



# High Needs Provision Capital Allocations: Explanatory Note

## Overview of Methodology

The High Needs Provision Capital Allocations (HNPCA) announced in April 2021 are paid to local authorities (LAs) to support the provision of places for pupils with special educational needs and disabilities (SEND) and those pupils requiring alternative provision (AP).

The department does not hold data centrally on available High Needs capacity or demand for new High Needs places. The methodology used has therefore been designed to fairly and efficiently distribute £280 million of funding between local authorities based on their estimated growth in demand for High Needs provision between academic year (AY) 2021/22 and academic year 2022/23<sup>1</sup>.

Estimated growth in demand for High Needs provision is obtained from comparison of projections for SEND and AP pupils for AY 2021/22 and AY 2022/23, derived from actual pupil numbers and historic EHCP and AP rates. We also account for additional High Needs capacity delivered through centrally delivered free schools.

This methodology is specific to allocations for financial year (FY) 2021-22 only. Funding for future years will be subject to the next Spending Review, and this note should not be taken as an indication of any future methodology or approach to High Needs capital funding.

## Allocations for FY 2021-22

In November 2020 we announced we were investing £300 million to create new High Needs places and improve existing provision in FY 2021-22. £20m has been reserved to support specific capital projects in support of ongoing work with several LAs with significant Dedicated Schools Grant (DSG) deficits. The remaining £280m has then been allocated proportionally to LAs, based on relative growth in demand for provision between AY 2021/22 and AY 2022/23. To calculate this growth in demand we use the following methodology:

### Estimating High Needs pupil projections for AY2020/21 to AY2022/23

- **For compulsory school age pupils:** We use pupil census data for AY2019/20<sup>2</sup>, and project this forward for each local authority for the 3-year period AY 2020/21, AY 2021/22 and AY

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<sup>1</sup> The methodology looks at the age range 2 to 24. LAs may also choose to invest in early years and post-16 provision for High Needs pupils, as well as for compulsory school-age pupils.

<sup>2</sup> Collected from schools and local authorities to produce the publication *Schools, Pupils and their Characteristics*.

2022/23 using a simple cohort progression approach, i.e. by moving pupils in year groups R to 10 into the next year group for the following academic year. New Reception Year numbers are estimated using ONS projections and the LA's average participation rates for Reception Pupils from the past 5 years. We then use historic proportions of AP pupils and the relevant 2019/20 national EHCP rate (see below) to calculate the projected number of AP and non-AP High Needs pupils in years R-11 up to AY 2022/23.

- **For EY and Post-16 pupils** – We take ONS pupil population projections for the relevant year of age (up to age 24) for each local authority for AY 2020/21, AY 2021/22 and AY 2022/23. We then calculate the projected number of AP pupils and non-AP High Needs pupils in these settings using 2020 AP pupil rates for each year of age, and national EHCP rates (see below). This provides us with estimates of the number of AP and non-AP High Need pupils for each year of age (2, 3 and 16 to 24) up to AY 2022/23.

### **Calculating national level Education Health Care Plans (EHCP) rates**

A national level EHCP rate is calculated by comparing ONS population projections with the number of pupils with statements of special educational needs or EHCPs as published for January 2020. EHCP rates are calculated for the following age bands:

- Under 5
- 5 to 10
- 11 to 15
- 16 to 19
- 20 to 25

These national rates are applied to the relevant pupil and population projections for all local authorities to obtain projections of pupils with complex SEND.

### **Accounting for centrally delivered free schools**

We are already making a significant capital contribution in FY 2021-22 in some local areas in the form of new Special or AP free schools. In recognition of this, and to ensure a fair distribution of funding, we offset any additional capacity that will be offered by pipeline free schools against the relevant local authority's projected HN pupil numbers in the corresponding phase and type of provision.

We take our projected High Needs pupil numbers in year group/year of age, and sum them into their respective phase i.e. Early Years, Primary (Years R to 6), Secondary (Years 7 to 11) and Post-16, for both AP and non-AP High Needs pupils respectively. Each local authority's primary and secondary phase numbers for AY 2021/22 and AY 2022/23 are then adjusted to account for any capacity in the respective phase and type of provision created by Special or AP free schools which opened in AY2020/21 or are expected to open in AY2021/22. These free schools are factored in using their estimated growth profiles, so only the capacity that will be available in the relevant year is considered.

## Calculating local authority funding

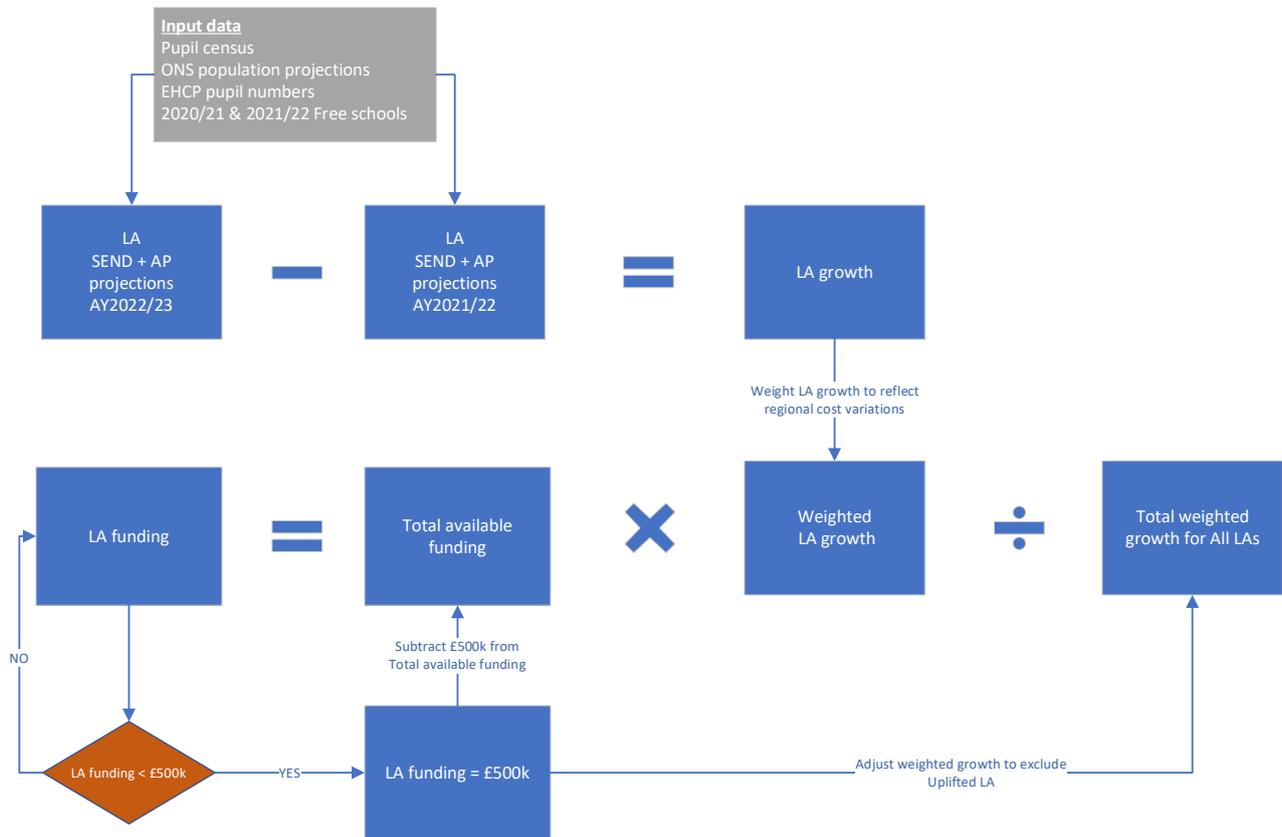
For each local authority, the projected High Needs pupil projections for each phase in AY 2022/23 are compared with their corresponding projections for AY 2021/22 to estimate the total projected growth in SEND and AP pupils.

The total growth for each local authority is then weighted to reflect the relative costs of building across the country.

Each local authority's funding allocation is determined by comparing its weighted growth with the total weighted growth for all local authorities. This proportion of total growth is applied to the total available funding to determine the local authority's funding allocation.

Where a local authority's funding allocation is below the specified funding floor of £500,000, that local authority's allocation is uplifted to the £500,000 funding floor level. The total amount of available funding is then adjusted accordingly and proportionally distributed between the remaining local authorities using their weighted growth.

**Figure 1: Summary of the methodology for FY 2021-22 High Needs Provision Capital Allocations**



Funding for each LA must be recalculated until all LAs have been allocated at least the £500k funding floor