally not spelt out in detail because it has implications for the general funding of local government, but is made in order to stimulate discussion of how financial incentives might improve performance in this area.
138. In addition to this, the Audit Commission is charged with publishing indicators of the performance of LEAs as part of the provisions of the 1992 Local Government Act. There are several possible indicators of the performance of LEAs in providing for pupils with special needs and in implementing the 1981 Education Act which could help the public judge whether their LEA is making provision for pupils with special needs in an efficient and effective manner (Exhibit 39). The Commission will be consulting widely on its proposals for the publication of performance indicators.

CHANGES TO THE STATEMENT

139. In order to increase the level of accountability of both schools and LEAs for their work with pupils with statements, some changes to the statement itself are required. If there is to be accountability, then the statement should specify the obligations on the school and on the LEA. It should outline the objectives for the child's schooling for the next year and specify the resources which will be provided (Exhibit 40, overleaf). The statement should outline realistic expectations for the child, and the degree to which the pupil fulfils his or her potential should be the basis on which the provision made by the school is reviewed. An example of such an objective is: 'Mary requires extra attention to help her achieve National Curriculum Level Two in mathematics within the next school year.'

140. However, whilst it is reasonable to ask the school to account for the child's progress, for two reasons it is not necessarily reasonable to censure the school if the child does not achieve particular objectives. Firstly, the assessment of a child's potential is not, according to chief educational psychologists in the LEAs, an accurate enough process to enable predictions to be made with such certainty. Secondly, the school itself does not control all the variables in a child's education, and pupils with special needs are often particularly sensitive to changes in their home environment or medical condition. Nonetheless, the onus would be on the school to explain why a child had not made the progress anticipated. This approach represents a significant advance on current practice, which is usually simply to review what progress the child has made, rather than to assess whether they made the progress they should have made.
A NEW TYPE OF STATEMENT

A new type of statement is required to increase the focus on objectives and accountability.

141. After the objectives for the child have been specified and the parents have stated a preference for a school, they would discuss with the LEA and school whether the objectives could be met in that school and what resources would be provided. Once the school place has been agreed, the LEA has de facto accepted 'that it is consistent with the economic use of resources'. In the case of a placement in an ordinary school, the LEA should specify the cash sum required to meet the objectives for that individual child in the chosen school. In the case of a special school, the level of funding allocated in respect of an individual pupil will usually be determined by reference to the LEA's formula for special schools, once formula funding has been extended to them.

142. LEAs should consider adopting a formula for the funding of ordinary schools which enables the level of funding allocated in respect of pupils with statements to be determined more accurately than can be done by using a few broad bands of funding. LEAs should consider systems such as that already described, in which a number of units of funding are allocated to a pupil's school on the basis of an individual assessment of needs (paragraph 53). Such systems cannot comply with the principle of formula funding unless the level of funds to be allocated is based on published rules, principles or methods which ensure that the criteria are applied consistently. Schemes of local management could allow for situations in which schools enrolling pupils with statements with similar needs receive different levels of funding depending on the circumstances of the school at the time. For example, in one LEA, an ordinary school was funded to accept a pupil with Down's Syndrome. When the school was asked to accept a second pupil with Down's Syndrome with a similar level of special need, it was agreed by the school, parent and LEA that a lower level of funding was appropriate because this pupil could use some of the facilities prepared for the first. But the published rules of the scheme must state explicitly how such factors will be
taken into account. It would be helpful if the DFE and Welsh Office were to clarify the requirements for schemes which adopt this approach to the formula funding of schools in respect of pupils with statements.

143. It has been suggested that certain specialist services, e.g. peripatetic services for visually and hearing impaired children, should be considered separately (paragraph 94). LEAs should retain the capacity to provide assessments and monitoring of pupils who require such specialist attention. However, LEAs can avoid being the monopoly provider of teaching support to those pupils by approving other organisations which are qualified to deliver the service and allowing the school to purchase the level of service specified by the LEA from whichever approved organisation the school decides can best provide it. Schools would not have the discretion as to whether or at what level the service should be provided, as in most cases they do not have the expertise to make such assessments.

144. Obliging the LEA to specify a cash sum will end the practice of issuing statements which do not clearly define what is to be provided and may give all parties a greater incentive to review provision at the end of each year, as this proposal will put the cost of the provision into clearer focus.

ACCOUNTABILITY THROUGH THE ANNUAL REVIEW

145. Delegation should go hand-in-hand with accountability. The present annual review provides a useful structure through which the school can inform the parent of progress which has been made. The parents interviewed valued the annual review as a forum in which they could discuss their child, as indeed did many head teachers, but the system needs to be strengthened.

146. With the greater delegation envisaged in these proposals, the LEA itself would only provide the child’s education in areas where the school does not have the capability to deliver. The LEA becomes responsible for specifying what the child should achieve and not how it should be achieved. There is then a clearer split between the LEA, as the purchaser of services, on behalf of the child, and the school as provider. Therefore, the LEA must become involved in annual reviews as a matter of course. Schools should be asked to give an account of how they have spent the funds allocated through the statement, and the LEA must decide whether the objectives have been met, or could have been met. As a safeguard, LEAs must retain the right to see the child in school to assess whether the provision is appropriate. In extreme cases, the LEA should have the right to withdraw the delegated funds and to deliver the extra help itself. Given these safeguards, LEAs could delegate a greater proportion of resources for pupils with a statement.

147. Annual reviews should be attended by an educational professional who can provide an objective view on what is the best future plan for the child. This would usually be an educational psychologist. To attend every annual review would have significant implications for the workload of educational psychologists. It is therefore recommended that LEAs should attend the annual review of every child with a statement at least every two years.

148. There is a significant variation in the number of reviews each psychologist would have to attend (Exhibit 41, overleaf). This must be considered in the light of the amount of other statutory work which they already undertake in relation to the 1981 Act. The number of assessments carried out on average by an educational psychologist indicates that the majority
EDUCATIONAL PSYCHOLOGISTS: THE IMPLICATIONS OF THE RECOMMENDATIONS

An obligation to attend the annual review of every child with a statement once every two years would give an average workload of just over one review per psychologist per week—but with significant variations between LEAs.

<table>
<thead>
<tr>
<th>Number of reviews per psychologist per year</th>
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<tbody>
<tr>
<td>LEAs</td>
</tr>
<tr>
<td>100</td>
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<tr>
<td>80</td>
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<td>40</td>
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<td>20</td>
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Source: Audit Commission / HMI fieldwork in 12 LEAs.

currently spend only a limited amount of time on formal assessments in most of the LEAs (see Exhibit 11). Many LEAs could re-prioritise their existing resources towards more statutory work. This would be at the expense of other work such as training and casework which educational psychologists undertake. The impact of this is variable within each LEA as it depends on the degree to which other professionals within the LEA already carry out some of these tasks. However, by attending annual reviews, the LEA is in a much better position to evaluate whether provision needs to continue at the same level. Attending annual reviews will therefore be very cost-effective in those LEAs where levels of provision continue from one year to the next with no external evaluation of the need for them.

ACCOUNTABILITY THROUGH INSPECTIONS

149. The inspection process is also part of accountability. The inspection of provision for pupils with special needs by LEAs or the independent inspection teams proposed by the Education (Schools) Act 1992 should be conducted with a clear focus on what is being achieved for the pupils. An inspection of schools’ work with pupils with special needs should be a compulsory part of all inspections. It is important, therefore, that new inspection teams should have the skill to undertake inspections in this area. Inspections should include the observation of individual pupils with special needs and an assessment of the impact of classroom practice on the progress being made by pupils with special needs. LEAs should ensure that they use the planned regular inspections of schools carried out by independent teams as part of their overall monitoring of schools’ performance in this area. These inspections will also provide useful feedback to enable schools to evaluate their current strategy for providing for pupils with special needs.

A CLIENT/CONTRACTOR RELATIONSHIP BETWEEN LEAs AND SCHOOLS

150. The foregoing implies a division of responsibilities between the purchaser and provider of services, particularly for pupils with a statement. This means that there does need to be an organisation, such as an LEA, separate from schools, to decide with the parent what is in the
child's best interests and to monitor these pupils. The number of pupils in any type of specialist provision is small, and it is unlikely that they represent a large enough group to be able to influence schools without the existence of such a body, as over 80% of an ordinary school's consumers do not have special needs, and 99% of them do not have a statement.

151. This is not an area where there are particularly significant economies of scale. Some LEAs with a pupil population of under 28,000 provide an adequate range of provision for pupils with special needs. One of the LEAs studied has four special schools catering for the most common special educational needs, and buys in places from other LEAs to supplement its own provision. In some cases, special schools in another LEA are closer than those in a family's own LEA, and hence this type of arrangement is already common.

PROCEDURAL ISSUES

152. To address the problem of the lack of priority given by LEAs to the timely completion of the process of assessment and issuing statements, statutory time limits should be introduced. The time taken is largely a factor of management arrangements, not of the amount of staff time devoted to each statement. It lies within LEAs' power to solve this problem. However, there have been national guidelines from the DFE and Welsh Office since 1989 and these set a target for LEAs to complete the process in six months. Since not one of the LEAs generally meets the target at present, it is unlikely that statutory time limits on their own would improve the situation. It will therefore be necessary to give children who are awaiting assessment some additional protection. It is recommended therefore that if the LEA fails to complete the process within the statutory period that the parent should have the right to seek a multi-disciplinary assessment from another source, and the LEA be obliged to pay the cost of this. Clearly, the LEA should be released from the time limits if the parents fail to fulfil their obligations. There is no inherent reason for the process to take as long as six months. In the better performing LEAs a proportion of cases is completed in much less time, particularly where the LEA and parent are already in agreement (Exhibit 42, overleaf). Time limits should also apply to the Secretaries of State for the completion of appeals. District health authorities should also be subject to time limits as, in the sample of statements examined, medical officers take the longest time of all the professionals to provide advice.

153. Although there is no evidence from the study that the Education (Special Educational Needs) Regulations inherently cause the multi-disciplinary assessment to take a long time, there is limited evidence from head teachers and LEAs that assessments sometimes repeat information which is already available. It would seem appropriate therefore to allow LEAs to operate a shortened assessment procedure, seeking advice only from those professionals who had not already informed the LEA of their assessment of the child's needs. This should be subject to the safeguard that the parents would have to agree to the use of the shortened procedure, and that they could subsequently ask for an assessment by any of the professionals whose advice had not previously been sought.

CHILDREN WITH EMOTIONAL AND BEHAVIOURAL DISTURBANCE

154. There is a need for research to clarify how many children have emotional and behavioural disturbance, to discover what provision is currently made for them and to assess the
TARGET TIMES TO ISSUE A STATEMENT

When parents are in agreement with the LEA, the best performing LEAs can complete the process in significantly less than six months.

- Inform parent that assessment will begin: 1 month
- Professionals assess child and provide advice: 6 weeks
- LEA discusses placement with parent and issues draft statement: 6 weeks
- Final statement issued: 2 weeks

4.5 months

effectiveness of that provision. In particular, the trends in exclusions of pupils and the educational provision made for this group should be reviewed.

SPEECH THERAPY

155. The final issue at the national level is the funding arrangements for speech therapy for pupils whose statements specify it as educational provision. Both the DFE and Department of Health are agreed that such speech therapy should normally be provided by the district health authority, but where this is not possible the LEA must arrange for its provision. This responsibility of LEAs as the providers of last resort should be recognised in the arrangements which are made nationally to fund the provision of speech therapy.

ACTION AT A LOCAL LEVEL

156. The foregoing recommendations will help LEAs to tackle the problems they face and improve value for money. However, there is much that LEAs can do themselves even before changes are introduced at the national level (Exhibit 43). There are several steps which LEAs should take now, and these are outlined in this section of the report. The Audit Commission and HMI will publish a management handbook which will set out in more detail the strategies which LEAs should adopt to achieve these improvements. These recommendations are based on the practical experience of LEAs which have proved them to be effective.

157. Some LEAs have chosen to put in pump-priming finance (of between one and two per cent of the special needs budget) in order to launch a new strategy. But these funds were more than matched by improved value for money achieved through the redeployment of staff from special schools and reductions in placements in special schools outside the LEA. Further improvements in value for money can be achieved by reviewing the care with which ordinary schools deploy support staff. The cost implications of these proposals are, therefore, broadly neutral in the short term and in the medium term will free resources, which LEAs may choose to redeploy into improving provision. The question as to whether enough money is being spent overall on pupils with special needs cannot be answered until there are both a working definition
Exhibit 43
RECOMMENDATIONS AT A LOCAL LEVEL
There are actions which LEAs and schools should undertake now

<table>
<thead>
<tr>
<th>Changes to improve implementation of the 1981 Education Act</th>
<th>Changes to improve value for money</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specification of funding and responsibilities of ordinary schools</td>
<td>Change special school staffing levels in response to changes in pupil numbers</td>
</tr>
<tr>
<td>Greater managerial supervision of administration of statements</td>
<td>Monitor whether extra resources for pupils with special needs in ordinary schools continue to be required</td>
</tr>
<tr>
<td>Strategies to increase the capability of ordinary schools to meet special needs</td>
<td>Use objective measures of schools' performance with pupils with special needs</td>
</tr>
<tr>
<td></td>
<td>Schools should plan the use of extra adults in more detail and should direct their work more closely</td>
</tr>
<tr>
<td></td>
<td>Increased delegation of special needs funds to schools</td>
</tr>
</tbody>
</table>

of the client group at whom such funds should be targeted and more effective systems for accountability to ensure that those funds are achieving their objective.

SPECIFYING THE RESPONSIBILITIES AND FUNDING OF ORDINARY SCHOOLS

158. Ordinary schools should have their responsibilities for pupils with special needs more clearly defined, with an indication of the help which they should provide for a pupil before referring them for an assessment. This recommendation is made to increase the accountability of schools for their work in this area, and to help LEAs manage the demand for statements. The corollary of this is that LEAs should be specific about the funds allocated for work with pupils with special needs but without a statement. Local management gives schools the right to determine how they will use funds delegated for pupils with special needs. This discretion should be subject to their accountability for providing satisfactorily for these pupils, as previously described. Before they can be held accountable, all parties need to know what the resources are.

MANAGEMENT OF THE PROCESS OF ASSESSMENT AND ISSUING STATEMENTS

159. The educational psychology service has a pivotal rôle in deciding with schools and parents whether it is appropriate formally to assess a child. In some LEAs, educational psychologists have not taken this rôle either through fear of conflict with schools, or because the LEA has had no policy on which they could base their position. The responsibility of the service for ensuring that the statutory procedures are targeted at the most needy pupils should be made clear by the LEA. On a procedural level, attention also needs to be paid to the administration of
assessments and statements. Every LEA should know how long this process is taking. In the best performing LEAs, targets for the completion of the process are set and monitored by both the chief educational psychologist and by the senior LEA officer responsible for special needs provision.

**PLACEMENT OF PUPILS IN ORDINARY SCHOOLS**

160. LEAs should increase the capability of ordinary schools to provide for pupils with special needs. A successful strategy for this can best be illustrated by the experience of one of the study LEAs. The LEA published its policy and undertook a painstaking process of consultation with parents, voluntary groups and schools. It undertook a process known as 'cautious delegation' in which all resources for pupils with special needs were delegated to local groups of schools, and the resources then allocated by a team of head teachers and LEA officers. Although there was some additional funding for this strategy, this LEA's expenditure on the general schools' budget per pupil was slightly below the average for the study LEAs and expenditure on provision for pupils with special needs in ordinary schools was average.

161. Priorities for the allocation of resources were more clearly spelt out than in any other LEA. Children with statements had first call on resources, then priority was given to schools which aimed to increase their overall capability with pupils with special needs. These resources could be specialist teacher time or money, for example to build up a library of special materials. Support was also available for individual pupils, but the emphasis was on schools' overall capability with pupils with special needs.

162. There was a constant review (termly at first, then annually) of schools' need for these resources. The LEA targeted its resources initially at increasing the capacity of schools to provide for pupils with moderate learning difficulties. On its key performance indicator of the trend in the population of special schools for pupils with moderate learning difficulties, the LEA performed well (Exhibit 44). The number of pupils in these special schools declined significantly. The study

**Exhibit 44**

**THE IMPACT OF INCREASING THE CAPABILITY OF ORDINARY SCHOOLS TO PROVIDE FOR PUPILS WITH SPECIAL NEEDS**

One LEA's initiative in increasing the capability of ordinary schools resulted in a fall in the number of pupils in special schools for children with moderate learning difficulties (MLD)

![Graph of Pupils in special schools for MLD (000s)](source: Audit Commission / HMI fieldwork.)
team's observations of a sample of pupils in the LEA indicated a level of quality of education for those pupils placed in ordinary schools which was comparable with other LEAs. There was also a fall in the statementing rate due to the increased capability of ordinary schools, not to a failure to administer the process properly. The LEA is now planning an inspection programme to evaluate schools' work with pupils with special needs.

163. This LEA is reluctant to consider taking delegation a step further by delegating funds for pupils with special needs to schools. It fears that schools may use these resources for other purposes and then press for statements to be issued. If this LEA implements systems to hold schools accountable, as described in this report, there is no reason why it should not delegate a greater proportion of these funds, in particular those relating to the support of individual pupils. Through LMS, funds can be re-allocated each year as the pattern of demand changes. For pupils with statements, there are already safeguards against schools misappropriating funds. For pupils without statements, the special needs provision made by schools should be monitored through the same mechanisms as provision made by schools for all pupils. In spite of this LEA's hesitancy in delegating further, this case study shows what can be achieved with a clear strategy, intensive public consultation, targeted resources, and a close eye kept on performance.

CONTROL OF SCHOOL COSTS

164. LEAs should respond quickly to changes in the number of pupils in special schools to gain greater value from resources. It is useful in this context to continue the case example of the previous LEA. The LEA's management information was good enough to indicate quickly the results of its policy on the population levels in schools for pupils with moderate learning difficulties. The chief educational psychologist then assessed each school's staffing requirements, depending on the level of need of pupils in the school. The head teachers were required to release surplus time for the support of pupils in ordinary schools. Special school head teachers had the flexibility to release the time in any way they considered appropriate to avoid problems in delivering the National Curriculum in their own school. In due course, consideration should be given to transferring these funds to the budget for ordinary schools. Smaller LEAs can undertake similar strategies; the total value of resources released will be less, but proportionately will still be significant.

165. Reviews may not lead to special school closures in many LEAs. This may happen in larger LEAs which have significant amounts of surplus capacity and can release these resources for the support of pupils with special needs in other areas while still maintaining accessibility to special schools for pupils who require them. However, the smallest study LEA had only four special schools, and if such LEAs are to continue to offer parents a choice of types of school, closure may not be an option. That does not mean that smaller LEAs cannot adjust the staffing of those schools more quickly to reflect changes in the pupil population.

166. LEAs should ensure that they are able to monitor whether the level of resources for pupils in ordinary schools continues to be appropriate. To achieve this, the LEA should delegate the task to a level where the officer has a sufficiently narrow range of responsibilities to enable him or her to monitor individual pupils. This is so cost-effective in those LEAs which have implemented such a system that some children are reviewed every term.
ENSURING ACCOUNTABILITY FOR PUPILS WITH SPECIAL NEEDS WITHOUT A STATEMENT

167. The process of accountability for the work which schools undertake with all pupils with special needs requires strengthening. Greater use of objective measures which highlight schools' performance with children with special needs is required. The testing being undertaken as part of the National Curriculum will provide a useful basis on which to compare the performance of schools with lower-ability pupils. The National Curriculum will allow the success which different schools have in 'adding value' to these pupils to be compared in much the same way that reading scores were used in the example LEA to compare schools. However, the National Curriculum has the advantage that it covers a much broader range of skills. Informing the parents of children with special needs about which schools have a good track record in this area is part of accountability. Some LEAs do not need to wait for national testing to be fully implemented as they already have data on children's performance which would enable schools to be compared on an equitable basis.

DELEGATION

168. Most LEAs have been unnecessarily cautious about the delegation of resources currently used for central support teams for pupils with learning difficulties and should review their position. To ensure that delegated resources are used appropriately, LEAs must simultaneously develop the mechanisms for ensuring that schools are held accountable for what they achieve with these resources, as outlined in this report. As regards specialist support teams, for example for pupils with sensory impairment, LEAs should consider allowing schools an element of choice in the provider of such services, as previously outlined (paragraphs 94 and 143).
169. Where additional adult help is provided for pupils with special needs in their ordinary classes, the schools should plan the use of that support on a day-to-day basis. Schools should ensure that the extra help is not used simply to coax children through a lesson which does not match their ability. Increasing pupils' competence requires schools to plan for the extra adult to have a defined rôle in steering the pupils through tasks which are related to their level of ability and challenge them. Where the extra help is used to withdraw pupils for intensive tuition, then this should be targeted at the pupils' difficulties with their current classwork. Records should be kept to enable the school to assess whether the extra help is resulting in the pupils making more progress than they would have been likely to make without that help.

* * *

170. All of these are actions which schools and LEAs can take now. Almost all of these recommendations are based on the experience of schools and LEAs which have proved how effective they are. These actions will result in a marked improvement. However, they should be reinforced by the recommended changes at a national level. These measures, both national and local, will help schools and LEAs to build on the achievements of the last decade, and to implement fully the fundamental principles of the 1981 Education Act.
Appendix 1

The 1981 Act states that when an LEA maintains a statement for a child the LEA must place the child in an ordinary school providing that certain conditions are met:

(i) that the LEA has taken account of the parents' views
(ii) that this is compatible with the child receiving the special educational provision which he or she requires
(iii) that this is compatible with the efficient education of the children with whom he or she will be educated
(iv) that this is compatible with the efficient use of resources.
Appendix 2

There is research\(^1\) which suggests a correlation between the incidence of special educational needs, especially learning difficulties, and the level of socio-economic privilege or deprivation in an area. The Department of the Environment has commissioned its own research into this area. The Department distributes grants to local authorities on the basis of indicators of social need. One of these indicators is called 'additional educational need' and the Department's research shows that 'an index composed of the sum of selected social factors is a reasonable proxy for the distribution of additional educational need\(^2\). Special educational needs account for two out of the three component factors in the additional educational need calculation. Further evidence of the correlation comes from Nottinghamshire County Council, which found a correlation \(r = 0.7\) between the number of children receiving free school meals and pupils who were assessed by teachers to have special educational needs in a small sample of schools\(^3\). In the report, therefore, each LEA's level of deprivation based on socio-economic indicators drawn from census data has been used as a proxy indicator of the level of special educational need in the LEA.

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Appendix 3

In each lesson the inspector selected a pupil with special educational needs, with or without a statement, as the focus of the observation. He recorded the detail of the lesson principally from the viewpoint of this pupil, although the quality of the lesson for the whole class was also assessed.

The following aspects of the lesson were evaluated:

- the nature and quality of use made of support staff (if any)
- the suitability of the learning environment
- the match of resources to the target pupil's needs
- estimate of the proportion of lesson time spent by target pupil paying attention or actively on task
- the target pupil's independence in learning
- the match of lesson content and procedure to the target pupil's needs and capability
- (key measure) the target pupil's learning or useful consolidation of knowledge or skills as an outcome of the session observed.

HMI's lesson rating scale was used for each of these measures. While this was originally developed to rate whole lessons, it was applicable to the above observations:

1 generally good or with some outstanding features
2 some good features and no major shortcomings
3 sound but undistinguished, no significant extremes, or good features balanced by shortcomings
4 some shortcomings in important areas
5 many shortcomings, generally poor.
The Audit Commission and HMI would like to acknowledge the help given by the 12 LEAs which participated in the study. The two organisations also wish to acknowledge the help of all the LEA- and grant-maintained schools and their governors and of the members of the advisory group, all of whom gave their time generously.

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- Barnet
- Clwyd
- Enfield
- Gwynedd
- Hereford and Worcester
- Leeds
- Lewisham
- Lincolnshire
- Nottinghamshire
- Oldham
- Solihull
- Wigan

The members of the advisory group acted in their personal capacities. They were:
- David Bartlett, Director of Finance, London Borough of Bromley
- John Bell, Head Teacher of Glan Ely High School, Cardiff, Wales
- Roger Born, President of the Association of Educational Psychologists
- Ciaran Clerkin, Head Teacher of Selwyn Primary School, London Borough of Newham
- Chris Dyer, Special Education Inspector, London Borough of Newham
- Sheila Gatiss, Development Officer, National Children's Bureau
- Tony Hercock, Assistant Director of Education, Rotherham Metropolitan Borough Council
- Jo Stephens, Chief Education Officer, Oxfordshire County Council
- Anne Weinstock, Director of the Rathbone Society, Manchester
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