

Dadansoddi ar gyfer Polisi



Analysis for Policy



Llywodraeth Cymru  
Welsh Government

Number: 26/2012

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**Programme of Action Research to Inform the  
Evaluation of the Additional Learning Needs  
Pilot: summary interim report on the costs of the  
statutory reform of special educational needs  
provision**

**Programme of Action Research to Inform Evaluation of the  
Additional Learning Needs Pilot Developmental Phase:  
summary interim report on the costs of the special  
educational needs reform**

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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

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Welsh Government Social Research, 2012

978 0 7504 7672 0

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## **Introduction**

1. This interim report on the costs of the proposed special educational needs reform is part of a programme of action research to inform the evaluation of the Additional Learning Needs Pilot projects. One of the objectives for the programme of action research was to “review the overall management and implementation of the pilots and identify features of good practice that can be used to inform future implementation. This will include the practical aspects of delivery and a cost benefit analysis” (WAG, unpublished document, a). At the request of the Welsh Government, this cost analysis goes beyond the pilots to consider other important aspects of the proposed reforms and focuses primarily upon the net costs of reform.
2. The aim of the report is to identify the net costs of the Additional Learning Needs Pilot. The analysis was undertaken to inform decisions about the proposed reform of the statutory framework for children and young people with additional learning needs.

## **Context: the need for reform**

1. Reviews of special educational provision in Wales, undertaken by the Education, Lifelong Learning and Skills Committee (NAfW, 2004a, 2006, 2007), Estyn (2003, 2004, 2007), the Audit Commission (2002) and the initial Welsh Government consultation with stakeholders (WAG, 2008) have identified a series of weaknesses in relation to each stage of the process for meeting special educational needs - identification, assessment, planning and review - and in relation to quality assurance and evaluation of the process. Figure one below provides a summary of the key weaknesses.
2. These weaknesses, in turn, contribute to poor outcomes for many children and young people and contribute to parents’ and carers’ dissatisfaction and, in some cases, anger over problems such as delays, the poor quality of provision and the complexity of the process. The weaknesses also contribute to poor value for money for the state. For example, failure to intervene early and effectively can

lead to problems escalating and becoming more expensive to deal with, parental disaffection can lead to costly disputes and professionals' time can become disproportionately tied up in completing paperwork.

3. A range of intended outcomes of reform have also been identified and are summarised in figure two. This illustrates how improvements to each stage of the process of identification, assessment, planning and review are expected to lead to a range of intermediate outcomes, such as better partnership working with parents and carers, which in turn are intended to contribute to final or long-term outcomes such as increased trust and confidence in the system.

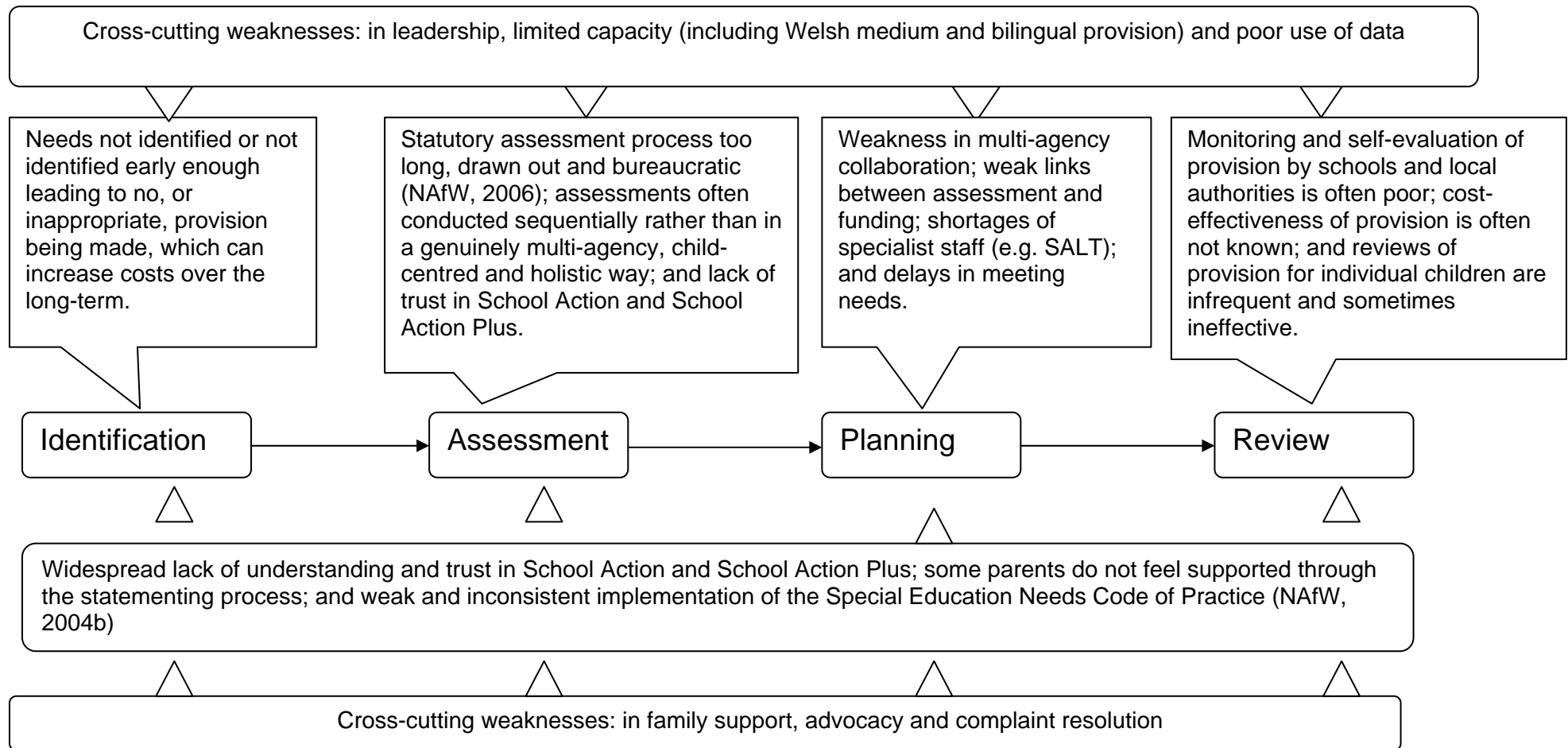
### **Assessing the costs of the Additional Learning Needs Pilots**

4. In 2009, four pilot projects (see boxed text below) started as part of a programme of action research designed to inform and enable reform of the statutory framework for children and young people with special educational needs in Wales. This assessment of costs is based on the work of these pilot projects.

#### **The Additional Learning Needs Pilot projects**

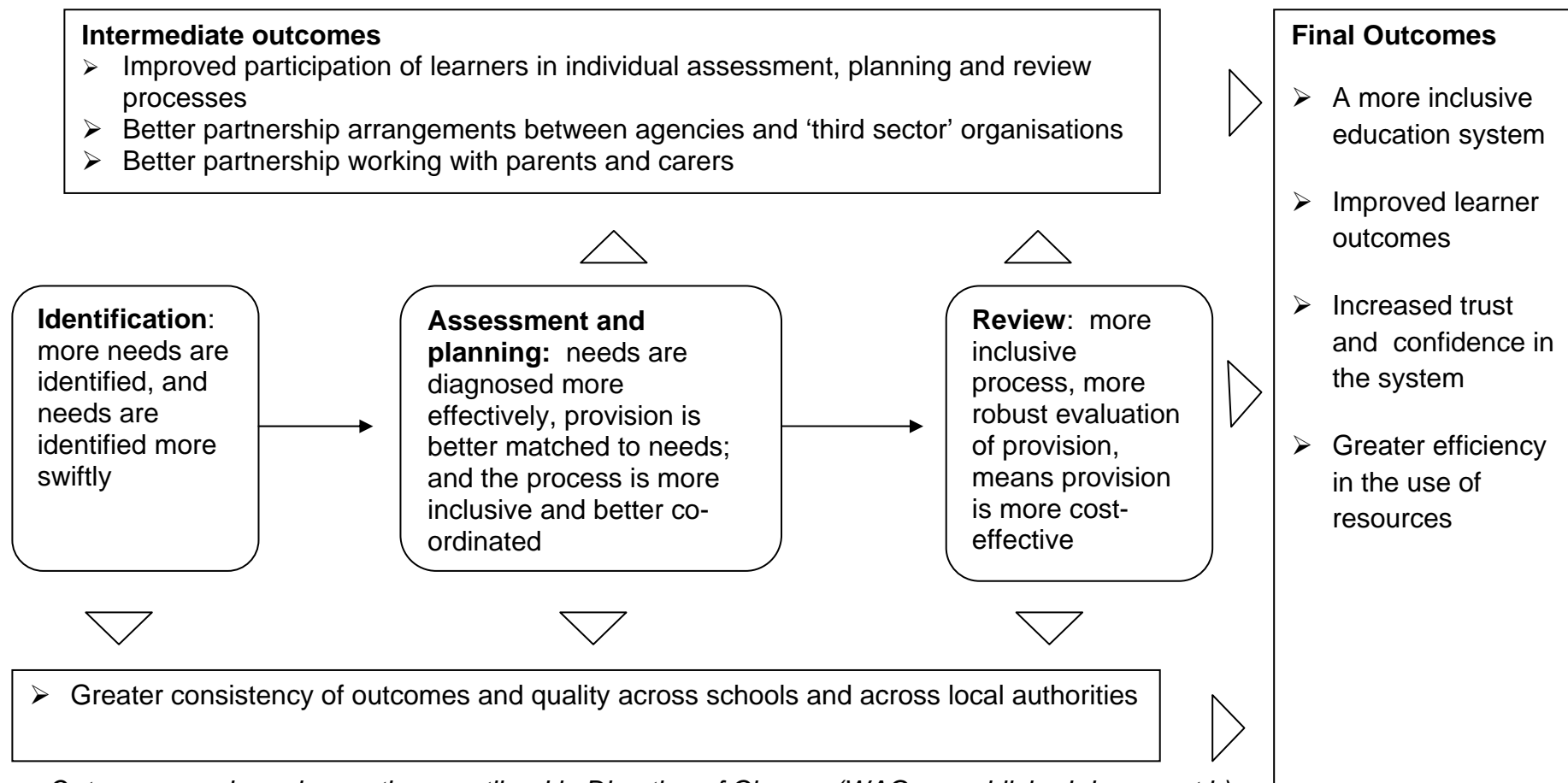
- Pilot A, to develop and pilot a model for the quality assurance of provision made for children and young people with additional learning needs (undertaken by Flintshire and Caerphilly local authorities);
- Pilot B, to develop and pilot an inter-disciplinary model for the identification, assessment, planning and review of provision for children and young people with severe and complex needs (undertaken by Carmarthenshire and Torfaen local authorities);
- Pilot C, to develop and pilot a model for the identification, assessment, planning and review of provision for children and young people with additional learning needs that are not severe and complex (undertaken by Torfaen, Bridgend and Pembrokeshire local authorities); and
- Pilot D, to develop the role of the Special Educational Needs Co-ordinator/ Additional Learning Needs Co-ordinator (SENCo/ALNCo) (undertaken by Cardiff and Newport local authorities).

**Figure 1: overview of the shortcomings at each stage of the process<sup>1</sup>**



<sup>1</sup> Although the key stages, identification, assessment, planning and review, are presented in a linear sequence in order to illustrate the weaknesses, they should be thought of as a cycle.

**Figure 2: intended outcomes of reform**



*Outcomes are based upon those outlined in Direction of Change (WAG, unpublished document b).*

5. The analysis undertaken for this report considers three types of costs:

- start up costs - the costs of establishing the elements of reform;
- operational costs - the cost of operating the reformed elements; and
- consequential costs - the net impact of reform on the costs of other services.

6. In order to assess the net costs of reform, where possible, for each of the above costs, we identify the cost of:

- provision where there is an existing statutory duty, but existing resources will need to be redeployed. The costs here are not additional to existing costs, but mean that there is an opportunity cost, because other alternative uses of the resources are forgone<sup>2</sup>. For example, if a teacher attends a training course, they cannot teach during the period of training;
- provision where there is an existing statutory duty, but where, because the duty has not been consistently or fully met, the reforms may result in increased expenditure;
- provision where there is no existing statutory duty; and
- savings - where existing provision can be decommissioned, re-assigned or rationalised. A distinction is also made between short and long-term cost savings, as in some cases it may not be possible in the short-term to decommission provision, meaning that there will be a temporary duplication of provision, with parallel systems operating, until existing provision can be decommissioned.

7. There are some important limits to this cost analysis:

- although key elements of the proposed reforms, such as individual development plans (IDPs), have been developed, they have not been fully piloted. Therefore,

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<sup>2</sup> The HM Treasury Green Book recommends that when assessing the costs of options, "Costs should be expressed in terms of relevant opportunity costs". It provides the example of the alternative use of an employee's time and recommends that cost estimates should include basic salaries, pensions, national insurance and allowances (HM Treasury, 2011, p. 20). This is the approach adopted here.

the majority of the costs of reform cannot be measured empirically and must be estimated;

- the proposal for reform of the statutory framework for special educational needs have not yet been finalised, and the formal consultation process on the proposals is not scheduled to begin until June 2012. Therefore, the proposals, and the costs consequent upon them are necessarily provisional;
  - the estimates of cost were made by people directly involved in the pilot projects. They were committed to the reforms and may, therefore, have tended to be more optimistic than pessimistic when calculating estimated costs<sup>3</sup>;
  - the extent to which estimates of costs based upon work in pilot areas, can be generalised to non-pilot areas, is uncertain;
  - the analysis does not include those costs that are related to reform of the statutory framework but which are not part of the Additional Learning Needs Pilot, such as costs associated with, for example, reforming family support, advocacy and complaint resolution arrangements, costs associated with reforming initial teacher training (ITT) and continuing professional development; and
  - in many cases it is not possible to estimate the net costs of reform, because detailed data on the current service costs are not available. This means, for example, while it may be possible to estimate the cost of introducing reformed systems, it is not always possible to estimate the cost savings generated by decommissioning existing systems.
8. Therefore, the cost estimates need to be treated with an appropriate degree of caution and do not represent a comprehensive estimate of the total costs of reform.
9. Tables one and two summarise the net costs that have been identified at this stage.

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<sup>3</sup> This is described by the HM Treasury Green Book as 'optimism bias' the 'demonstrated, systematic, tendency for project appraisers to be overly optimistic' (HM Treasury 2011, 29).



**Table 1: start up costs**

All figures relate to the cost for Wales as a whole and are round up or down to the nearest £500

Type of cost	Estimates of the net start up costs	Nature of the costs	Notes
Delegating resources to schools	Cost neutral: can be done 'in house' using existing resources.	Covered by existing statutory duties	Analysis of costs is based upon the experience of one LA (Pembrokeshire) which ran one of the Additional Learning Needs (ALN) Pilot projects and whose approach is credited by Estyn and the Wales Audit Office with 'leading to improved outcomes for pupils with additional learning needs' (Estyn and the Wales Audit Office, 2011, 13). However, the impact of delegation upon pupil outcomes in other local authorities has historically been more mixed (WAO, 2007).
Improving the capacity of school staff to meet the needs of all learners	Unknown: the total cost of training is likely to be high but could potentially be covered by existing resources for training and professional development.	Covered by existing statutory duties	It is not possible to estimate the cost of improving the capacity of school staff to meet the needs of all learners, as the nature and extent of training needs will vary across schools and local authorities, and can only be identified by undertaking audits of need. It is thought that audits could be undertaken by existing local authority officers. The more effective LAs have been in developing capacity (and fulfilling their statutory duties), the lower the overall cost. In meeting that child's or young person's need, in addition to education services' in-house capacity there are a number of grants, resources and initiatives which could be used, including the School Effectiveness Grant/Pupil Deprivation Grant.
Training for those who will contribute to an IDP	Modest net cost in the short-term and cost neutral over the long term: the training is expected to	Covered by existing statutory duties <sup>4</sup>	In principle, everyone involved in the IDP process would need training (which would include training in person-centred planning). Although the total number of people who would need to complete this training would be very high, it is estimated that four trainers in

<sup>4</sup> There are existing duties covering training, although nothing specifically requires person-centred planning.

	<p>be relatively short and simple (one day) and can be delivered using existing resources. This would replace training for existing planning processes, such as the Individual Education Plan (IEP).</p>		<p>each local authority area (n=88 in total) could deliver the one day training course in contributing to an IDP, and the two day training course in co-ordinating IDPs (outlined below).</p> <p>Each trainer would need to go through the IDP training (one day) and training for support co-ordinators (two days) and would need another two-three days to consolidate their experience. Once this was completed, they would be ready to train others.</p> <p>The cost of delivering training is likely to be low. In-house trainers would be used and where possible, low cost, LA venues would be used.</p> <p>Over the longer-term, new entrants to the professions would be trained in contributing to the IDP (at present they would be trained in using tools like the IEP, making it cost neutral).</p>
Training for IDP co-ordinators	<p>Modest net cost in the short-term and cost neutral over the long-term: the training is expected to be relatively short and simple (two days) and can be delivered using existing resources. This would replace training for existing planning processes, such as the IEP.</p>	<p>Covered by existing statutory duties</p>	<p>Everyone who will co-ordinate an IDP will need to go on a two day training course. Although the total number of people who would need to complete this training would be high, as outlined above, it is estimated that four trainers in each local authority area (n=88 in total) could deliver this training.</p> <p>Over the longer term, new entrants to the professions would be trained in using the IDP (at present they would be trained in using tools like the IEP, making it cost neutral).</p>
Training for IDP administrators	<p>Very modest net cost in the short-term and cost neutral over the long-</p>	<p>Covered by existing statutory</p>	<p>It is envisaged that existing statementing teams could be retrained as administrators and would need minimal training in order to fulfil this role.</p>

	term: only minimal training is required and can be delivered using existing resources. This would replace training for existing statementing processes.	duties	
Establishing new planning processes, structures and protocols	Estimated net cost of £110,000-220,000.	Covered by existing statutory duties <sup>5</sup>	The estimated costs are based upon a pilot programme that established limited key working protocols systems and processes in five local authorities. In each case, the process of establishing the new protocols, systems and processes, which have some similarities to those proposed as part of the ALN reforms, was managed by a co-ordinator and overseen by a multi-agency steering group. The ALN pilot projects will have developed the planning processes, structures and protocols, such as an individual assessment, planning and review process for children and young people with ALN needed. The costs, therefore, relate not to their design and development, but to the implementation of these processes, structures and protocols across Wales. Crucially, it is very unlikely that the processes, structures and protocols developed by the pilots can be simply 'taken off the shelf' by other local authorities and introduced without any cost. For example, the processes, structures and protocols developed by the pilots may need adaptation to local contexts. Changing existing cultures and working practices to enable these new processes, structures and protocols to work, may also be challenging (and involve costs).
Multi-agency panels and steering groups	Cost neutral: covered by existing resources.	Covered by existing statutory duties	The costs of multi-agency strategic planning groups and multi-agency complex needs panels are considerable in terms of staff time, given the frequency of meetings and the seniority of those who attend. However, such panels and groups already exist in

<sup>5</sup> There is an existing duty to have assessment and planning processes, structures and protocols. However, it is likely that these will need to be revised or refreshed.

			most areas so this would not be an additional cost.
Establishing the quality assurance and support and challenge framework	Modest net costs: training is simple and can be done 'in house' using existing resources.	Covered by existing statutory duties	IT costs will be free for most local authorities and while there are training costs, the volume of training required is not great and it is expected that this can be delivered 'in house'. In summary: <ul style="list-style-type: none"> <li>- a half-day training is required for a SENCo and Assessment, Recording and Reporting (ARR) Co-ordinator to enable them to use the provision map. This training could be delivered by two trainers in each LA (n=44 in total). It is proposed that LA advisory teachers could take on this role. In order to perform this role, they would need a one day training course on the provision map with a further day required to experiment with, and gain experience of, using the provision map;</li> <li>- training in the use of the 'outcome grids' is more extensive. Pilot A has suggested that training should cover the rationale of the grids and how they should be interpreted and scored. This should be done on a phased basis over a period of about a year, with an estimated three training sessions of two-three hours each in each school; and</li> <li>- no training is thought to be required for the capacity measure because it is self-explanatory and based on the Estyn guidance.</li> </ul>
Training SENCos/ALNCos	Net costs estimated to be £945,000, although this could be spread over a number of years.	New duty (extends existing duties related to SENCos)	The costs are based upon the cost of training all those with less than 12 months' experience, at a cost of £3,500 per person trained. The costs thereafter will depend upon the numbers of SENCos/ALNCos entering and leaving the profession.

**Table 2: the operational and consequential costs of reform**

All figures relate to the cost for Wales as a whole: where no figure is specified for net costs or cost savings, figures are not available.

Costs related to:	Estimates of the net operational costs	Nature of the costs	Estimates of the net consequential costs*	Notes
Quality assurance system (QAS)	Modest net cost: requires schools and LAs to reallocate existing resources (which should be cost neutral) and the establishment of a central support structure.	Covered by existing statutory duties	Expected to be either cost neutral or generate net cost savings: it will require schools and LAs to reallocate existing resources to meet new needs (e.g. where poor practice is identified) and should enable schools to reallocate resources from less to more cost-effective provision.	<p>LAs that do not use the Schools Information and Management System (SIMS) will need to adapt the framework to the data system they use.</p> <p>There is a need to establish a central (i.e. national) technical and business support for the QAS. Although it is expected that LA business support and IT teams will provide day-to-day support to those using the QAS, a central support structure is needed to provide back-up if there are questions or problems that LA teams could not answer and to help ensure that, over time, the QAS develops in a consistent way. The estimated annual cost of an IT co-ordinator, to fulfil this</p>

				role, is £26,000
Individual planning (IDPs)	Likely to generate a modest increase in net costs in the short term and to be cost neutral over the longer term: IDPs are expected to be somewhat more expensive than IEPs, but less expensive to produce than statements of special educational needs. The expected reduction in the numbers of statements needed is likely to offset some of the increased cost of IDPs, compared to IEPs. A central support structure is also required.	Changes existing statutory duties related to planning for an individual child or young person's ALN	Net saving: more efficient administration, planning and provision should all reduce costs. Interventions should be more cost-effective. There should be reductions in the numbers of (costly) disputes between parents and carers and schools and local authorities.	<p>Based on the assumption that everyone who has an IEP will have an IDP (which will replace the IEP), in the short-term it is expected that fewer statements will be required and that at some point in the future, statements will also be replaced by IDPs.</p> <p>Costs for IDPs are greater than those of IEPs because more information is required and there is greater emphasis upon person-centred planning. This is likely to offset cost savings generated by efficiencies in the production of plans.</p> <p>There is a need to establish central (i.e. national) technical and business support for the on-line IDP. Although LA business support and IT teams will provide day-to-day support to those using the IDP, a central support structure is needed to provide back up if there were questions or problems that LA teams could not answer. Having a central support structure will also help ensure that over time, the IDP develops in a</p>

				consistent way by, for example, enabling decisions about changes to the IDP to be co-ordinated, so that different IDPs do not evolve in different areas (as could happen if individual LA or consortia made changes to the IDP in their area).
Review of IDPs	Expected to generate net costs savings: IDPs are likely to be less expensive to review than IEPs or statements.	Changes existing statutory duties related to review	Net saving: more efficient administration, planning and provision should all reduce costs and more robust review should increase the cost-effectiveness of provision.	Although the frequency of IDP meetings is likely to be comparable to IEP meetings, once established IDPs require less time to update compared to IEPs and statements and are easier to update and change, suggesting costs of reviewing the IDP will be lower.
SENCo/ALNCo role	Increase in net cost.	New duty (extends existing duties under the SEN code of practice related to SENCos)	Net savings: expected to contribute to improvements in the quality of provision, which should increase cost-effectiveness. Should also contribute to better partnerships with families and, therefore, fewer costly disputes.	If SENCos/ALNCos are required to become members of the SMT in primary schools, this could increase the cost of employing SENCos/ALNCos who are not currently part of the SMT. Pilot D has considered the option of clustering, whereby schools share the ALNCo role, which, if adopted, would mean that the total number of SENCos/ALNCos would fall.
Establishing a non-designated	Net cost estimated to be: £880,000-1,144,000 per	Extends existing	Potential for net cost savings, but this is unproven: should	Estimates of costs are based upon the cost of a key working

key worker service	year.	statutory duties <sup>6</sup>	improve planning and outcomes and reduce conflict and disputes with families. However, evidence from the forthcoming cost-benefit analysis of the transition key worker pilots (Holtom et al., forthcoming a) suggests net consequential cost savings are likely to be modest.	service manager and administrative support. There are already key working services in many areas, for some children and young people, and it may be possible to extend these, reducing the net costs. It is assumed that IDP co-ordinators and other professionals could act as non-designated key workers; that the IDP planning process/meetings could cover multi-agency care planning and review meetings to facilitate planning at case level and the multi-agency steering group (which would oversee the service) role, could potentially be fulfilled by the existing complex needs panels. Key workers would also be responsible for addressing barriers to joint working identified by key workers and raised by the service manager.
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\* These assessments are based upon the contribution each element of the reform package is expected to make to outcomes, such as improved provision and consequent costs. It is important to remember that other elements will also contribute to these outcomes and consequent costs.

<sup>6</sup> There are existing general duties relating to support, but not specifically key working, although the National Service Framework for Children, Young People and Maternity Services in Wales (NAfW, 2005) includes duties relating to key workers for disabled young people aged 14-25.



## Conclusions

10. The final report on the developmental phase of the additional learning needs pilot projects (Holtom et al, forthcoming b), identified a broad consensus that the status quo is untenable and the existing system, particularly in relation to statements, is not cost-effective and needs reform. The system fails to meet the needs of many children and young people, their parents and carers and is costly, complex and bureaucratic to administer. Therefore, there is a strong case for reform, provided the proposed reforms are cost-effective.
11. This interim cost analysis indicates that the 'start up' costs of key elements of reform, most notably in terms of training ALNCOs, are likely to be considerable.
12. The analysis indicates that once established, costs are estimated to be comparable to existing arrangements and may generate net cost savings in some areas. It is likely that the reformed system will mean more needs are identified, increasing demands upon services. However, it is expected that this will be offset by earlier identification of need and improvements in administration, planning and provision to meet those needs. This will mean that more needs can be met and that needs can be met more effectively, without increasing the overall cost to the system as a whole.
13. In assessing net costs, 'systems thinking' is crucial, as net costs should be calculated across the system (rather than for individual services) and over time. This requires an analysis of the system as a whole, looking at, for example, how the decisions of one service can impact upon the costs of another service<sup>7</sup>. It is also important to consider the impact of timing. For example, earlier intervention and better planning, two key goals of the reform, may cost more in the short-term but save money over the longer-term.
14. In general, the proposed reforms do not impose new duties upon schools, local authorities or health boards and many of the costs could be covered by existing grants and/or the re-allocation or realignment of existing structures and roles.

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<sup>7</sup> It can be contrasted with an approach, which, for example looks at the cost of each service individually and in isolation from other services.

Where new duties are imposed, in the main, these extend or change existing duties rather than creating entirely new duties.

### **Recommendations for further work**

15. The piloting phase of the ALN pilots should be used to provide additional empirical evidence of the likely start up, operational and consequential costs of the quality assurance system, individual planning and review processes and the establishment of the ALNCo role. Where possible, systems analysis should be used to consider the impact of different elements of the reforms upon each other.
16. In order to more accurately estimate net costs, audits of existing provision and need should be commissioned and the scope for redeploying and/or decommissioning existing services should be rigorously assessed.
17. The costs associated with other aspects of the proposed reforms, such as reforming family information and support services, advocacy and complaint resolution arrangements and costs associated with reforming initial teacher training (ITT) and continuing professional development, should be considered.

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