

# Special Educational Needs and Disability Funding

House of Commons

29 January 2020



## Key Messages

- The LGA welcomes the Government's review into support for children with special educational needs and disabilities (SEND) announced in September 2019<sup>1</sup>. We are keen to work with the Government and partners to identify how we can tackle the increasing demand and funding pressures that councils are facing in providing vital care and support for children and young people with SEND.
- We are pleased that the Government allocated councils an additional £780 million in high needs funding for 2020-21 in last year's Spending Round<sup>2</sup>. However, this will only go some way in meeting current demand. Research commissioned by the LGA has found that councils are facing a high needs shortfall of at least £889 million over the same period<sup>3</sup>.
- Councils are continuing to tell us that pressures on the High Needs funding block is one of the most serious financial challenges that they are currently dealing with and we are calling on the Government to provide councils with long-term certainty on levels of high needs funding. We are concerned that unless additional funding is made available, councils will not be able to meet their statutory duties to support children and young people with Special Educational Needs and Disabilities.
- More children with special needs are now being educated outside of mainstream schools. SEND statistics show that 52 per cent<sup>4</sup> of the 271,165 children and young people with Education, Health and Care Plans (EHCPs) were placed in state special schools, alternative provision, or independent and non-maintained special schools in 2019. This is impacting on council budgets due to the higher costs associated with placements in maintained special schools and independent or non-maintained special schools.
- To speed up the creation of additional new special school places, we are calling on the Department for Education (DfE) and Education and Skills Funding Agency (ESFA) to give councils the powers and funding to open new special schools where they are needed.
- Research commissioned by the LGA and County Councils Network found that increasing expenditure on home-to-school transport is being driven by the costs of providing transport for children with SEND. Expenditure on transport for children with SEND has increased by 13 per cent for pre-16 children and by 68 per cent for post-16. This is in comparison with a drop of 12 per cent in spend on pre-16 mainstream transport and a drop of 27 per cent in spend on post-16 mainstream transport. Transport for children and young people with SEND now accounts for 69 per cent of all home-to-school transport expenditure<sup>5</sup>.

## Briefing

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## **Background information**

### *High needs funding*

The funding pressures facing schools are well known, with teacher and parent-led campaigns continuing to receive extensive coverage in the media. The Institute for Fiscal Studies estimates schools will see a real-terms cut of 4.6 per cent in schools funding between 2015 and 2019.<sup>6</sup> The 2019 Education Policy Institute report<sup>7</sup> on the state of school finances in local authority and academy schools in England also found that almost a third of local authority maintained secondary schools are in deficit. The £2.6 billion in additional school funding for 2020-21 and £4.6 billion in 2021-22 announced in the Spending Round in September 2019<sup>8</sup> will go some way in addressing some of the financial issues that schools are currently facing.

If councils do not receive enough funding to cover high cost SEND, they will not have the resources to allocate extra funds to highly inclusive schools that take higher than average numbers of pupils with additional needs. Equally, mainstream schools may find it difficult to accept or keep pupils with SEND because they cannot afford to subsidise the provision from their own budgets, as they are already under significant pressure.

Changes to the Dedicated Schools Grant (DSG), that will effectively 'ring-fence' the high needs block will further reduce the flexibility of councils and schools to meet the demand for high needs support. The DfE's move to introduce DSG deficit recovery plans for all councils running a deficit of more than 1 per cent, when this previously applied to councils with a deficit of more than 2 per cent is one such example of this<sup>9</sup>.

### *Meeting high needs*

An LGA commissioned report on SEND found that a combination of funding constraints, accountability pressures and curriculum changes in mainstream schools have reduced capacity to make available good quality provision for children with SEND.

The accountability regime currently in place does not reward those schools that have maintained a high degree of inclusion and arguably has incentivised schools to take a less inclusive stance. There are three specific aspects to this – the impact of Progress 8, the focus of the inspection regime and the changes to the curriculum, particularly in secondary schools.

The report surveyed 93 councils in England and found that more mainstream schools say they are increasingly unable to meet the needs of children with SEND, while at the same time more parents are losing confidence in the ability of the mainstream sector to cater for their child's needs. Placing a child in a special school is significantly more expensive than a mainstream education.

### *Mainstream provision*

We are calling on the Government to introduce a system of incentives and rewards that enable mainstream schools to better cater for the needs of children with SEND. Ofsted can also play a key role in encouraging schools to be more inclusive.

SEND statistics show that 52 per cent of the 271,165 children and young people with EHCPs – which state the support a child with SEND can receive – were placed in state special schools, alternative provision, or independent and non-maintained special schools in 2019. This is the second year running where more children are being placed outside of mainstream schools. By their very nature, these places are more expensive than mainstream provision.

The DfE's review of SEND should look at this issue and provide more specific advice for Tribunals, parents and councils on how an efficient use of resources test can be applied when considering two different placement options.

Since the Children and Families Act became law in 2014, the number of children and young people with statements or EHCPs increased from 237,111 to 354,000, which is itself an increase of over 34,000 (or 11 per cent) since 2018 alone. The number of children being educated at home has been increasing.

The average annual cost to a council of a special needs placement in 2017/18, was £6,000 per pupil per year in a mainstream school, compared with £23,000 per pupil per year in a maintained special school, and £40,000 per pupil per year in an independent or non-maintained special school.

### *Review of SEND*

We are clear that in a demand-led system, where annual budgets are fixed and ring-fenced, there will never be 'enough' money to meet need. It is vital therefore that the Department's review of SEND addresses how demand for support can be managed down.

Specifically, we believe that mainstream schools should be incentivised to be as inclusive as possible and it would be helpful for the review to focus on this and the role of Government in setting national expectations in this regard.

There should also be an accountability regime introduced to hold schools to account which do not deliver against those inclusive expectations. Rather than focussing primarily on academic results, Ofsted should also place more emphasis on how schools ensure an inclusive environment for children with SEND, as part of their new inspection framework. They must also hold to account schools with low numbers of children with SEND.

The review should also look at what can be done to address the financial impact of an increasing number of high-cost placements in independent and out of area provision, with more than half the children and young people with EHCPs now being educated outside mainstream settings. This could a recommendation that the Department provides more specific advice for Tribunals, parents and councils on how the test on efficient use of resources can be applied when considering two different placement options.

### *Home-to-school transport*

Our research has found that between 2014-15 and 2017-18 the total national spend on home-to-school transport has increased from £1.02 billion in 2014-15 to £1.08 billion in 2017-18 – an overall increase of 6.5 per cent. The percentage of councils that are overspending their home to school transport budgets has consequently increased from 71 per cent to 83 per cent. The total national deficit on home to school transport now stands at £111 million<sup>10</sup>.

While councils have worked hard to manage down demand for mainstream home-to-school transport, the picture for SEND is very different. Our research found that there has been a significant rise in both the numbers of children in receipt of transport and the associated costs of providing that transport year on year. The growth in the number children with EHCPs is undoubtedly an important factor in increasing demand for SEND transport<sup>11</sup>.

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<sup>1</sup> <https://www.gov.uk/government/news/major-review-into-support-for-children-with-special-educational-needs>

<sup>2</sup> <https://www.gov.uk/government/publications/spending-round-2019-document/spending-round-2019#departmental-settlements>

<sup>3</sup>Have we reached a tipping point? Trends in spending for children and young people with SEND in England, page 31

<https://static1.squarespace.com/static/5ce55a5ad4c5c500016855ee/t/5d1cdad6b27e2700017ea7c9/1575395025501/LGA+High+Needs+Tipping+Point>

<sup>4</sup> <https://www.gov.uk/government/statistics/special-educational-needs-in-england-january-2019>

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<sup>5</sup> Understanding the drivers for rising demand and associated costs for home-to-school transport, page 5  
<https://static1.squarespace.com/static/5ce55a5ad4c5c500016855ee/t/5dbae6870d62bd730f506521/1572529854303/Home+school+transport+report>

<sup>6</sup> Reported in: 'School funding in England will have fallen nearly 5% in real terms by 2019, says IFS', The Independent, 18 July 2017

<sup>7</sup> Education Policy Institute, School revenue balances in England, <https://epi.org.uk/publications-and-research/school-revenue-balances/>

<sup>8</sup> Spending Round 2019; <https://www.gov.uk/government/publications/spending-round-2019-document/spending-round-2019>

<sup>9</sup> <https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-deficit-recovery-plans>

<sup>10</sup> Understanding the drivers for rising demand and associated costs for home-to-school transport, page 5  
<https://static1.squarespace.com/static/5ce55a5ad4c5c500016855ee/t/5dbae6870d62bd730f506521/1572529854303/Home+school+transport+report>

<sup>11</sup> Understanding the drivers for rising demand and associated costs for home-to-school transport, page 6  
<https://static1.squarespace.com/static/5ce55a5ad4c5c500016855ee/t/5dbae6870d62bd730f506521/1572529854303/Home+school+transport+report>