

# Out of authority placements for special educational needs

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# Summary

## Background

Over 11,000 pupils with a statement of special educational needs (SEN) are placed in out of authority special schools. These are most often children with severe behavioural, emotional and social difficulties (BESD) and autistic spectrum disorders (ASD). Many of these children have complex SEN that are not currently met by their local schools.

Expenditure on these placements is high and has increased steeply in recent years, however the rate of increase has decreased since 2003/04. While the interests of the child must be the primary focus of a decision about placement, achieving value for money is also an important consideration.

## Strategic planning

Our research has concluded that while strategic planning for the educational needs of children with complex needs has improved, opportunities to provide more integrated and cost-effective services through joint working between education, social care and health services are not being maximised.

A lack of integrated local programmes of support for children and families, such as therapies and mental health support, has led to demand for out of authority provision in many areas. However, some councils and their partners have established innovative and flexible support packages for children with complex needs who would otherwise be in out of authority special schools.

Collaboration through regional partnerships<sup>1</sup> is developing and has begun to have an impact on controlling costs in some regions, but joint commissioning of provision locally and regionally is underdeveloped.

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<sup>1</sup> Known as the SEN Regional Partnerships before April 2006 and sponsored by the Department for Education and Skills. The role of the regional partnerships is to help local authorities and other providers of SEN services to work together, sharing ideas, experience and expertise, with the aim of improving the quality of, and access to, SEN services and provision; and promoting inclusive practice. A national network of 11 partnerships covers every authority in England. They have recently expanded their remit to include provision for looked after children and children with disabilities.

Councils have responded to the steeply increasing costs of out of authority placements by developing in-house provision for complex special needs but such decisions are not always based on a fully costed option appraisal.

Although children with complex SEN are often in contact with more than one service, budgets for out of authority provision for SEN are not yet jointly planned or managed. Council budgets are rarely based on the full unit cost of forecast need, and financial planning does not often extend beyond one year. Little progress has been made in developing and implementing pooled or aligned budgets with primary care trusts (PCTs), and contributions to the cost of placements by PCTs are not based on long-term assessed need.

## Placement decisions and management

Multi-agency panels provide a good basis for developing joint decision making on complex cases, but they do not have access to sufficient information about the financial implications of their decisions.

Contracts with out of authority providers do not include details of the expected outcomes for a pupil and are not a satisfactory basis for monitoring or challenge. Monitoring of the progress of individual pupils by their home councils is inconsistent.

There is a lack of joint planning between agencies for the transfer of pupils from residential out of authority schools to post-school provision, which creates uncertainty for young people and parents alike.

## Value for money

Councils and their partners are not in a position to know whether they are achieving value for money for their out of authority placements for SEN because they have not brought together the information needed to assess this. They are not aware of the full unit costs of either in-house or out of authority packages of support and have insufficient understanding of out of authority providers' costs.

Until recently, there has been little challenge to the fees charged by out of authority providers. The arrangements to challenge excessive fee increases by some of the regional partnerships are beginning to be effective in reducing these.

The research identified a number of examples of good practice in relation to strategic and budget planning, and placement decision making and management which are included in this report.

# Recommendations

## Councils and their partners, including health trusts, should:

- Review the way they manage delivery of services to children with complex needs to integrate strategic planning, budget planning, commissioning and the management and monitoring of services better.
- Take a more strategic approach to the joint commissioning of support for pupils with complex needs. This commissioning strategy should take account of the costs and benefits of local and out of authority provision and seek to address the shortcomings in respite care, therapies and mental health support identified in this study and others.
- Align their budgets for children with complex SEN to underpin this joint commissioning process. As a basis for this, forecast likely demands on their out of authority placement budgets in education and social care over three years.
- Participate fully in the work of regional partnerships to maximise the opportunity to benefit from information sharing and joint working.
- Develop systems for recording the cost-effectiveness of provision for individual pupils with complex needs. This should be done by linking the cross-agency resources used with the progress of individual pupils, wherever they are placed, against outcome-based targets such as their individual education plans (IEPs) or outcomes specified in contracts.
- Develop their financial information systems to ensure that they have accurate information about all the costs of meeting the needs of individual children and young people with complex special needs, whether in-house or in out of authority provision.
- Ensure that for each child placed in out of authority SEN provision there are clear targets and outcomes agreed and included as part of the contract with the provider and that placements are regularly monitored and assessed.
- Identify a lead professional or key worker for each pupil with severe and complex needs placed out of the authority who would act as an advocate of his or her needs and monitor progress.

- Ensure that there is early multi-agency planning for transition to adult and post-16 services for children with complex needs placed out of authority, involving the young person and their parents or carers.

### **The Department for Education and Skills should:**

- Build on current work to develop an evidence-based framework of national expectations across the five outcomes for pupils with the main types of complex SEN, in order to establish expectations of progress and a basis for monitoring.

# Preface

- 1 The study was conducted under Section 33 of the Audit Commission Act 1998. Section 33 places a duty on the Commission to undertake studies to support recommendations aimed at improving the economy, efficiency and effectiveness of council services.
- 2 The methodology for the study included an electronic survey of the SEN teams of all English councils and interviews with relevant national organisations and government departments. Fieldwork was undertaken in ten councils which were selected to include low and high spenders on out of authority placements from a range of different authority types and across different regions of England, and in five independent or non-maintained special schools used by some of the fieldwork councils (Appendix 1).
- 3 The study had a reference group of external stakeholders (Appendix 2) which advised on the methodology and approach and on the report. The study team worked closely with the regional partnerships which shared data from their annual survey of out of authority placements and their work on joint commissioning of such placements. The study was also informed by a number of other ongoing studies such as the Department for Education and Skills' (DfES) study of low-incidence SEN (**Ref. 1**);<sup>1</sup> a related study in London; and the Commission for Social Care Inspection's study of the transition of disabled young people to adult care (not yet published). The Commission thanks all those who were involved. The views expressed in this report are those of the Commission alone.
- 4 This report aims to help and challenge councils and others involved in meeting complex special needs to plan and commission provision in the most cost-effective way. In particular, it aims to contribute to the delivery of better outcomes for a group of vulnerable children and young people. It contains six chapters:
  - **Chapter 1** explains why out of authority placements are an important issue, the national context and the usage and costs of out of authority placements, which establish the focus of the study. It proposes a framework for examining the key council functions that influence the cost and quality of provision for complex SEN. These functions form the basis for the four chapters that follow.



- **Chapter 2** looks at strategic planning for provision of complex SEN by councils and their partners.
- **Chapter 3** describes the planning and management of the budgets for out of authority placements.
- **Chapters 4 and 5** examine the way placement decisions are made and the management of out of authority placements.
- **Chapter 6** draws implications for assessing the cost and quality of out of authority placements.

# 1

## Context and framework for the study

### Why are out of authority placements an important issue?

- 5 This study focuses on pupils with a statement of special educational needs placed in independent and non-maintained special schools (described here as out of authority special schools<sup>I</sup>), particularly those with behavioural, emotional and social difficulties (BESD) and autistic spectrum disorders (ASD). These children have complex SEN which are not currently being met by their local schools. They represent a relatively small group of children with very high levels of need. Despite additional support, many have been excluded from both mainstream and special schools and some have an unstable family life. A high proportion also meet the thresholds for health or social care services and will therefore have contact with, and may be funded by, more than one agency. Regardless of this investment, they are potentially the most vulnerable and least visible pupils in the education system.
- 6 The cost of placements in out of authority schools is high and steeply increasing. English councils spend around £500 million on these each year. Budgets for such placements have risen by 28 per cent since 2003/04<sup>II</sup> although the average number of placements has decreased slightly.
- 7 When making out of authority placements the needs of, and outcomes for, the child or young person must be the most important consideration, with costs seen in relation to these. Residential placements in particular may mean that young people are at a considerable distance from their local community, weakening family and social links which will be essential for their life after school.

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<sup>I</sup> Out of authority special schools are defined here as day or residential independent and non-maintained special schools that may be either inside or outside the council area. They are operated by charities (non-maintained schools) or may be run as profit-making companies (independent schools). The term does not include special schools operated by other councils, children's homes or hospitals.

<sup>II</sup> Source: Section 52 budget statements.

## National context

- 8 A pupil is defined as having SEN if he or she has a learning difficulty which requires special educational provision to be made for him or her. In most cases, the expectation is that these needs will be met by a mainstream school guided by the SEN Code of Practice (**Ref. 2**). This policy of inclusion requires that ‘pupils with SEN should wherever possible receive their education in a mainstream school (and) that they should also join fully with their peers in the curriculum and life of the school’ (**Ref. 3**). The 1996 Education Act set out the arrangements for identifying and meeting SEN, amended by the SEN and Disability Act 2001 which strengthened the right of children with SEN to attend a mainstream school. The 2004 SEN strategy (**Ref. 4**) put support for children with SEN into the context of the proposals for the reform of children’s services in *Every Child Matters* (**Ref. 5**).
- 9 The 2006 report of the Education and Skills Select Committee (**Ref. 6**) argued that the current SEN system is no longer fit for purpose and called for the government to develop a new system that puts the needs of the child at the centre of provision. In particular, it suggested that the high level of exclusions of children with autism and BESD means that the system is failing to cope with their needs.
- 10 Councils and their partners have begun the process of implementing the ambitious *Every Child Matters* principles to align and integrate services for children and young people. These require the development of more effective and accessible services focused around the needs of children, young people and families within a national framework comprising the five outcomes of ‘staying safe, being healthy, enjoying and achieving, achieving economic well-being, and making a positive contribution’. This is a demanding process which includes the establishment of new management arrangements under a director of children’s services and a lead councillor for children and young people. It requires a wide range of services in a local area to establish arrangements for working together effectively to target the vulnerable young people who are the focus of this study.
- 11 Based on the case studies for this report, **Figure 1, overleaf**, shows the typical pathway of a child with complex SEN such as ASD or BESD.

**Figure 1**

**The educational pathway of a typical pupil with complex SEN**

An illustration of the needs and experiences of a typical child with complex SEN at each stage of their education. Note that an individual pupil is unlikely to exhibit all of these needs or experience all the interventions described.

PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES	<p><b>Pre-school</b> Early identification of communication or physical difficulties, often by health professionals.</p>
	<p><b>Early years</b> Concerns about progress or behaviour may lead to assessment in early years provision or by primary school. Child may be classified at 'school' or 'early years action'<sup>i</sup> stage and assigned additional support.</p>
	<p><b>Primary school</b> Regular reviews of progress or behaviour with requests for additional support often made to SEN panel. SEN category may be reviewed to 'school action plus'<sup>ii</sup> requiring external support services.</p>
	<p><b>Transfer to secondary school</b> Frequent concern at secondary transfer that pupil will be unable to cope with secondary school environment. Point at which a request for 'statutory assessment'<sup>iii</sup> is often made with the aim of increasing the support available and sometimes placing pupil in a special school.</p>
	<p><b>Secondary school</b> Adolescence may add to pupil's needs: more aggression, more freedom sometimes leading to risks from sexual behaviour, crime, drugs, alcohol. Family may be less able to cope, leading to social services involvement. The pupil may be placed in a mainstream school, a maintained special school, an out of authority special school or may be out of school with or without a tailored support package.</p>
	<p><b>Post 16</b> The pupil's school placement will end somewhere between the ages of 16 and 19 (some special schools offer post-16 and continuing education). Any additional support needs become the responsibility of adult social care services and health services.</p>

**Source:** Audit Commission

## The demand for SEN provision

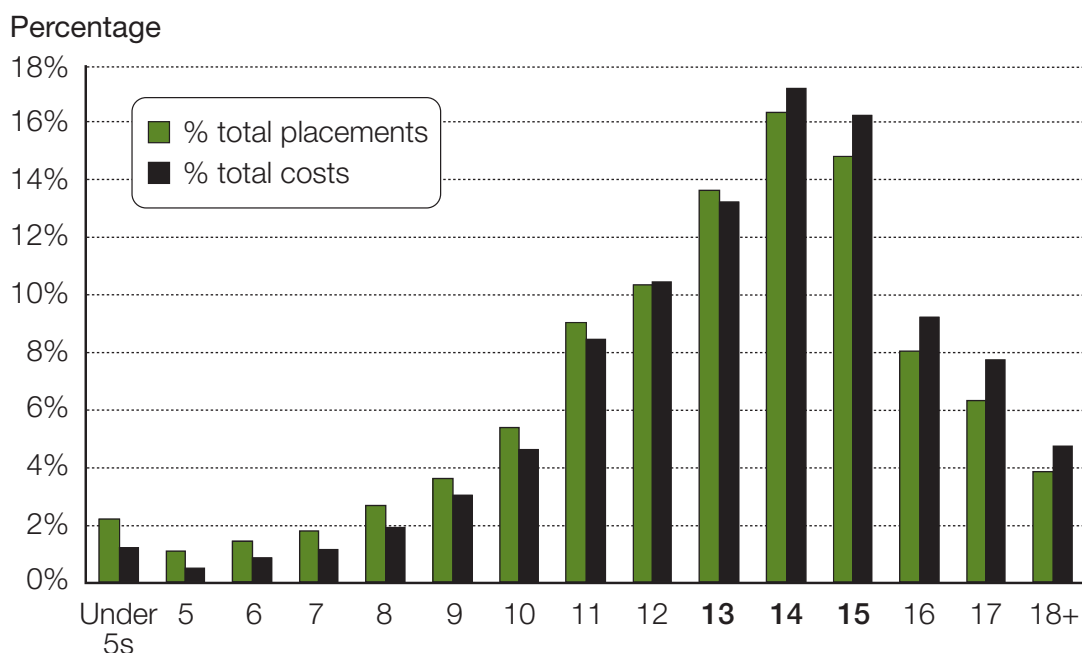
- 12 In 2005 around 18 per cent of all pupils in school in England were categorised as having some sort of SEN (1.5 million children). Around 3 per cent of all children (250,000) had a statement of SEN and approximately one-third of these children with statements were in special schools (Ref. 6).
- 13 Over 11,000 pupils with SEN are educated in out of authority special schools (Ref. 7). The overall number of children in out of authority placements dropped by 2 per cent between 2005 and 2006. The total cost of such placements was estimated at £572 million in 2006.<sup>IV</sup>
- 14 The majority of children and young people placed in out of authority special schools, over 6,000 pupils, are those with BESD (30 per cent) and ASD (23 per cent). Together these placements make up 62 per cent of the total costs of out of authority placements in 2006 (costing an estimated £354 million) and this proportion has increased steadily since 2003. The age groups with the highest number and spending on out of authority placements are ages 13-15 (Figure 2, overleaf). This study focuses particularly on young people of secondary school age with BESD or ASD as their primary special need – the groups most likely to be in high-cost out of authority placements.

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- I **Early years or school action:** where a child is assessed as requiring interventions which are additional to or different from those provided as part of the school or setting's usual differentiated offer.
  - II **Early years or school action plus:** where further intervention and support is judged to be necessary by the school. External services are brought in to see the child to give specialist assessments, advise staff on resources and strategies, and sometimes to provide specialist support.
  - III **Statutory assessment:** where a pupil's progress on his/her Individual Education Plan is significant cause for concern, the statutory process for assessment of their SEN may be initiated. This is decided by the council on the basis of evidence from the school and from specialists such as educational psychologists. It may lead to a statement of SEN being issued by the council.
  - IV South Central Regional Inclusion Partnership survey 2006. Total cost is based on an extrapolation to all English local authorities.

**Figure 2**

**Percentage of pupil numbers and costs by age**

Pupils aged between 13 and 15 are most likely to be in out of authority placements.



**Source:** Regional partnerships survey of out of authority placements 2006

## A rising cost

- 15 Budgeted expenditure on placing pupils in out of authority special schools increased steeply between 2000/01 and 2006/07. Between 2002/03 and 2005/06 the rate of increase was well above the increases in overall SEN or education spending (**Figure 3**). The rate of increase in budgeted spending on out of authority placements reached a peak of over 16 per cent in 2003/04, mainly as a result of steep increases in the fees charged by out of authority special schools to cover additional regulatory requirements.<sup>1</sup> Although the rate of increase in the out of authority budget has dropped sharply since 2003/04, it remains above the rate of increase of total education spending. Councils' budgets for sending pupils to out of authority special schools have increased by 28 per cent since 2003/04 and by 79 per cent since 2000/01.

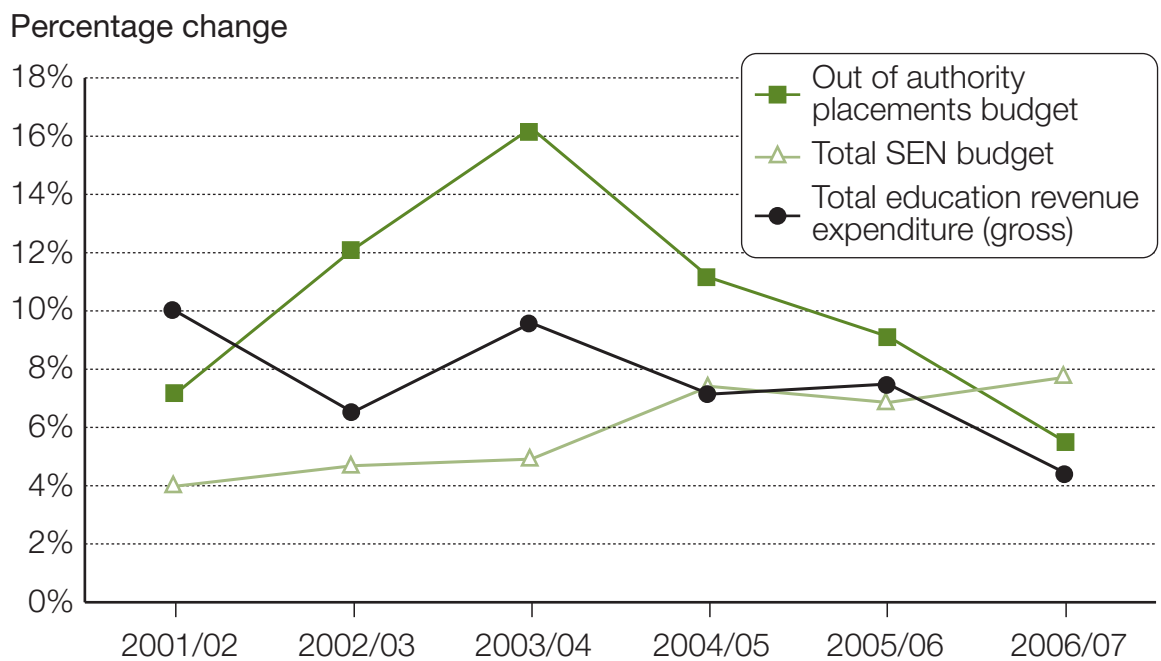
<sup>1</sup> The Care Standards Act 2000.

- 16 Such significant rises translate into serious pressures for councils. Out of authority placement budgets are often overspent – in our survey over half the councils responding had overspent their budget in 2002/03, 2003/04 or 2004/05.

**Figure 3**

**Increases in education, SEN and out of authority budgets over time**

The annual increases in council budgets for out of authority placements have been considerably higher than the increases in the total SEN budget or in the total education revenue budget in the last five years, even allowing for a steep drop in the rate of increase of the out of authority budget since 2003/04.



**Source:** Section 52 budget statements

- 17 In 2006 the average cost of placing a pupil in an out of authority placement was estimated to be £57,150 a year (**Table 1**). Although the average number of out of authority placements has fallen since 2003, the average unit cost is estimated to have increased by 30 per cent in real terms over the same period. This suggests that most of the increase in spending by councils is due to the increased cost of placements rather than to increases in the overall number of pupils being placed in out of authority schools.

**Table 1**

**Trends in numbers of out of authority placements and costs over time**

Year	The average number of places per 100,000 0-19 population (est.)	Average cost per place (est.)	Increase in average cost since 2003 (est.)*
2003	88	41,446	
2004	83	44,634	5%
2005	83	49,570	15%
2006	81	57,150	30%

\***Note:** Adjusted for inflation since 2002/03.

**Source:** Regional partnerships survey of out of authority placements 2006

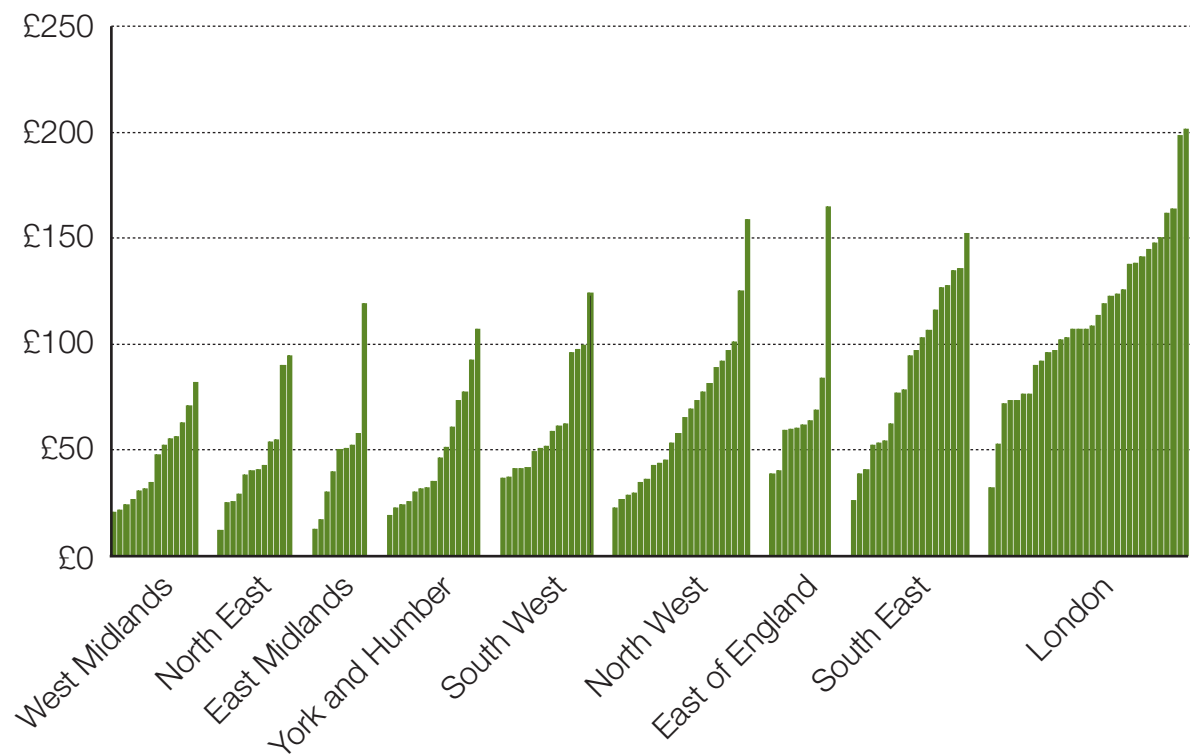
## Variations in spending and costs

- 18 Expenditure varies across councils and according to the type of placement. The amount councils in England plan to spend on out of authority placements is extremely variable, ranging from £10.90 to £200.30 per school-aged pupil in 2005/06 (**Figure 4**). There are also large regional variations. On average, London and the South East are the highest-spending areas and the West Midlands and the North East are the lowest spenders. The ten councils where fieldwork was carried out included high and low spenders on out of authority placements geographically spread over England.
- 19 However, high spending on out of authority placements is not necessarily due to lack of provision for SEN within the authority. Our analysis and work by the regional partnerships suggests that councils with high levels of spending on their own in-house SEN provision in fact tend to spend more per pupil on out of authority placements.



**Figure 4**  
**Out of authority special schools budget – £/pupil in English councils by government office regions 2005/06**

Budgeted spend on out of authority special schools per school-aged pupil is extremely varied.



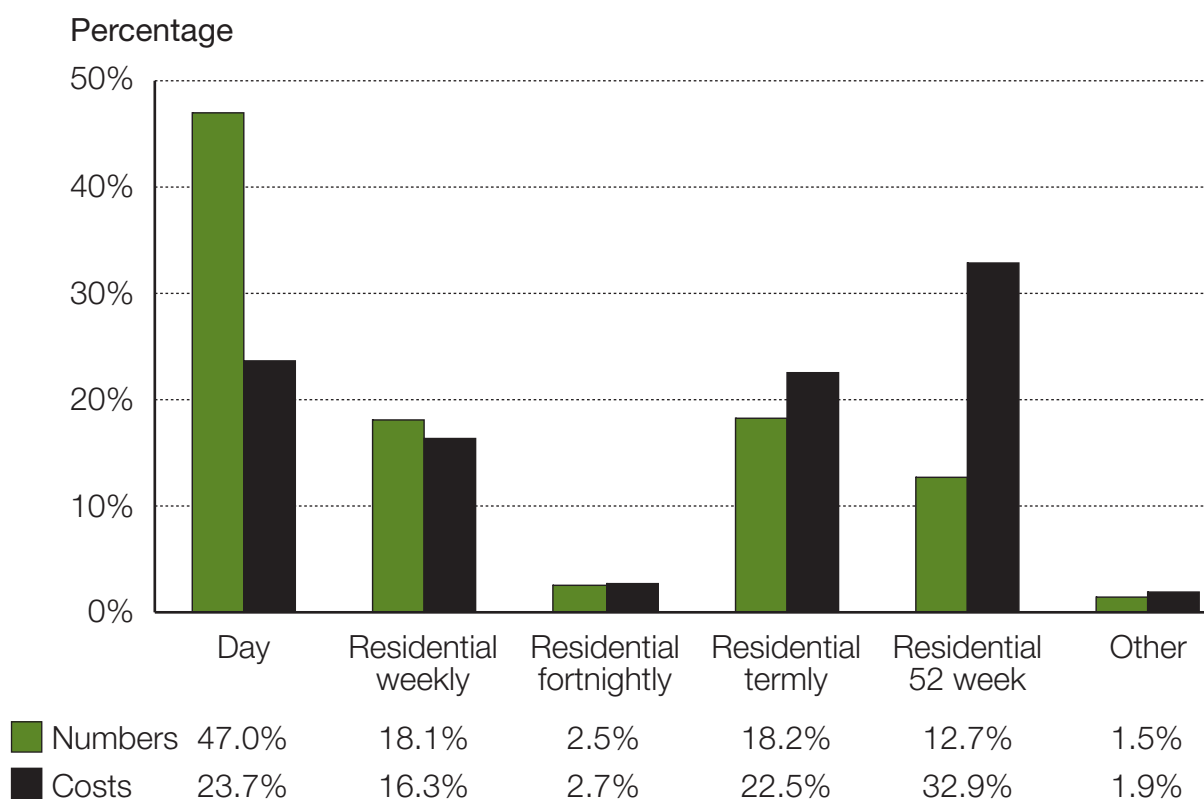
**Source:** Section 52 2005/06

- 20 The fees paid for different types of placement also vary (**Figure 5, overleaf**). Although the majority of out of authority placements are lower-cost day placements, residential placements for 52 weeks made up 13 per cent of the placements but 33 per cent of the total spending on fees. Pupils with BESD as their primary special need are more likely to be in residential placements, particularly the most expensive 52-week placements. BESD pupils occupied 43 per cent of all the 52-week placements in 2006.

**Figure 5**

**Estimated percentage of numbers and costs by placement type**

Out of authority placements vary in type and cost with day placements being most frequent but less costly while 52-week residential placements are most expensive.



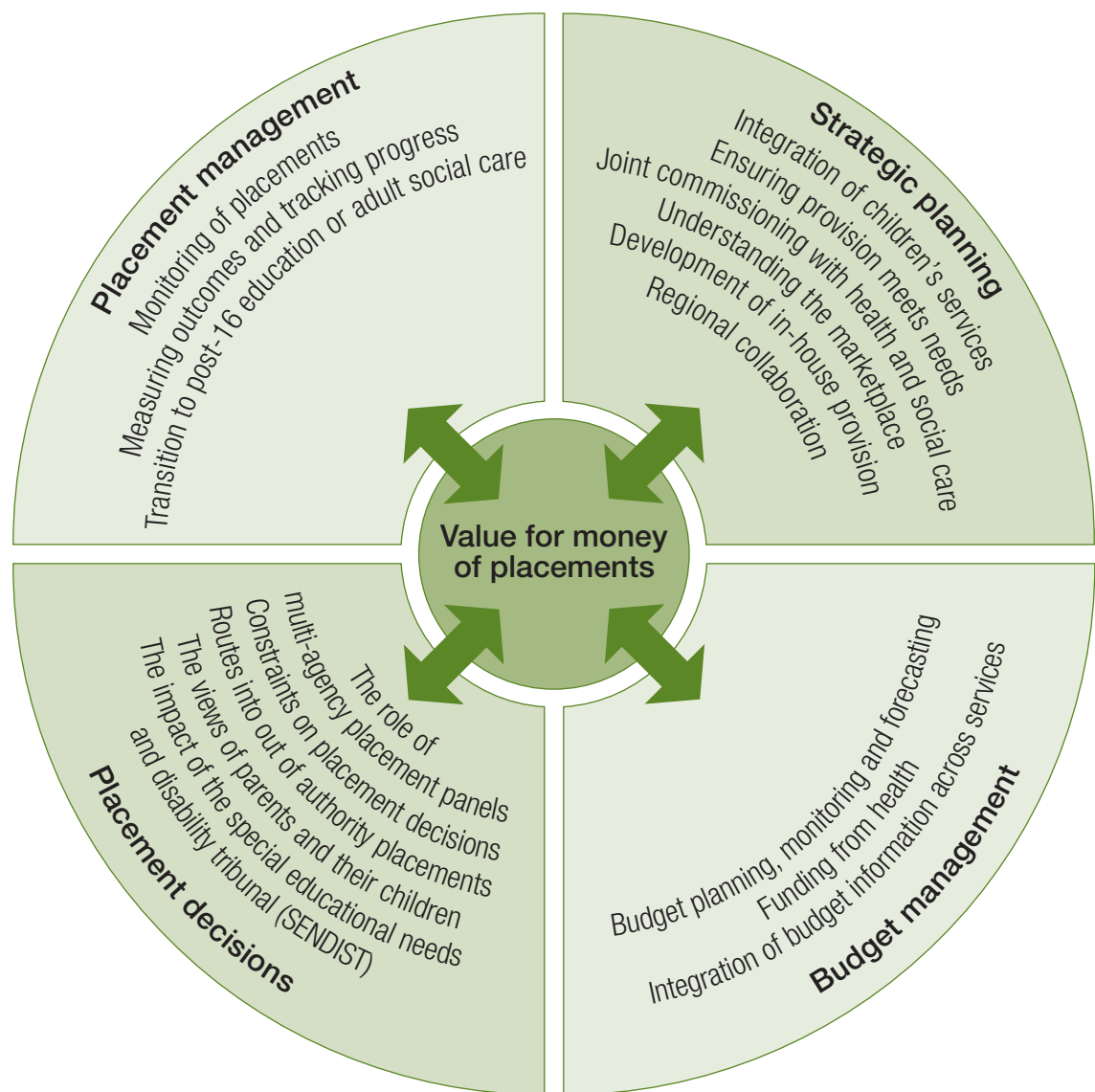
**Source:** Regional partnerships survey of out of authority placements 2006

## Framework for the study

- 21 Four key functions of the council and its partners influence whether councils obtain value for money from their out of authority placements (**Figure 6**). Our framework proposes that strategic planning, budget management, placement decisions and the management of placements all influence the overall costs and quality of outcomes from out of authority placements. It also identifies the main areas under each heading that were examined during the fieldwork. The next chapters consider the four key functions in turn.

**Figure 6**  
**Key functions that influence the value for money of out of authority placements for SEN**

The next chapters consider the four key functions in turn.



Source: Audit Commission

# 2

## Strategic planning



- Although strategic planning for the educational needs of children with complex needs has improved, opportunities to provide more integrated and cost-effective services through joint working between education, social care and health services are not being maximised.
  - Councils prefer to focus on developing their in-house provision for complex needs to reduce their out of authority placements but this is not always based on a robust option appraisal or translated into a securely resourced strategy.
- Councils' and health authorities' failure to provide integrated local programmes of support for children and families, such as therapies and mental health support, has led to demand for out of authority provision in many areas.
  - Some councils have established innovative, flexible support packages for children with complex needs who would otherwise be in out of authority special schools.
  - Regional collaboration is developing and has begun to have an impact on costs in some regions but joint commissioning of provision across local services and regionally is underdeveloped.
- 22 This chapter looks at strategic planning by councils and their partners for children with complex special needs. This planning is part of the council's SEN and inclusion strategies, covering the full range of SEN, including in-house provision. Since April 2006 it also covers the council and its partners' children and young people's plan. Strategic planning over the medium term is necessary to ensure the council and its partners are aware of the changing special needs of children and can plan and commission services to meet them.

A joint approach to planning, as advocated by *Every Child Matters* (Ref. 5) is essential to ensure that children who need support from a range of different services get the appropriate services at the right time. This chapter discusses the impact of the integration of children's services on strategic planning and councils' internal capacity; progress on joint commissioning with health and social care; planning of provision for complex special needs; market management; and regional collaboration.

## Integration of children's services

- 23 At the time of the fieldwork, in Spring 2006, councils were beginning the process of moving to integrated children's services departments but these were not yet well established. Services for children with SEN are frequently being brought together with social services for looked after children, children with disabilities and family support, and sometimes also with PCT children's health services. These services are often already dealing separately with the same children and families and the aim is to integrate and improve the provision for children with multiple needs.
- 24 In the councils visited this has not yet had any real impact on policy or practice in providing for complex SEN or on financial planning. Apart from joint management teams and joint funding panels, the different services are frequently located separately and are operating largely as separate units. Sharing of management and budget information on children with complex needs within councils remains limited. Links with health services are particularly underdeveloped. Joint planning of services is at a very early stage and there is little joint commissioning or procurement of services. There are particular weaknesses in joint planning for young people in out of authority provision at the transition from school to further education, and from children's to adults' social services.
- 25 The small size of education SEN, social care and PCT children's services teams means that joint strategic planning in many of the areas looked at in this study is not a priority. We found that the high level of day-to-day demand left little time for strategic planning and policy development. At senior level, changes of role and the integration process have sometimes diverted attention from planning for children with complex needs. The study found some examples of good joint service delivery on the ground but these were not strategically led.

## Ensuring provision meets needs

- 26 While the quality of strategic planning and forecasting of demand for services for children with complex SEN varies, it has improved over the last five years in most of the councils visited. It is, however, generally focused on the educational needs of such pupils with the links to social care remaining weak. The sharply rising cost of out of authority placements for SEN has forced councils to review local provision for complex SEN.
- 27 Provision for pupils with complex special needs is influenced by a range of different factors. There is no real market since most provision is based within the council area. Where possible councils will make provision in their own mainstream schools, with a minority of high-need pupils placed in special schools. Councils only seek places in special schools run by other councils or in out of authority provision in exceptional cases where appropriate in-house provision is not available. However, since councils' priority is to focus on planning for their own populations, the number of places in special schools available for pupils from other councils is often very limited. Furthermore, in-house and out of authority special school provision is not easily or quickly adjusted to meet changes in need. In particular, there is a shortage of successful schools to meet the needs of pupils with severe BESD. Regional commissioning of provision to fill the gaps by groups of councils is at an early stage. Good longer-term strategic planning will help councils to meet the needs of their populations better.
- 28 Where strategic planning for SEN is effective there is strong leadership, a shared understanding of local SEN based on detailed research, and a clear strategy to develop in-house provision to meet this, including an effective inclusion strategy agreed with local schools (**Case study 1**).
- 29 Where strategic planning is less strong, there has been a lack of strategic action which has resulted in higher levels of placements in out of authority schools since local provision has not been reconfigured to cope with the higher levels of need. This is sometimes a result of other demands, such as the setting up of a Children's Trust, reducing available management capacity.
- 30 Our analysis of regional partnership data shows that a high proportion of pupils with BESD are placed in residential provision. Since few councils have their own residential special schools, there is a recognition in many of those visited that a minority of pupils will always require out of authority residential placements. More suprisingly, all but one of the

councils visited, including most of the low spenders, also made a considerable proportion of day placements in out of authority special schools. This suggests shortcomings in planning since such pupils may have less complex needs which are not met by the council's own provision.

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### Case study 1

#### Strategic planning for SEN in Sunderland

There is a shared determination to provide excellent in-house services for vulnerable children in Sunderland. There is committed and enthusiastic senior management leadership and a clear vision which is supported by a good analysis of need and a clear strategy. A strategic review of SEN included a gap analysis to identify the pressure points in demand for SEN support across the borough. The review examined what type of need was leading the council to make out of authority placements and the increasing prevalence of those needs. This led to the conclusion that it would be economic to develop provision within the authority. There is strong support for this vision from officers in education and social care, special and mainstream school headteachers.

Significant resources have been committed over the last few years to develop in-house provision through new and existing special schools, enhancing mainstream capacity and outreach. For example, underspends on the out of authority placement budget have been used as Invest to Save funding to establish special units in mainstream schools. Funding has been retained within the Invest to Save Budget to support additional outreach capacity. As a result the number of out of authority placements is low and decreasing.

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**Source:** Audit Commission

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## Joint commissioning with health and social care

- 31 Our evidence suggests that many councils' priority is unilateral development of educational provision rather than the joint commissioning of provision with social care and health. While there may be good reasons for this, such as faster decision making and delivery, opportunities are being missed to develop integrated local provision. Many of the children with complex SEN are in contact with both education and social services – social care contributed an estimated 23 per cent of total funding for placements in out of authority special schools in 2006. Furthermore, the widespread focus on bringing looked

after children from out of authority foster care or care homes back into the council area has led to a higher level of demand for additional education support within the home authority. Many of these children have SEN. Despite this, the councils we visited had made little progress on joint planning and procurement of placements for low-incidence complex needs by social care and education. A joint commissioning approach between education, social care and health could draw on budgets for outreach work, therapies, mental health and social care support for pupils and their families, providing integrated packages of provision to help them stay at home. The commissioning process should also allow councils to assess their use of out of authority provision and build this into the package where appropriate.

## Understanding the marketplace

- 32 Our evidence suggests that councils do not specifically plan to place pupils in out of authority provision and, as we show below, most prioritise the development of in-house provision as a means of reducing expenditure on such placements. However, few have examined in detail the relative cost and quality implications of different types of provision for complex SEN before reaching this conclusion. Though councils assume that in-house provision is better and cheaper, this may not be the case.
- 33 Many councils do not have clear, locally agreed reasons for out of authority placements set against credible plans to develop the right kind of provision in-house, with partners regionally, and externally with independent providers. The key to controlling spending is to understand the marketplace: the range and severity of need that can be met by in-house provision; the level and type of need that is beyond the capacity of that provision; and relative costs.
- 34 In our survey, 96 per cent of responding councils said they had plans to control their spending on out of authority placements for SEN. This group was then asked to indicate how they were planning to do this with four main possibilities provided (**Figure 7**). Ninety-seven per cent of councils with such plans said they intended to develop in-house specialist provision. A smaller proportion, 77 per cent, planned to work with other authorities to manage the market, with 72 per cent intending to develop links or contracts with individual providers.



### Figure 7 Plans to control spending

The majority of councils aim to control their spending by developing in-house specialist provision.



**Source:** Audit Commission survey November 2005

## Development of in-house provision

- 35** The fieldwork authorities cited a number of reasons why the development of in-house provision is their main priority. First, expertise in supporting pupils with complex special needs is developed in the home authority; an important factor if, as many practitioners report, the complexity of need is increasing. Second, more children and young people are able to remain in their home community rather than experiencing the dislocation of being placed in residential schools which are often some distance away. Third, spending on in-house provision can be more effectively planned and managed.

- 36 Most of the low-spending councils visited had recently audited their SEN provision, including a detailed analysis of their use of out of authority special schools. As a result they are developing more in-house provision for secondary ASD and for pupils with challenging behaviour. Often this is for older pupils aged 13-16 who are most likely to be placed in out of authority provision. This provision varies from refocused special school provision to a range of tailored packages including outreach and respite support. Good examples of where in-house provision can reduce spending on out of authority placements include the use of Dyslexia Institute teachers to teach pupils in mainstream schools in Portsmouth and tailor-made support packages for pupils with complex needs in Nottinghamshire (**Case study 2**).

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### Case study 2

#### Alternative packages for pupils with behavioural, emotional and social difficulties (BESD)

Nottinghamshire's Tailor-Made Programmes Team (TMPT) provides specific packages of support for individual pupils with SEN. The programme caters for challenging young people with SEN, especially BESD and autistic spectrum disorders (ASD), who might otherwise be in out of authority provision. TMPT aims to provide long-term support for pupils until the age of 16. It is based at one of the county's learning centres and pupils are referred by the multi-agency complex needs panel. These pupils have often been excluded from special schools. The curriculum is broad and balanced but highly personalised to take account of the individual's special needs. Much provision is one to one and the package includes appropriate support from social care and other agencies.

The programme has been running for ten years and has demonstrated that it successfully engages these young people, with improved attendance and many gaining GCSEs.

Places are limited to ten at present at one learning centre but the aim is to expand the model across the county and to extend the provision available to include college and work-based learning. Though costs are only slightly lower than the average cost of an out of authority placement (about £50,000 per pupil per year), the programme gives young people support to stay in their home community, rather than being placed out of county with the longer-term dislocation that this implies.

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**Source:** Audit Commission

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- 37 Despite the fact that it was usually their preferred option, the fieldwork councils identified a number of barriers to the development of in-house provision for children with complex special needs. These included:
- a difficulty finding revenue and capital resources;
  - a lack of investment in special-school expertise and outreach; and
  - a lack of multi-disciplinary supporting services such as mental health support, respite provision and therapies including speech and language therapy, and occupational therapy.
- 38 Invest to Save capital and revenue funding is required for the development of in-house alternatives to out of authority placements, but this is not always a priority for councils and their partners. SEN budgets are very tight and councils' focus is on supporting mainstream schools to make inclusive provision. Councils are often reluctant to invest in more specialist provision because of the costs and concern that demand, either internally or from other councils, may increase. The development of alternative packages such as those described in Case study 2 is limited in some councils by the need to combine different budgets to fund them. A strategic joint commissioning approach would enable the planning of budgets to meet these needs but was not encountered in any of the fieldwork authorities. Capital funding for development is particularly difficult to find for councils not in the early phases of Building Schools for the Future funding. Furthermore, councils reported that the different regulations covering funding such as the Dedicated Schools Grant<sup>1</sup> make strategic decisions about Invest to Save more difficult.
- 39 The autonomy of individual schools together with the focus on inclusive provision for SEN in mainstream schools means that councils do not always fully utilise the potential of their in-house special schools. Exclusions from these special schools are frequently reasons why pupils come to be placed in out of authority placements. Such schools may be reluctant to make provision for children with very complex needs without significant additional funding and support.

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<sup>1</sup> The Dedicated Schools Grant is a ringfenced grant from the DfES to each local authority to cover delegated budgets for individual schools and other services for pupils provided by authorities such as SEN provision and pupil referral units. The out of authority placements budget is part of this. The allocation of funds between delegated budgets and SEN provision has to be agreed by the Schools Forum, a group with representatives of headteachers, governors and the local authority.

- 40 The involvement of special schools in strategic planning is often minimal. However, we found effective involvement of special schools in strategic planning in Walsall, Sunderland and Portsmouth, which may have contributed to their lower expenditure on out of authority placements (**Case study 3**). Outreach work between special and mainstream schools, including out of authority special schools, can make an important contribution both to increasing inclusion and reducing out of authority placements but is still underdeveloped. Strategically planned outreach work is rare; most outreach is poorly integrated and funding is often temporary in nature. Work with out of authority special schools is particularly unusual despite the fact that they may have the very knowledge needed to develop in-house expertise.

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### Case study 3

#### Involvement of special schools and outreach

In Walsall, special school headteachers are now very closely involved with all strategic decisions on SEN provision. There are three formal groups on which special school headteachers are represented along with regular breakfast meetings with senior management. Education Walsall (the contractor providing education services in Walsall) meets regularly with special school headteachers to develop strategic SEN priorities which started from a specialist provision review in 2004. There was a recent away day with the special school headteachers to discuss development of outreach provision for mainstream schools and how their support would fit into the continuum of SEN provision in Walsall.

The model for future SEN provision envisages one fewer special school together with the development of additionally resourced provision in mainstream schools. These new provisions will also include outreach, the focus of which will be planned alongside that of special schools and SEN support services so that there is a continuum of outreach across Walsall. These plans have been shared with schools and discussed at headteacher meetings.

Special school headteachers feel that their involvement with mainstream schools has changed beyond all recognition. They spoke of a better understanding of each other's strengths – with the development of outreach provision being a major factor in changing this. Additional funding has been used to extend capacity in both sectors to establish this outreach provision.

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**Source:** Audit Commission

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- 41 Non-educational support for children and their families may make the difference between keeping a child at home and making a residential placement. There were long-standing shortages of speech and language therapy, occupational therapy, mental health support and respite care in all the authorities visited. There is a widespread lack of respite care for families with children and young people with aggressive or hard-to-manage behaviour, which often leads to a residential out of authority placement. Cross-agency support for mental health needs is weak. There are no common criteria to establish health and social care liability for mental health support and provision of Child and Adolescent Mental Health Services (CAMHS) is insufficient to meet the needs of the children on which our study focused.
- 42 This shortfall in provision has been identified by other research (**Refs. 8 and 9**). It is one of the key areas where joint planning could transform provision and reduce out of authority placements. It could also reduce the number of appeals to the Special Educational Needs and Disabilities Tribunal (SENDIST) described in Chapter 4. The fact that out of authority special schools usually offer a complete package of education and care is attractive to parents who may have fought hard to get appropriate support in their home authorities.

## Regional collaboration

- 43 Seventy-seven per cent of the councils responding to our survey planned to control costs by working with other authorities to manage the market and 73 per cent of respondents were part of a regional collaborative group intended to commission, purchase or monitor out of authority SEN provision (Figure 7). There has been strong encouragement from government, through the regional partnerships and centres of excellence for procurement, to develop regional commissioning in this area.
- 44 Our fieldwork showed that while regional joint market management and information sharing is developing, regional procurement is embryonic. The regional partnerships provide useful benchmarking information and, in some regions, monitoring of out of authority special schools to challenge fee increases and to share information on the effectiveness of provision. This is particularly well developed in four regions working together: South Central, South East, Eastern and East Midlands (**Case study 4, overleaf**); and in Merseyside.

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## Case study 4

### The Developing Partnerships Project

The Developing Partnerships Project was established in 2002 by the South Central and South East Regional Partnerships (SCRIP and SERSEN) which comprise 19 councils. The overarching aim of the project has been to promote better understanding and closer working relationships between councils and out of authority special schools.

Key developments within the project include:

- A set of agreed principles, including financial arrangements, for joint working between councils and out of authority special schools which promote inclusion.
- Arrangements for shared monitoring of out of authority special schools and children's residential homes in collaboration with two other regional partnerships (East of England and East Midlands). These arrangements involve the allocation of each provider to a link council which undertakes the monitoring tasks with its allocated providers on behalf of the other councils. The monitoring information currently comprises background details supplied by the provider and a report from the link council concerned primarily with the provider's compliance with contractual requirements. It is held on a central database managed through Hertfordshire County Council. Link councils are encouraged to undertake annual monitoring visits.
- Arrangements for consultation with out of authority special schools and children's residential homes over proposed fee increases that exceed specified criterion levels. These exceptional fee increase procedures also operate through the link council system described above. From the start of the 2006/07 fee round, the East of England, East Midlands, SCRIP and SERSEN Regional Partnerships have collaborated in the operation of these procedures.
- Developing regional commissioning arrangements for out of authority placements and services. A preferred providers' list is already in existence.

During 2005/06 estimated savings of approximately £9 million were calculated across SCRIP and SERSEN against the national average increase. The percentage increase in the average cost per placement in SCRIP and SERSEN was 6.37 per cent compared to the national average of 15.29 per cent.

Details of the joint working principles, the preferred providers' list and the cross-regional exceptional fee increase procedures are available on the regional partnerships' websites: [www.sersen.uk.net](http://www.sersen.uk.net) and [www.scrip.uk.net](http://www.scrip.uk.net).

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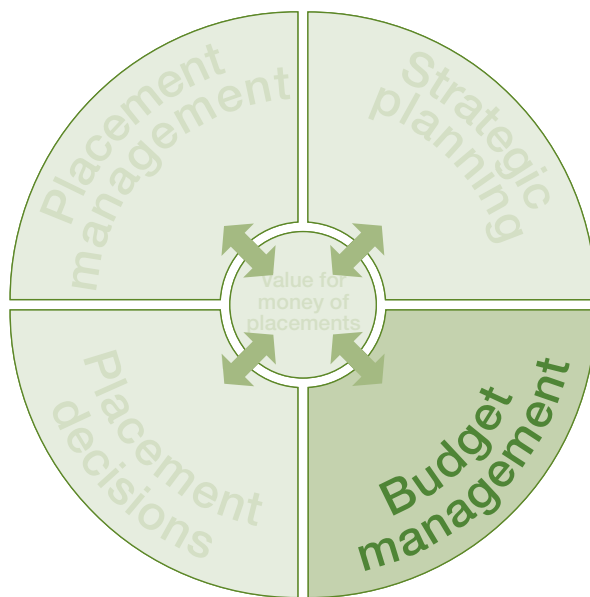
**Source:** Audit Commission

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- 45 However, regional collaboration is currently more focused on information sharing than on procurement of shared provision to develop the market and fill gaps in council provision. Although the out of authority special schools market remains underdeveloped, few councils are planning to commission regional specialist provision to fill the gaps – only 37 per cent of respondents were planning to do this (Figure 7). No examples of regional, public sector provision were identified in the fieldwork for this study. The recent DfES low-incidence SEN audit (**Ref. 9**) found that councils had good arguments against the development of regional provision which children would attend full-time and preferred support to build local capacity. The DfES has recently asked regional partnerships to make proposals for the development of regional centres of expertise in support for complex SEN in their areas. It is expected that these will be jointly funded, virtual provision, such as training, to support but not replace existing expertise at the local level.
- 46 This chapter has examined the strategic planning for complex SEN carried out by councils and their partners. The next chapter looks at the management of budgets for out of authority placements.

# 3

## Budget management



- Despite the integration of children's services and the multi-agency contributions to some placements, budgets for out of authority provision for SEN are not yet jointly planned or managed.
  - Councils are beginning to be more proactive in controlling their spending on out of authority placements but financial planning rarely extends beyond one year.
  - Budgets are rarely based on forecast need and forecasts do not realistically assess the increasing costs of out of authority placements.
- Financial contributions from PCTs are limited to reactive, direct service provision, are not based on long-term assessed need and lack a partnership dimension with local government.
  - Little progress is being made in developing and implementing pooled or aligned budgets with health bodies.

47 The previous chapter looked at the strategic planning of services for complex SEN and particularly highlighted the need for more joint planning and commissioning of services. This chapter focuses specifically on management of the out of authority placements budget and its contribution to controlling the costs of out of authority placements. Budget management is important since there is national concern that the costs of out of authority placements have surged over the past few years and councils' out of authority placement budgets have frequently been overspent. This chapter looks at budget planning, monitoring and forecasting in the councils visited, funding from health for out of authority placements and the integration of budget information across services.



## Budget planning, monitoring and forecasting

- 48 In our survey, over half the respondents had overspent their out of authority placement budgets in 2002/03, 2003/04 or 2004/05. The main reasons given for overspending were the increased costs of out of authority provision, increased levels of need, especially for severe BESD and ASD provision and unanticipated demand. Budgets are, however, carefully monitored so the level of expenditure is rarely a surprise and in some authorities, particularly in London, overspending is being reduced. One council explained: ‘There was a lack of robust information on the number of starters to be expected and a communication gap between SEN processes and financial monitoring. These concerns have been addressed over the last two years and have resulted in better planning and an underspent budget.’
- 49 In the authorities where fieldwork was carried out, the lower spenders on out of authority placements tended to have good budgetary control, coming in at, or only just above, their budget, whereas the higher-spending councils were more likely to have overspent their budgets. However, all the councils recognised that budgets can be thrown off course by pupils who are already placed in expensive out of authority provision arriving from other authorities, or by emergency placements by social services. Our survey found that 96 per cent of respondents have plans to control spending on out of authority placements.
- 50 Planning of the out of authority placement budget is not often based on forecast need. Indeed, many councils do not plan this budget at all. Instead, the usual arrangement for budget planning is to increase the budget each year by the amount it was overspent in the previous year and to cover the overspend by transferring funding from other SEN budgets. This reactive approach is sometimes a response to a local political decision not to increase the out of authority placement budget at the beginning of the year. Despite the pressure of increased costs, many authorities aim to reduce their spending on out of authority placements. However, in the absence of good medium-term budget planning and forecasting this is difficult.
- 51 In the authorities visited, forecasting of expenditure on out of authority placements is limited in scope and rarely extends beyond the next year. Although 54 per cent of respondents to our survey claimed to have systems in place to forecast demand over the next three years, only two of the ten fieldwork authorities did so. Most forecast costs over the next year only and the forecasts took account of the costs to the education budget only. Assumptions are made about joiners and leavers plus a contingency, as the example shows (**Case study 5, overleaf**).

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### Case study 5

#### Projection of the out of authority placement budget

In a typical council, budget projections over three years are used to help decide the level of the out of authority placement budget in education. Only education spending is included in the total with any contributions from social care or health shown as debits from the projected cost. The pupils currently in out of authority provision are included together with potential new placements. Assumptions, based on the individual case, are made about when these pupils are likely to end their placements – at 16 or 19. In addition, an annual contingency of three additional placements (15 per cent of the total number) based on an average cost per placement is added plus inflation at 3 per cent.

**Source:** Audit Commission

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- 52 The projections in case study 5 give a reasonable basis for planning in the medium term and allow a picture to be built up of the type of need for which out of authority placements are made. However, they have a number of limitations. They do not give a picture of the whole cost of supporting each individual child, especially since some of the children's placements are partially funded by social care and health budgets. No other costs, such as those for transport and monitoring of the placement, are included since they come from different budgets. Moreover, the assumption that inflation will be only at 3 per cent is a clear underestimate which is not based on analysis of the actual costs of out of authority provision (nationally the average increase was estimated to be over 15 per cent between 2004/05 and 2005/06).
- 53 Estimates of possible increases in charges by out of authority schools are difficult – the national and the regional partnerships contract uses the teachers' pay award but some schools visited felt this tends to underestimate increases in the costs of other specialist staff. Schools themselves have difficulty projecting the demand for places, particularly with councils' focus on keeping pupils in-house where possible. There is scope for better sharing of information between councils and out of authority special schools, which would improve planning in both sectors, perhaps through the regional partnerships. Out of authority special schools could provide information to councils about their likely fee increases over the medium term which could be built into council forecasts. In turn, councils could share their forecasts of the likely needs of their pupils with schools.

- 54 Without medium-term budget planning, effective planning and commissioning of provision is difficult, contributing to a reliance on ad hoc placements. However, some of the councils visited fail to recognise the value of such projections. They feel out of authority placements are often a result of emergencies, such as family breakdown, which cannot be predicted or there being no appropriate in-house provision.

## Funding from health

- 55 Funding from PCTs for out of authority placements is restricted in all the council areas visited. This is due to a lack of needs-based budget planning by PCTs and very high thresholds for health funding. Nationally, health contributions have increased slightly since 2004 and made up an estimated 5.8 per cent of the costs of placements (**Ref. 10**) in 2006. Health funding is increasingly based on identified payments for specific health services instead of on a proportion of the costs of particular placements, as it has been in the past. Health funding is seen by councils as particularly inadequate to meet needs in the mental health area where there are no agreed criteria to determine the type of need for which social care and health services respectively should accept some financial responsibility.
- 56 Health budgets for children with complex needs are not planned on the basis of need. They are usually only increased by inflation each year. The areas visited demonstrated a variety of health budget arrangements including some pooled budgets for non-school support services or equipment but, in some PCTs, budgets for children with disabilities and complex needs were not separately identified. The PCT budgetholders interviewed were frank about their focus on minimising their contribution to jointly funding placements. There was a strong perception from the councils visited that health is not 'doing its bit', exacerbated by the fact that clinicians sometimes advocate residential placements to which health will not contribute financially.

## Integration of budget information across services

- 57 There is, as yet, little integration of out of authority placement budgets across services for children. In the authorities visited, there were no pooled or aligned budgets covering out of authority placements. Budgets are still separately held and managed by education, social care and health services. Despite the fact that a number of out of authority placements are funded by two or even all three services, each service monitors only its own spending. More surprisingly, budget information is not regularly shared within multi-agency complex care funding groups and forecasting is done separately.

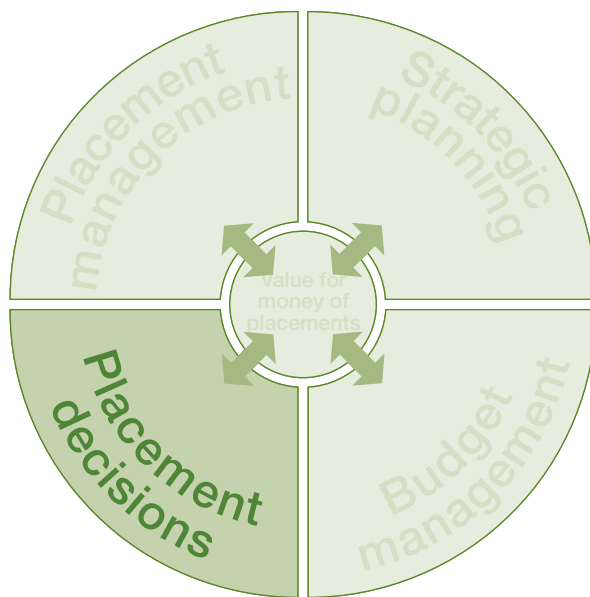
- 58 Nationally, less than 1 per cent of total spending on out of authority placements came from pooled budgets in 2006 (**Ref. 10**). Our survey results suggest there are, as yet, no pooled budgets that include health funding. Ninety per cent of the local authorities responding did not have any pooled budgets under Section 31 of the Health Act<sup>1</sup> for out of authority placements. All but one of the lower-spending authorities visited had received a higher than average contribution to the costs of their out of authority placements from social care budgets, but not from health budgets, suggesting they had begun to bring together complex needs funding within council-run services. However, joint budget planning for services for children with complex needs between councils and local health services is poor. Looking forward, most of the councils visited had plans to align their out of authority placement budgets for social care and education. Sixty-seven per cent of the local authorities in our survey stated that they have informal joint budget arrangements. Given the weaknesses in planning and forecasting identified in this study, they are rightly wary about moving too fast to formal pooled budgets, particularly with health, in this high-demand area.
- 59 This chapter has examined the arrangements of councils and their partners for managing and sharing budgets for children with complex SEN, and specifically those for out of authority placements. Chapter 4 looks at the way decisions are made to place pupils with SEN in out of authority provision.

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<sup>1</sup> Section 31 of the Health Act 1999 allows local authorities and health trusts to pool budgets for specific services.

# 4

## Placement decisions



- Multi-agency placement panels provide a good basis for developing joint decision making on complex cases but they have insufficient information about the financial implications of their decisions.
  - There are too many different decision-making panels in some councils, making it difficult for parents and carers to understand the process.
  - Routes into out of authority placements are not often planned and may be due to failures in, or a lack of, local provision.
- A restricted market in provision, especially for severe BESD, contributes to delays and less cost-effective placements.
  - Although parents' views are effectively sought, children's views are not a strong influence on placement decisions.

**60** The last two chapters have looked at the strategic planning for complex SEN and the planning and management of budgets for out of authority placements. This chapter examines the way decisions are made to place pupils with SEN in out of authority schools. This decision-making process is a key element in committing councils to expenditure on placements that may continue for several years and in agreeing joint funding where appropriate. However, it also has to ensure that children have the support they need. The chapter looks at the role of panels in making decisions about joint placements and funding, at the different routes to out of authority placements, and at how the views of parents and children are taken into account. Finally, it considers how much the Special Educational Needs and Disability Tribunal (SENDIST)<sup>1</sup> influences placements in out of authority provision.

<sup>1</sup> Parents whose children have SEN can appeal to the independent SENDIST against decisions made by local education authorities (LEAs) in England about their children's education.

- 61 Many of the councils visited recognised that they had not been sufficiently rigorous about out of authority placement decisions over the past ten years, which had contributed to their high spending. Most councils now have arrangements to ensure decisions about support for pupils with complex needs are made more consistently. These usually comprise a range of expert panels which meet to take collective decisions about aspects of support and provision. Service-specific placement panels, consisting only of education or social care staff, are often the first stage of the process and are responsible for the majority of out of authority placements. They go through case by case, decide which pupils may be eligible for joint funding and pass these cases on to a joint education, social care and health service panel. The fieldwork suggested that this focuses the decision-making process more effectively.
- 62 However, there are a number of drawbacks to having separate service-specific and multi-agency panels. In complex cases, a two-stage process can separate the placement decision from the consideration of the financing of a placement. Too few of the panels observed, particularly the multi-agency panels, had comprehensive cost information on which to base their decisions. Multiple panels can also delay decisions and make it more difficult for parents and carers to understand the decision-making process. Some councils have responded by combining their panels into one multi-agency panel.

## The role of multi-agency placement panels

- 63 Multi-agency joint funding or complex needs panels have been in existence for several years in many councils and are generally felt to be effective. Although strategic and budget planning for complex SEN is not well integrated, these panels represent genuine cross-agency working. They usually consist of the relevant budgetholders in education, social care and health, though others, such as social services purchasing officers, finance officers from education or social services, principal educational psychologists and headteachers, may also attend.
- 64 Eighty-nine per cent of respondents to our survey have a multi-agency placement panel with representatives of social care, education and health services to consider support for pupils with complex SEN. There were no clear differences between the panel arrangements of the lower and higher spenders among our fieldwork authorities.
- 65 Ninety per cent of the councils responding to our survey have agreed protocols which cover the circumstances when education, social care and health will contribute to funding a

placement and the proportion of the fee that they will contribute, which minimises undue negotiation. However, in some of the councils visited there was a move away from formula-based protocols to basing the division of funding on the costs of the different types of support received. This means that education would pay for the educational aspects of provision, social care would cover the care costs and health would pay for particular health service interventions. This approach encourages a reactive and more fragmented approach than one based on joint planning and commissioning of provision. It also means there are often disagreements about who should fund which elements of support.

- 66 Panel meetings were observed in most of the councils visited and it was clear that the protocols were not a substitute for well-informed discussion of each case and decision making by the right people. When the relevant budgetholders attend and the correct information on the case is provided, joint panels increase transparency and speed up decisions on shared cost out of authority placements for complex needs. Panel members reported a better understanding of the way other services worked – an essential step in improved joint working. Panels are seen as particularly effective in persuading health colleagues to fund placements, though attendance by health representatives is reported to be poor. However, there were frequently gaps in the information available to the panel, which could delay decisions. Information on the costs of different types of placements and on budgets was particularly patchy, so funding decisions were often taken without a clear picture of the budget commitment made.
- 67 Despite the picture of restricted information provided by the fieldwork, the majority of respondents to our survey felt they had adequate information on costs on which to base placement decisions. Of the 107 local authorities that responded, 99 per cent stated they had adequate information on the costs of in-house provision, 95 per cent had enough information on transport costs, 90 per cent had adequate information on provision by independent and non-maintained schools, and 87 per cent had sufficient information about provision in neighbouring authorities. Furthermore, half of the respondents concluded that this information includes the cost of support services such as health therapies or educational psychology support. While this may be the case for the fees for out of authority special schools, for other provision the evidence from the fieldwork suggests otherwise. The difference suggests that few of the SEN officers responding to the survey had made the links between the cost information needed to inform placement decisions and the wider information from a range of budgets required for budget planning and assessing value for money.

## Constraints on placement decisions

- 68 Councils are constrained in their choice of placements by the limited availability of appropriate provision as well as by cost. It was clear in the councils visited that the most important factor in placement decisions was the panel's assessment of the child's needs, based on the advice of a wide range of professionals. However, the lack of special school provision, particularly for severe BESD, means that providers can pick and choose their pupils. Provision in the London area is in particularly short supply and high-cost out of authority placements are often made a long way from home.
- 69 Our visits showed that out of authority special schools control their admissions and can specialise in the pupils they prefer, selecting these children quite carefully through interviews and tests during assessment visits. On the other hand, councils do not always have sufficient information about the provision made by out of authority special schools to ensure they make the most appropriate applications. As a result, many councils have to spend a long time searching for an appropriate place for children with multiple special needs and may have a limited choice of placements. The case files showed that the extensive searches done by case officers to find places for pupils often delayed placements.
- 70 Some regional initiatives are addressing this problem to avoid duplication of effort by different councils (Case study 4). The establishment of a shared database by the regional partnerships in Eastern, East Midlands, South East and South Central has had a positive impact by compiling preferred provider lists alongside details of the quality and type of provision offered by these out of authority special schools.

## Routes into out of authority placements

- 71 In each council, a small sample of five recently reviewed SEN case files of pupils with severe BESD or ASD in out of authority placements was examined; a total of 50 cases. These files focused primarily on the educational provision for such pupils and did not always make the decision-making process clear. Early intervention, especially for ASD, was prompt in many cases but this did not always translate into lower levels of out of authority placements. The file analysis suggested that out of authority placements were more often a result of failures in provision than of a planned transition. A majority of pupils had been excluded from mainstream schools or from authority special schools, particularly in the first two years of secondary school. Some placements are made in response to social care emergencies such as the need to remove a child from his or her family home. Our survey suggested that



about 7 per cent of all new out of authority placements in 2004/05 were made in response to such an emergency. As we mentioned above, social care needs, shortages of therapy or of respite provision often also led to a residential placement in an out of authority special school that could provide support and therapy on-site (**Case study 6**).

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### Case study 6

#### Route into out of authority provision

The case concerns a 14-year-old boy with a statement for severe BESD. He was an adopted child who had been abused by his birth family. His adoptive family were supportive. He was in mainstream primary schools with additional teaching and mental health support from age 5 to 11. He had problems staying on task and accepting the authority of adults and he showed significant underperformance educationally. He experienced numerous fixed-term exclusions in primary school, had behaviour support from an educational psychologist and CAMHS and was attending school part-time in his final year of primary school.

He was statutorily assessed and issued a statement of SEN at the age of 12, just before secondary transfer. He transferred to the council's BESD secondary school. By this time his parents reported him to be out of control at home and he was referred to a hostel. He absconded from the hostel several times and exhibited very disruptive behaviour at school. In his first year, he had a series of fixed-term exclusions from the special school for aggressive behaviour including carrying a knife and smashing windows. The school offered an exceptional off-site package in March 2005 and one-to-one outreach support was provided but the boy did not cooperate. He became looked after by the local authority and was placed in a children's home by May 2005. At this point, he was no longer attending school and his case was referred to the joint panel which decides jointly funded provision. There were a number of multi-agency planning meetings involving a range of professionals but a delay in finding him a care placement held up decisions on his education. A 52-week residential placement was agreed and a place found in an out of authority school with joint funding from education and social care budgets. However, he began offending and in August 2005 he received a custodial sentence. He is currently in a secure unit.

**Source:** Audit Commission analysis of case files

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## The views of parents and their children

- 72 The fieldwork showed that while the views of parents were taken into account when deciding placements for children with SEN, children's views are not a strong enough determinant of the placement process. Parents' views are seen as more important since their preferences are enshrined in law and they are routinely recorded in case files as part of the statementing process. In contrast, the child's views were not often recorded. In all the councils visited, there was a genuine desire to meet the educational needs of the child and to accommodate parents' wishes as far as possible. However, in our interviews with parents of children with complex needs they described their experience of having to fight for support against agencies which did not work together, a common finding in other studies (**Ref. 8**). Many parents prefer residential schools because they believe these offer a complete package of support. In contrast, the views of their children are rarely recorded in the SEN files and the fieldwork authorities agreed that they should do more to take account of the views of the children involved. Meetings with children at some of the residential out of authority special schools visited made clear that many were unhappy at having to leave home.

## The impact of the Special Educational Needs and Disability Tribunal (SENDIST)

- 73 If parents are dissatisfied with the SEN provision offered by their local councils as a result of the SEN assessment process, they can appeal to the independent SENDIST. The appeals process is stressful and can considerably delay a pupil's placement. Most parents need support through the process and more well-informed and well-off parents, who have the resources and knowledge to employ specialist assistance, have an advantage. However, there was no relationship found between the number of tribunal appeals in a council and the relative socio-economic status of their pupils, indicated by their eligibility for free school meals.
- 74 There is considerable regional variation in the number of appeals to the SENDIST which is unaccounted for. This ranges from an average of 2 per authority in Yorkshire and Humberside to 8.6 in the South East (**Ref. 11**). Councils in London and the South East have particularly high levels of appeals.

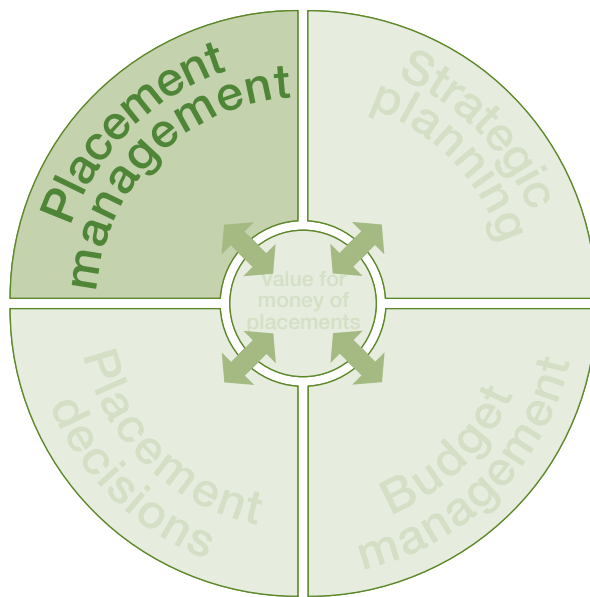
- 75 The fieldwork suggests that appeals do influence decisions on out of authority placements. Tribunals are clearly indirectly influential because of the cost to the council of fighting them and early decisions are often made in the parents' favour to avoid additional expense and delay. Sixty-five per cent of tribunal cases nationally are withdrawn or conceded before a hearing (**Ref. 11**). Fifty-five per cent of appeals about school placements in 2004/05 were for places in out of authority special schools and 59 per cent were successful. Our survey responses also suggest that appeals are quite influential in determining out of authority placements: among the respondents, 14 per cent of new out of authority placements in 2004/05 were a result of an appeal. In one London borough visited there was an active campaigning group that encouraged parents to go straight to the SENDIST and this was linked with a high level of appeals – but this was unusual among the councils visited. The councils with lower levels of tribunal appeals tended to be those where good communication with parents was a priority. However, there was little indication from the case files of children with ASD or BESD that tribunals were particularly influential in determining the majority of these out of authority placements. There was anecdotal evidence from the files that parents who did research into their child's needs and actively investigated alternative provision were likely to achieve out of authority placements but they were a small minority of the cases examined.
- 76 The parent partnerships<sup>1</sup> do useful case work in supporting less well-informed parents through the assessment and placement process but are often under-resourced so their influence and the support they can provide is limited. Where they are well resourced and linked to other parents' groups they can be effective, such as in Tower Hamlets and Portsmouth. However, many are based in the local authority rather than in a local parents' centre or voluntary organisation and run the risk of not being seen as independent.
- 77 This chapter has examined the process of deciding on an out of authority placement for SEN. The next chapter looks at the way out of authority placements are monitored and managed.

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<sup>1</sup> Parent partnership schemes are responsible for arranging for the parents of any child in their area with SEN to be provided with advice and information about matters relating to those needs including the statutory assessment process and local services. The council has responsibility for the standards of the parent partnership service, funding, resources, management and monitoring though the service may be provided by a local voluntary organisation.

# 5

## Placement management



- Monitoring of the progress of individual pupils by their home councils is generally poor. Poor target setting is insufficiently outcome-focused, assessment often superficial and follow up variable and infrequent.
  - There are, as yet, no useful benchmarks across the five *Every Child Matters* outcomes for monitoring progress for pupils with complex SEN.<sup>1</sup>
  - Contracts with out of authority providers do not include details of the expected outcomes for the pupil and are not a satisfactory basis for monitoring or challenge.
- The transfer from a residential out of authority school to post-school provision is often poorly managed, demonstrating a lack of early joint planning between different agencies.

78 Once out of authority placements are made, councils have a responsibility to continue to monitor and review the progress of the pupils and to ensure they transfer to appropriate provision at the end of their school career. The active management of out of authority placements by setting clear targets, monitoring progress against these and taking action if they are not met is an important responsibility of the placing council. Where pupils are in residential provision at a distance from home there are additional responsibilities for safeguarding pupils and ensuring they retain links with home. This monitoring also allows councils to ensure that the money spent on such placements is justified in terms of the progress made by the pupil. Early planning for transition to post-school provision, both from education and social care, is also vital for these vulnerable pupils, many of whom will need support in their adult lives. However, once placed in an out of authority special school, there is a danger that councils will treat a pupil as 'out of sight – out of mind'.

<sup>1</sup> Being healthy; staying safe; enjoying and achieving; making a positive contribution; and economic well-being.

- 79 This chapter looks at the management of out of authority placements by councils. It covers the monitoring of placements by councils, the degree of focus on the outcomes of a placement, councils' systems for tracking progress, maintenance of contact between the child and his or her family and the transition to post-school provision.

## Monitoring of placements

- 80 Despite the high cost of out of authority placements, monitoring of the progress of individual pupils by their home councils is often poor. Ninety-eight per cent of authorities that responded to our survey stated they monitored their out of authority placements mainly through the annual review. Since this statutory process, organised by the school, looks at whether the pupil has met what are often poorly defined targets, it is not on its own an adequate basis for evaluating whether a pupil is making progress or whether they are safe.
- 81 The fieldwork showed there was a clear difference between the lower- and higher-spending authorities with respect to the monitoring of out of authority placements. The low spenders monitor all annual reviews in residential out of authority placements with both a social worker and education officer or advisory teacher attending reviews where appropriate. Some councils go further than this (**Case study 7, overleaf**). In higher-spending authorities, the high level of placements and limited capacity in SEN sections leads to irregular attendance by a representative of the council, especially for reviews of day placements. Even if the annual review is attended, this often does not provide an opportunity for a robust assessment of the pupil's progress since the targets are set by the school. The out of authority special schools visited confirmed there was poor attendance by education staff from some councils at annual reviews. However, they reported that looked after children were monitored much more carefully and regularly.

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## Case study 7

### Monitoring of placements

In Gloucestershire, the educational psychology service takes the lead in the annual reviews of out of authority placements for pupils with BESD and severe learning difficulty (SLD) and advisory teachers lead on the reviews for pupils with ASD, hearing impairment, visual impairment and physical disability. SEN casework and monitoring officers also attend some reviews. The case files showed regular attendance at the annual reviews of pupils. The education staff aim to do more than just attend the review during their visit. They spend some time in class observing the pupil, look at his or her work, meet teachers and key workers and talk to the pupil. During the review meeting they focus on attainment and progress, on clarity of objectives and on whether the placement is still appropriate.

They write a report on each pupil, which is copied to the SEN team, school, parents and social worker if appropriate and record their observations on the school on a proforma. However, they recognise their links with social workers for looked after children are not systematic enough and are working with colleagues to improve this.

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**Source:** Audit Commission

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## Measuring outcomes and tracking progress

- 82 One of the key findings of this study was a strong desire by councils and schools for better systems for measuring the outcomes and progress of pupils with complex SEN. Such systems would provide essential evidence to support placement decisions as well as to assess cost-effectiveness. The targets in statements and pupils' IEPs are too variable and not focused enough on measurable outcomes to be helpful here. Beyond national curriculum attainment, and 'P' levels for those operating below this, there are currently no wider national benchmarks for the progress of pupils with SEN across the five *Every Child Matters* outcomes.<sup>1</sup> Without these it is difficult to compare the progress made by pupils in different settings. Furthermore, since contracts with out of authority providers do not include details of the expected outcomes for the pupil, they are difficult to monitor

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<sup>1</sup> Being healthy; staying safe; enjoying and achieving; making a positive contribution; and economic well-being.

or challenge. The national contract<sup>1</sup> does not focus enough on the outcomes for each individual. In addition to the general clauses, it only includes a single page schedule naming the pupil and the charges for his or her out of authority provision.

- 83 The councils visited had poor systems for tracking the progress of individual pupils with complex SEN and to allow them to gain an overview of the effectiveness of provision. The SEN case files kept by councils do little to help them to track pupils' progress. In the fieldwork councils these files were almost all paper-based and they were often poorly maintained and repetitive. They contain information on the statutory assessment process, including the statements and supporting reports and, usually, copies of annual reviews of the statement. They rarely indicate which other services are in contact with the child, nor do they make clear the decision-making process for placing a child in an out of authority placement. Few hold information on the ethnic background of the child. One council visited was beginning to record the outcomes of annual reviews electronically, including measures of progress, but the records were not yet complete.
- 84 Once a child has been placed at an out of authority special school, our study found that most councils do little to help him or her to keep in touch with their family or to encourage a return to in-house provision. Eighty-four per cent of authorities responding to our survey did not take action to ensure that pupils maintained links with their families and friends. This was usually seen as the responsibility of the school, or of social care for looked after children. Most councils, however, will fund transport home for a number of weekends each term for pupils in residential placements. Furthermore, pupils rarely return to in-house provision once placed out of authority unless the placement breaks down or the parent or (much less often) the child wants it to happen. Few annual reviews consider the appropriateness of the placement and even if it is considered, the desire to maintain stability of placements militates against any change. **Case study 8, overleaf**, derived from the case file analysis, describes a rare example of a successful return from an out of authority placement. It illustrates the potential influence of the multi-agency panel in assessing the appropriateness of placements and proposing alternatives.

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<sup>1</sup> The national contract for the placement of children and young people in day and residential independent and non-maintained special schools was drawn up jointly by representatives of out of authority special schools and councils in 2003 and revised in 2004. It was being used by 80 councils in March 2005 and by a high proportion of out of authority special schools. It aims to establish a common standard for provision of education and care together with an individual schedule relating to the child or young person.

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## Case study 8

### Return from an out of authority placement

The case concerns a 15-year-old boy diagnosed with ASD at age 10 but with a statement of SEN identifying BESD issued at this age. He had been in a mainstream primary school with support from the educational psychology service during most of his primary schooling. However, once statemented he was placed at a residential out of authority school specialising in BESD with the placement partly funded by his parents. The council's decision making was not made clear in the file and the boy's contribution to his annual review at this school suggested he would have preferred to be at home. Two years later his statement was reassessed as ASD and he was moved to an ASD boarding school but this placement broke down when the school refused to keep him at his annual review and subsequently excluded him.

The council's multi-agency placement panel decided that the boy's primary special educational need was behaviour, not ASD, and that mainstream in-house provision with considerable additional support was most appropriate. They proposed a package with full-time individual support and outreach from the local BESD special school. His parents were concerned that the mainstream placement would not work and appealed to SENDIST for a residential place. However, while waiting for the appeal to be heard he began attending the local mainstream secondary school. His parents reviewed his progress monthly with school staff and withdrew the appeal when it became clear he had settled down well. He is now doing GCSEs at the school with additional support.

**Source:** Audit Commission

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## Transition to post-16 education or adult social care

- 85 Many councils' arrangements to transfer pupils from out of authority residential special schools once again illustrate a lack of coordination between different services and agencies. Although 84 per cent of councils that responded to our survey felt that the transition to adult services of SEN pupils placed out of authority is quite, or very, smooth, the fieldwork suggested otherwise.
- 86 Transition to adult social care for children with disabilities who are not looked after children appears to be especially weak. Plans are not made early enough leading to uncertainty for parents and young people. The ages of transfer differ between services, which is hard for parents and young people to understand. Assessments of the need for support are not



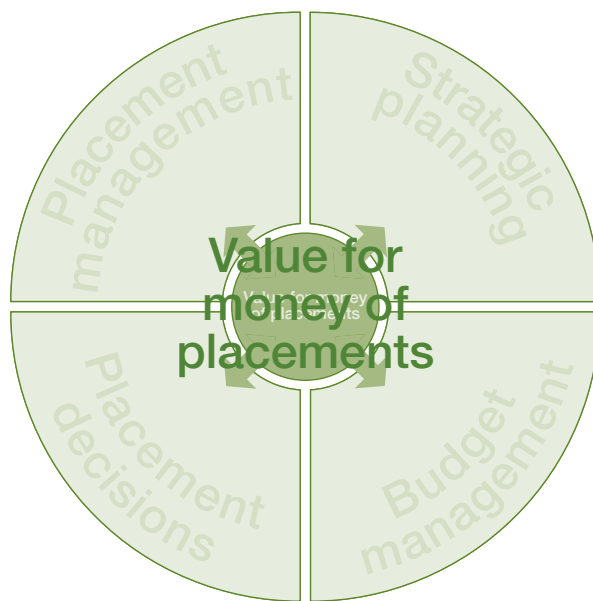
always linked and may have different thresholds. For example, young adults with disabilities may only be eligible for support from social services if they have an IQ of 70 or less, meaning that many young people with ASD would not be included in this group. There are also often capacity issues in adult social care so young people who are not looked after may not be allocated a social worker. Some councils have addressed this successfully by appointing a transitions coordinator or setting up a multi-agency group to consider the needs of school leavers. One authority in our survey commented: 'A multi-agency transition working group has recently completed work on a transition protocol, which explores and describes in detail each agency's roles and tasks during the transition process, ensuring coordinated and well-planned transition. This new protocol, and the monitoring of its implementation by the transition group, will improve the effectiveness of our arrangements.'

- 87** For those young people who do not need social care support, access to post-16 education may be restricted. Connexions services in some of the areas studied do not liaise well with their counterparts in other areas where pupils may be placed. In addition, their assessments of need are not linked well enough to a young person's existing statement of SEN to provide continuity. Local colleges may be unwilling to provide appropriate support for young people with significant or complex needs. It is not surprising that many young people and their parents prefer to continue their education in the out of authority school for as long as possible. However, the consequence is an additional financial commitment from the council until age 19.
- 88** We concluded that placement management and transition could be improved by appointing a single lead professional or key worker for each pupil with severe and complex needs placed out of the authority who would act both as an advocate of their needs and to track their progress. This would include:
- ensuring the child's views are taken into account in decisions about placements and in monitoring their progress once placed;
  - liaising with the parents or carers;
  - attending every annual review in an out of authority placement to critically examine the appropriateness of provision and the progress made, and to agree targets for the following year;
  - ensuring non-looked after children in residential placements are safe; and
  - ensuring the transition to post-16 education and, where appropriate, adult social care support is smooth.

The next chapter brings together the findings from the four key function areas to look at their impact on the value for money of out of authority placements.

# 6

## Value for money



- Councils and their partners are not in a position to know whether they are getting value for money from their out of authority placements for SEN because they have not brought together the information they need to assess this.
- Councils rarely look at the full unit costs of individual in-house or out of authority packages and do not draw information from separate contributory budgets.
- Further developments are needed to allow better benchmarking of progress against outcomes and to track longer-term outcomes, not just for pupils in out

of authority placements, but for pupils placed in local special schools and in those maintained by other councils.

- Most councils have insufficient understanding of out of authority providers' costs and, until recently, have offered little challenge to the fees charged.

89 This chapter examines the evidence from the study about the effectiveness of councils' assessment of the value for money of out of authority placements for SEN.

## Variations in spending between councils

90 The variations in spending by councils on out of authority placements shown in Figure 4 are not easily explained by this study. There is a complex set of contributory factors. First, the study shows that good strategic planning and a strong commitment to inclusion by the council and its schools are essential to controlling spending. They will determine both the appropriateness of local provision to meet needs and the willingness of mainstream and special schools in the council to support pupils with complex needs to stay in school. An expectation that expensive specialist schools or services will meet the needs of pupils with SEN may explain the positive correlation between total spending on in-house SEN

provision and spending on out of authority placements in individual councils noted in paragraph 19. Second, strong multi-agency arrangements for agreeing placements help to ensure consistent practice and encourage jointly funded alternatives to out of authority placements.

- 91 Other factors are less easily controlled by councils. The presence of independent or non-maintained special schools in or near a local authority area may lead to expectations by parents of gaining a place there. SENDIST appeals often put pressure on councils to make out of authority placements with 59 per cent of the 337 appeals involving an out of authority school place being successful in 2004/05 (**Ref. 11**). The level of appeals is higher in London and the South East. Finally the incidence of special needs may be higher due to better survival rates of disabled children or higher levels of diagnosis by local specialist hospitals, especially for ASD.
- 92 **Figure 8** overleaf, based on the value chain, provides a model for assessing the value for money of an out of authority placement and gives examples of the sort of information which would be needed to make such an assessment. Value for money is high when there is an optimum balance between costs, services provided and outcomes.

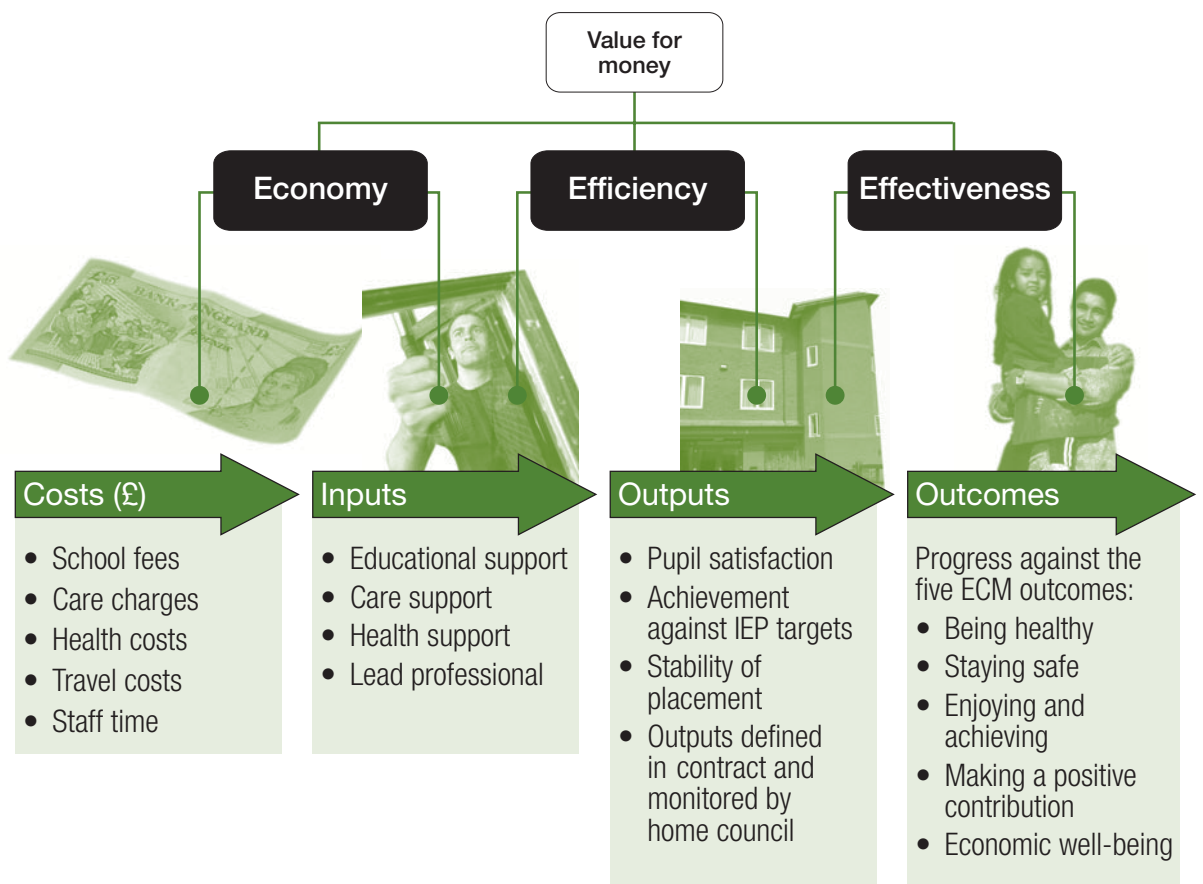
## The value for money of provision for complex SEN

- 93 This study has shown that although councils and their partners are beginning to plan more effectively to control their costs by reducing their use of out of authority provision for SEN, this is not based on a systematic analysis of the whole costs and the quality of outcomes of different types of SEN provision. Councils simply do not currently bring together the information to help them decide which types of provision offer the best value for money.
- 94 Joint working and commissioning between education, social care and health is underdeveloped and services for children with complex needs are often not well integrated. Most councils are focusing on developing their in-house provision and few include provision by out of authority special schools in their strategic planning. Out of authority placements are treated as unavoidable, rather than planned. Through the regional partnerships, some joint work is developing which is improving the quality of information about individual out of authority special schools and is providing some challenge to increases in their charges. It has also significantly improved partnership working.

**Figure 8**

**Value for money of an individual out of authority placement for SEN**

Value for money is high when there is an optimum balance between costs, services provided and outcomes.



**Source:** Audit Commission

95 Although out of authority placements do not take place in a typical market environment since there is often little choice of provider, the budget information available does not provide a robust basis for assessing the whole cost of individual placements in different settings. In order to assess the value for money of different types of placements, councils and their partners need information on the full costs of placing pupils in different types of provision, whether in-house or out of authority, to set alongside information on the outcomes for such pupils.

- 96 Councils do not attempt to look at the whole costs of individual out of authority packages, though most of those visited agreed that this would be useful. For external accounting reasons,<sup>1</sup> education and social services record their spending against their own budgets instead of focusing on bringing together the costs of supporting an individual child. Furthermore, other related costs, especially transport costs and the costs of monitoring provision, were not combined with the charges made by providers in the councils visited since they came from separate budgets. Nor are the full costs of placements for complex needs within the authority estimated for comparison purposes. This situation is partly due to a lack of financial expertise in many SEN and social care teams. However, without this sort of financial information it is not possible to make informed judgements about the most cost-effective placement for a particular child.
- 97 Loughborough University, working with councils and the looked after children taskforce, has produced a tool which allows councils to calculate the whole costs of supporting individual looked after children (**Case study 9**). This tool and approach could usefully be extended to calculate the costs of supporting children with complex SEN.

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### Case study 9

#### A cost calculator for support for looked after children

The Cost Calculator for Children's Services, CCfCS, is a tool that has been produced by the Centre for Child and Family Research, Loughborough University. It enables local authorities to cost placements and all the activity carried out to support their looked after population in their placements. These costs can be aggregated to produce annual costs, costs for specific placements, costs for individual children and costs for different groups of children according to needs, gender, age, placement type or placement provider.

To develop the Cost Calculator, eight processes which support the case management of looked after children were costed:

- deciding a child needs to be looked after and finding the first placement;
- care planning;
- maintaining the placement;
- exit from care or accommodation;

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<sup>1</sup> The DfES requires councils to account separately for all spending under the Dedicated Schools Grant which includes spending on out of authority placements for SEN.

- finding a subsequent placement;
- review;
- legal processes; and
- transition to leaving care services.

To arrive at the unit costs, focused discussions were held with social care personnel who were asked to break down each process into its component parts and calculate the amount of time it took each staff group to complete the separate tasks. Unit costs were calculated using these data, together with information about salaries and placement fees. Variations according to locally specific practices and procedures, placement types and providers and children's needs were all identified and included.

A free demonstration version can be downloaded from the Website ([www.ccfcs.org.uk](http://www.ccfcs.org.uk)), and the tool is available by purchasing a user licence.

**Contact:** [costcalculator@lboro.ac.uk](mailto:costcalculator@lboro.ac.uk)

**Source:** Audit Commission

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- 98 In the absence of such comprehensive cost information, out of authority special schools point out that unfair comparisons are made. Their fees have to cover all their costs including depreciation, staff training, administration and transport. In-authority charges do not include all these. However, until recently there has been little challenge to the fees charged by such schools despite the high annual increases. Where the regional partnerships have established lead authority arrangements, there is some evidence that the challenge they provide has led to a lower level of fee increases, for example, in Merseyside, South East and South Central regions. Fifty-three per cent of the respondents to our survey who were included in such arrangements agreed that this collaboration had reduced increases in the cost of provision. The regional partnerships themselves include representatives of local out of authority special schools and some, for example, the North East partnership, have set up provider groups to work with these schools.
- 99 The study has shown that information on the outcomes for individual pupils is also patchy, making value for money difficult to assess. As described in Chapter 5, councils do not have effective systems for defining clear, outcome-focused targets for the pupils they have placed in out of authority special schools and for monitoring these. Individual education plans do not always include clearly measurable outcomes or timescales for

achieving these. Outcomes of this sort are not explicitly included in contracts with providers, including the national contract.

- 100 As we have pointed out in paragraph 96, information on costs and inputs could be collated by councils and their partners by bringing together existing records. Information on academic outputs is also available in terms of progress against national curriculum standards and targets met but more qualitative information on pupil satisfaction, social development or on achievements in non-educational areas is not always well recorded. Outcomes, as defined here, are more difficult to measure since many are longer term and require young people to be followed up after they leave the special education system. However, there is scope for councils either alone or in regions to collaborate to bring together the information and to agree where the important gaps lie.
- 101 This chapter has brought together the evidence from the study on the value for money of out of authority placements for SEN. It concludes that councils do not yet know whether they are getting value for money from placements for children with complex special needs, whether placed inside or outside the council, because they do not bring together the information on costs and outcomes necessary to assess this.

# Appendix 1

## Fieldwork methodology

The study began with an electronic survey of the SEN teams of all English councils carried out in November and December 2005. One hundred and seven responses were received – a response rate of 71 per cent.

Ten councils were then selected for detailed fieldwork to include low and high spenders on out of authority placements from a range of different authority types across different regions of England. The fieldwork comprised a three-day visit to each council by a specialist to examine documents, interview a range of staff and partners, observe meetings of the joint complex cases panel, meet a group of parents, where possible, and to examine a small sample of case files. These visits took place between January and May 2006.

In addition, five independent or non-maintained special schools used by some of the fieldwork councils and recommended by the National Association of Independent and Non-Maintained Special Schools were each visited for a day to interview the principal, bursar and care staff and to talk to a group of pupils.

### Councils visited

Brighton and Hove  
Gloucestershire  
London Borough of Richmond  
London Borough of Tower Hamlets  
Manchester  
Northumberland  
Nottinghamshire  
Portsmouth  
Sunderland  
Walsall

### Out of authority special schools visited

Muntham House School, West Sussex. Emotional and behavioural difficulties, Ages 8-18  
Southlands Independent Special School, Hampshire. Autistic spectrum disorder, Ages 6-19  
Sunfield school, Stourbridge. Autistic spectrum disorder, Ages 6-19  
Sutherland House, Nottinghamshire. Autistic spectrum disorder, Ages 5-11  
Thornhill Park, Tyne and Wear. Autistic spectrum disorder, Ages 2-19



# Appendix 2

## Members of the external reference group

Representative of Commission for Social Care Inspection

Representative of Confed

Consultant leading on Department for Education and Skills low incidence special needs study

Department for Education and Skills SEN advisor

Representative of Independent Panel for Special Education Advice

Representative of National Association of Headteachers

Representative of National Association of Independent and Non-Maintained Special Schools

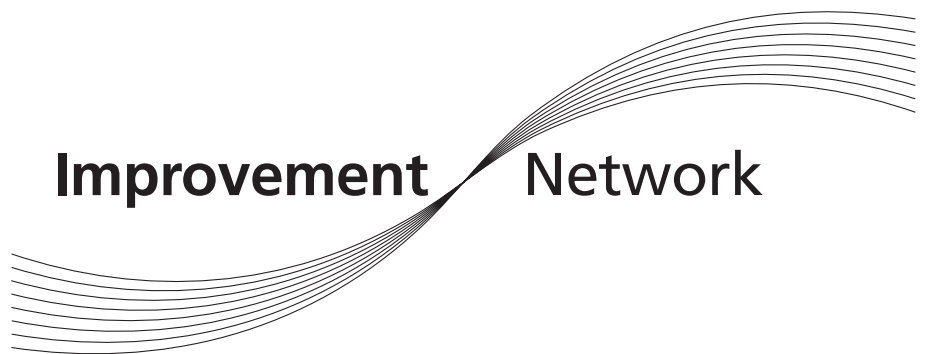
Representative of Office for Standards in Education

Regional partnerships, National advisor

Representative of South Central Regional Inclusion Partnership

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