



Education
Funding
Agency

Implementing high needs place funding arrangements for 5- 25 year olds

2014 to 2015 academic year

July 2013

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Introduction

This document sets out the timetable and process for implementing the 2014 to 2015 academic year high needs place funding arrangements, as summarised on 4 June in the [2014-15 Revenue Funding Arrangements: Operational Information for Local Authorities](#).

Local authorities (LAs) have the prime responsibility for planning and funding provision for high needs students from 0-25, both at the present time and as set out in the Children and Families Bill currently before Parliament. It is the EFA's job to support them to do that in the most effective and coherent way across England. As the funding of places for 0-4 year olds with Special Educational Needs (SEN) is entirely at the discretion of LAs, using their early years or high needs budgets, this document only covers places for 5-25 year olds.

Our aim is to help LAs move further towards a single funding system for high needs students up to the age of 25 by implementing an improved and coherent process for LAs and institutions for the 2014 to 2015 academic year across pre and post-16.

High needs funding is one element of the wider funding reforms in 2014 and 2015, which includes consultation on how the national schools funding formula will be implemented, and we will make every effort to ensure communications and activities take account of this busy time for LAs.

The funding for high needs places represents about one third of high needs funding. It is important to allocate this appropriately, and this document mainly deals with the distribution of places amongst institutions that will inform their allocations. There are two stages to delivering the high needs place funding system for next year: LAs undertaking high needs place reviews across pre and post-16 ahead of returning 2014 to 2015 academic year place numbers to the EFA in December 2013; and the EFA calculating allocations of place funding for institutions and Dedicated Schools Grant (DSG) High Needs Block funding for LAs from January to March 2014.

We are issuing this document to ensure that LAs understand the process and can begin work on it now. We will provide regular updates to LAs and institutions through the EFA e-Bulletin and on the DfE website. We recognise there are issues to be resolved during the autumn and we will work with the High Needs Funding External Group and the Schools Funding Implementation Group to resolve these.

The intended outcome is that in March 2014, the number of places allocated to institutions for the next academic year broadly match where the students are or will be; allocations have been delivered accurately and on time to LAs and institutions: and there is a consensus that the process was much smoother to run and more aligned across pre and post-16 than it was for this year.

Overview of high needs place funding for the 2014 to 2015 academic year

1. The [2014-15 Revenue Funding Arrangements: Operational Information for Local Authorities](#) contains essential information for LAs and institutions. In summary:
2. The high needs funding system is intended to support the most appropriate provision for each individual, taking account of parental and student choice, providing appropriate provision in a range of settings.
3. LAs are at the heart of the system, commissioning provision for all children and young people with SEN, learning difficulties and disabilities.
4. The funding system has two aspects: place-led funding and top-up funding.
5. The aim of place-led funding is to ensure the number and distribution of places in the system reflects need and to provide financial stability for institutions (especially specialist institutions) to invest in staffing and infrastructure. Place-led funding does not require a named individual for a place to be confirmed and for the 2014 to 2015 academic year will be based on the outcome of LA place reviews.
6. The aim of top-up funding is for LAs to use their high needs budget to meet the individual needs of children and young people with high needs, over and above the funding provided to institutions through place-led funding.
7. The funding system requires LAs to accurately assess the number and distribution of places. If LAs underestimate the number of places required and an institution has recruited early to all the places funded through their place-led funding allocation, LAs may have to pay more top-up funding later in the year.

Stage 1: LAs undertaking high needs place reviews (July to December)

Overview of the place reviews

8. We are asking LAs to review the distribution of high needs places in collaboration with other LAs and with institutions and decide if any changes are necessary for the 2014 to 2015 academic year.

9. A place is defined as:

- a place to be occupied by a 5-25 year old with high needs, i.e. one who will require top-up funding (element 3) from a commissioning local authority;
- pre-16: a place applies only to special schools and special academies, pupil referral units (PRUs) and alternative provision academies, non-maintained special schools, and designated resourced places and special units within mainstream schools and academies. Other pre-16 high needs pupils in mainstream schools are eligible for top-up funding, but are not included in this exercise. Place numbers are used to distribute base funding (elements 1 and 2) to specialist institutions; and
- post-16: a place applies to all kinds of institutions, since it is used to distribute part of the base funding (element 2) to mainstream schools and colleges as well as to specialist institutions.

10. From the 2015 to 2016 academic year there will be more reliance on automatic adjustments as a result of prior year school census and Individualised Learner Record (ILR) data, reducing the need for LAs to review places. But for the 2014 to 2015 academic year most of these data are not yet available.

EFA support to the place reviews

11. To support the place review, we will:

Date	EFA
17 July	Provide individual LAs with the pre-16 and post-16 places for the 2013 to 2014 academic year by institution. This is the starting point for the review and the baseline for the 2014 to 2015 academic year place numbers. LAs are expected to share the information with institutions and collaborating LAs to inform discussions.

	Places funded entirely through an LA's top-up funding in the 2013 and 2014 academic year will not be included in the baseline place numbers.
End of September	Issue a template to LAs for returning place numbers in December and submitting evidence for submissions.
September / October	Brief LAs on the high needs arrangements and process, demonstrate the template and provide updates to outstanding issues.
30 November	Update the template issued in September with the 2012 to 2013 academic year data for post-16 institutions (from the ILR), to show an LA's distribution of post-16 places in the 2013 to 2014 academic year and actual recruitment for 2012 to 2013. LAs are required to take this into account ahead of the December return.
Circa 18 December	<p>Announce the DSG allocations for the Schools Block and provisional allocations for the Early Years Block.</p> <p>Confirm what High Needs Block information can be shared with LAs in December. We will not be able to provide final figures for the High Needs Block as we need to consider:</p> <ul style="list-style-type: none"> ▪ The impact of the October 2013 census; ▪ The figures in the 2012 to 2013 academic year ILR; ▪ The return on high needs places made by LAs under the process described in this document.

Collaboration and returning place numbers by 23 December 2013

12. Following discussions with the Local Government Association (LGA) we expect that LAs will collaborate in the place review on the following basis:

- existing regional or sub-regional networks for officers handling finance and SEN for children and young people aged 5-25 can be adapted to form the basis of collaboration;

- LAs may work with different partners for different purposes, for example where there is a specialist institution near the border of two regions that is equally used for pupils from both regions; and
 - LAs will collaborate with institutions situated within the LA and outside the area serving the needs of the LAs residents.
13. We recommend that LAs agree their collaborative arrangements as soon as possible and in advance of the September / October briefings.
14. The place review process will be completed on 23 December when LAs return their proposed numbers for the 2014 to 2015 academic year.
15. Place numbers for post-16 institutions returned by some LAs for the 2013 to 2014 academic year were set much lower than experience and data would suggest and we expect LAs to use their knowledge of actual pupil numbers, including the October School Census and the 2012 to 2013 post-16 data available to LAs in November.
16. LAs can change the distribution of places across pre and post-16 as long as the total number remains within their combined pre and post-16 baseline, or within the collective baseline of a joint LA return.
17. Places funded entirely through an LA's top-up funding in the 2013 and 2014 academic year are not included in the baseline place numbers. Where LAs want to maintain the places they have commissioned in an institution for the 2013 to 2014 academic year, this should be reflected in the return.
18. We expect all LAs to:
- return the completed template, even if there are no changes to the distribution of places in the baseline;
 - return their own template, or return their template as part of a joint response from a group of LAs working together. This will be valuable where collaborating authorities want to re-distribute places (but not to increase the overall number of places);
 - operate initially, individually or in groups, on the basis that overall numbers of high needs places will not increase. LAs should in the first place look to take out places that are unoccupied in order to balance any necessary increase in places. Any overall increase in places will need to be funded by LAs collectively; and
 - discuss and inform institutions of the place numbers prior to returning the completed template.

19. We will accept the returned place numbers where:
 - an LA alters the distribution of places within their baseline place numbers and the overall number of places does not change;
 - a collective return balances the baseline places overall and the total number of places does not change; and
 - an LA or group of LAs confirm they want to maintain the places commissioned through their top-up funding last year (which don't appear in the baseline) and to fund these places through their High Needs Block.
20. We require a submission to accompany the return if:
 - an LA's place numbers exceed the baseline figure and are not part of a collective return;
 - a collective return does not balance the baseline places across the LAs; or
 - an LA is reducing place numbers and requesting that it should retain the funding released
21. Where a submission asks for additional places these will have to be paid for by LAs collectively through a top slice from the DSG and will therefore require very strong supporting evidence.
22. We will consider submissions using the criteria set out in Annex B.
23. The format for making a submission is currently being developed and we will provide more information at the September / October briefings.

Stage 2: EFA calculating place-led funding allocations (January to March 2014)

LA submissions

24. We will finalise DSG allocations to LAs for the 2014 to 2015 financial year, including the total of the High Needs Block and the number of places to be funded from it, by 31 March 2014.

25. LAs will be aware that the basis of the settlement for schools up to the 2014 to 2015 financial year is flat cash per pupil plus the pupil premium. Consequently, any increase in money allocated through one part of the settlement has to be balanced by reductions elsewhere. For post-16, an addition to funding was made for the 2013 to 2014 financial year but it is unlikely that this can be increased further for the 2014 to 2015 financial year in the context of the overall 16-19 settlement.

26. DSG allocations will reflect:

- the outcomes of the submissions received from LAs;
- Pre-16 places are funded from the DSG and the funding allocated to the LA maintaining the institution;
- where places are in academies, free schools and non-maintained special schools, the place funding will be deducted from each LA's DSG allocation; and
- Post-16 places are not funded from the DSG by the LA; they are funded direct from EFA. Only the top-up (i.e. element 3) is funded from DSG by the commissioning LA (i.e. the LA where the student is resident).

Institutions' exceptional cases

27. As the 2014 to 2015 academic year place-led funding is based on the 2013 to 2014 allocations, which were determined by LA intentions rather than data on actual student numbers, institutions other than those maintained by LAs will have the opportunity to submit exceptional cases.

28. We will provide further details on the process before the end of the place review process in December.

29. There are two circumstances in which individual institutions (other than LA maintained institutions) may make submissions to the EFA:

- Where it has been agreed with commissioning LAs that an increase in places at the institution is required, but the LA or LAs have not included this in their return. A submission would need to be supported by clear evidence from LAs that the places are required and will be taken up; or
- Where the number of places returned is well short of the number evidenced from the ILR return for the 2012 to 2013 academic year.

30. We will review exceptional cases taking into account the 2012 to 2013 academic year post-16 ILR data and issue high needs funding allocations covering all pre and post-16 provisions by 31 March 2014.

Annex A: Additional information

1. If an LA returns high needs places that are above or below the baseline (but not as part of a collaborative return) what will be the impact on the high needs allocation?

We expect that most adjustments will not change the overall baseline within an LA or groups of LAs. If we agree to an overall increase in places, we will top-slice that from allocations nationally.

We will not be able to confirm how high needs allocations overall will be adjusted for pre and post-16 until December at the earliest.

2. If an LA plans to close special or Alternative Provision (AP) in the 2014 to 2015 academic year and expand provision in mainstream schools, what will happen to place-led base funding for those places?

The authority would need to make a submission to the EFA explaining that this was the reason for the change. If the submission was accepted, the authority would keep the place-based funding, as happened in similar cases made for the 2013 to 2014 academic year.

3. As a result of demographic changes, the number and costs of 5-25 year olds with high needs are increasing in my local authority. Will my LA get a higher high needs allocation in its DSG to pay for increased top-up funding and higher central SEN costs?

We will be looking at this when we have the relevant school census and ILR data later in the year. As a result of the Department's cash flat per pupil settlement for the 2014 to 2015 financial year, funding is tight and authorities should not assume that additional funds will be available.

4. If the place-led funding for special school and academy sixth forms reduces to £10,000 per place, how will the EFA allocate the difference between that amount and the 16-19 national formula rate plus £6,000?

The difference will be added to the DSG allocations in proportion to the number of such sixth form pupils identified in the October 2013 school census, who live in the local authority area.

5. What changes will there be in the 2015 to 2016 financial year when LAs are funded for their schools through a national funding formula?

We are not planning significant changes to the overall high needs funding system, but will need to keep the arrangements under review as the national funding formula for schools is developed and as we consult on the new funding arrangements.

The key change we currently envisage is that place-led funding in special schools and academies, special units in mainstream schools and academies, post-16 high needs provision, and alternative provision in PRUs and academies, will be adjusted automatically on the basis of school census and ILR data. Submissions from LAs and institutions would be exceptional.

We are also considering the best way of funding hospital education places from 2015 to 2016 academic year.

6. What is the current position regarding funding for students aged 16-19 in PRUs and AP academies?

LAs and post-16 providers have the flexibility to use the funding allocated to them to commission provision for post-16 pupils at a PRU, so long as the provision of these commissioned services does not change the nature of the PRU which is by definition a school set up to discharge an LA's duties under section 19(1) of the Education Act 1996.

Where an LA thinks that new provision is needed the LA must look for proposals for the establishment of an academy. These proposals could be for a provider that is able both to discharge the LA's duties under section 19(1) and to offer post-16 provision. The nature of funding for the post-16 provision would be worked out during the establishment of the academy.

7. My LA has hospital education provision which was not previously identified as such, and the LA now has no budget for this. Can extra funding be allocated for this in the 2014 to 2015 financial year?

We intend to continue funding for hospital education on the same basis as last year, and do not want to increase the DSG top-slice above £8.50 per pupil from all LAs. The scope for allocating additional funding for hospital education is therefore very limited. Accordingly, while it is open for LAs and institutions to include proposed changes in submissions for the 2014 to 2015 academic year, there will need to be a very strong case for increases as opposed to self-balancing adjustments between institutions or services.

Annex B: Criteria for evaluating LA cases for additional and/or changes to high needs resource

As set out in both this document and the 2014-15 Revenue Funding Arrangements: Operational Information for Local Authorities, we expect that LAs will generally operate, individually or in groups, on the basis that overall numbers of high needs places will not increase. Given that the schools budget is finite any overall increase in places will need to be funded by LAs collectively.

It is therefore essential that any submissions from LAs for additional places or additional costs are properly evidenced and scrutinised by the EFA using clearly defined criteria. Therefore the criteria that will be used are outlined below in draft format. At this stage we welcome comments on the criteria and the criteria may change; a) as a result of LA and institution feedback, b) further data becoming available or c) in light of the submissions we receive.

Submissions will only be accepted across the entire 5-25 age group. An LA may make a submission on the following grounds:

- A single LAs evidenced high needs place numbers significantly exceed the cumulative (age 5-25) baseline figure for that LA and these are not part of a collective return;
- A collective return from a number of LAs includes evidence of place numbers that significantly exceed the cumulative (age 5-25) baseline figure for the LAs and therefore the collective submission does not balance the baseline places across the LAs;
- An LA is reducing place numbers and requesting that it should retain the funding released due to a major re-organisation of provision.
- In the first two cases the LA(s) will need to demonstrate that the **number of high needs places has significantly increased** over the number funded in 2013 to 2014 academic year, which is outside the control of the LA and is not the result of changes in assessment practices.

The criteria the EFA will use to assess submissions are proposed as that the LA has demonstrated:

- a clear trend of significantly¹ increased high needs places across the 5-25 age range, evidenced by independently published data such as statistical first releases or other verifiable evidence, including a breakdown of continuing and new students and taking into account leavers;

¹ Increases should take into account any additional places identified through increases in the general cohort.

- that where the increase is due to new provision, reorganisation or movement between institutions (i.e. from special schools to colleges), displacement from other provision has been fully taken into account, e.g. where are the new students moving from?;
- that the volumes are not currently funded through any other budget or any form of cross subsidy;
- clear evidence that the students have attracted more than £10,000 per place in previous years;
- clear evidence that the LAs' high needs budget (including historical post-16 funding) has been at least maintained to fund the places.

Where an LA (or collective of LAs) is reducing place numbers and requesting that it should retain the funding released due to a major re-organisation of provision, the criteria will be, that the LA(s) has demonstrated that:

- they will be providing for the same (or additional) number of places through other provision; or
- that the re-organisation will bring medium term benefits in terms of increased choice, better outcomes or cost effectiveness.

Where an LA applied to the EFA for additional funding for the 2013 to 2014 financial year and was successful they will need to submit an update to the case demonstrating that any increases in the number of places claimed in their case is supported by 2012 to 2013 and 2013 to 2014 data. The update will be evaluated alongside any other cases submitted.

In the autumn, based on feedback the EFA will work with the LGA to refine these criteria. The process for evaluating submissions will include consideration by at least two officers, and a moderation process.

Annex C: Timeline

Activity Stream/Timeframe	Jun 13	Jul 13	Aug 13	Sep 13	Oct 13	Nov 13	Dec 13	Jan 14	Feb 14	Mar 14	Apr 14	May 14	Jun 14				
	Stage 1: LAs undertaking high needs place review July - December							Stage 2: EFA Calculating allocations January - March									
Key dates for delivering high needs allocations to LAs and institutions (includes mainstream allocations and DSG milestones)	<p>17 July 2013 EFA publish end to end process for implementing the 2014 to 2015 academy year high needs funding arrangements</p>			<p>By end September: EFA Issue template for submitting place numbers and submissions in December</p> <p>September / October: EFA hold LA briefings on the high needs arrangements</p>		<p>30 Nov: EFA share 2012 to 2013 academic year Full Year ILR & information with LAs</p>		<p>23 Dec: LAs submit 2014 to 2015 academic year place numbers and submissions</p>		<p>3 Jan 2014 through to 31 March: EFA consider (i) submissions from LAs and (ii) submissions from institutions on an exceptional basis</p> <p>By 31 Mar 2014: EFA calculate allocations of place funding for institutions and DSG high needs block funding for LAs</p>							
Calculation of DSG	<p>30 June: Deadline for submitting first window requests for MFG exclusions and exceptional</p>			<p>30 Sept: Deadline for submitting second window requests for MFG exclusions and exceptional premises and Sparsity factors</p>		<p>Mid October: LAs to gain Schools Forum / political approval for provisional 2014-15 funding formula</p> <p>31 October: Deadline for LAs to submit provisional 2014-15 school budget proforma</p>		<p>10 December: LAs can estimate their 2014-15 DSG Schools Block allocation</p> <p>10 December - Pupil Data and factors published</p> <p>18 December: DfE confirms DSG Schools Block allocations for 2014-15 (prior to academy recoupment)</p>		<p>By mid Jan: LAs to gain Schools Forum / political approval for final 2014-15 funding formula</p> <p>21 January: Deadline for LAs to submit final 2014-15 school budget proforma to EFA</p>		<p>28 February: Deadline for LAs to confirm budgets for their maintained schools</p>		<p>First DSG payments to LAs based on final 2014-15 allocations</p>		<p>June: Early Years Block updated for January 2014. Early Years pupil numbers</p>	



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