



Education
Funding
Agency

High needs funding 2016 to 2017

Operational Guide

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Purpose

1. This guide describes how the 2016 to 2017 high needs funding system will work for all types of provision. It is primarily for local authorities and institutions, and will also be useful to anyone with an interest in high needs funding.

Introduction

2. High needs funding is intended to provide the most appropriate support package for an individual with special educational needs (SEN) in a range of settings, taking account of parental and student choice, whilst avoiding perverse incentives to over identify high needs pupils and students. It is also intended to support good quality alternative provision for pupils who cannot receive their education in schools.

3. The high needs funding system supports provision for pupils and students with SEN and disabilities (SEND), from their early years to 25. The Children and Families Act 2014 extends local authorities' statutory duties relating to SEN across the 0 to 25 age range. A range of providers, including maintained nursery schools, maintained schools, academies (including free schools), non-maintained special schools, further education and sixth form colleges, as well as those independent special schools and specialist post-16 institutions named on the section 41 approved list, have a duty to cooperate with the local authority on arrangements for children and young people with SEN (with a reciprocal duty on the local authority) and a duty to admit a child or young person if the institution is named in an Education Health and Care (EHC) plan.

4. Local authorities and institutions should collaborate on all aspects of high needs funding to develop more efficient ways of working and better outcomes for children and young people.

What is new in 2016 to 2017?

5. The high needs funding system remains largely unchanged from 2015 to 2016.

6. The Department's Spending Review settlement will not be known until later this year. We are therefore not in a position to commit to funding growth in high needs places. Subsequent decisions on how the Department's budget is used will determine how much is available for distribution through local authorities' 2016 to 2017 dedicated schools grant (DSG).

7. There is however, a 2016 to 2017 high needs place change request process which enables local authorities to notify EFA of changes to 2016 to 2017 place numbers for academies and FE institutions. These place numbers will then be used as the basis for EFA funding direct to these institutions. Further information is available at [paragraph 19](#). A [technical note](#) explaining how high needs place numbers and hospital education place numbers are determined for 2016 to 2017; and the [workbook for local authorities](#) to notify EFA of changes, are available on GOV.UK. Returns must be made to EFA by 16 November 2015.

8. We are seeking views during autumn 2015 on proposals that 2016 to 2017 allocations for non-maintained special schools will be based on January 2015 school census; and allocations for special post-16 institutions will be based on 2014/15 ILR R14 data.

9. In 2015 to 2016, information on the high needs funding system was available across a number of sources, including the school revenue funding: operational guide and 16 to 25 additional high needs guidance. This document combines and updates information providing a single point of reference on high needs guidance. It explains how the high needs funding system works for all types of provision, both pre and post-16. It is for both local authorities and institutions with an interest in high needs funding. Information previously provided that is neither specific to high needs nor within scope of EFA funding may be found in the Annex 'Useful information'.

What you need to do for 2016 to 2017

Local authorities

- Note consultation on Schools and Early Years 2015 funding regulations
- Note 2016 to 2017 high needs proposals on non-maintained special schools (NMSS) and specialist post-16 institutions (SPI), views invited by **Friday 23 October 2015**
- Liaise with academies, FE institutions and CCPs in relation to 2016 to 2017 high needs place change request return. For sign-off by Director of Children's Services, by **16 November 2015**
- Submit exceptional circumstances requests for MFG exclusions and pupil number variations by **31 December 2015**
- Submit final 2016 to 2017 authority proforma tool to EFA by **21 January 2016**

Academies

- Liaise with local authority in relation to 2016 to 2017 high needs place change request return. Local authorities to return by **16 November 2015**
- Complete school census, including use of top-up flag
- Check 2016 to 2017 allocation received and correct - **March 2016**.

Non-maintained special schools

- Note proposals on 2016 to 2017 allocations to non-maintained special schools and specialist post-16 institutions, views invited by **23 October 2015**
- Complete school census, including use of top-up flag
- Check 2016 to 2017 allocation received and correct – **March 2016**

Post-16 institutions

- Note proposals on 2016 to 2017 allocations to non-maintained special schools and specialist post-16 institutions, views invited by **23 October 2015**
- FE institutions and CCPs to liaise with local authority in relation to 2016 to 2017 high needs place change request return. Local authorities to return by **16 November 2015**
- Continue to record accurate high needs data returns in the ILR, reflecting agreed high needs placements with local authorities
- Check 2016 to 2017 allocation received and correct – **March 2016**

Timeline

10. The timeline for implementation of the 2016 to 2017 high needs funding arrangements is shown below:

Date	DFE/EFA	Local authorities (LAs) / Institutions
July 2015	High level overview of 2016 to 2017 high needs funding arrangements issued. Details published on 5-16 mainstream school funding implementation for 2016 to 2017.	
Mid-September 2015	<ul style="list-style-type: none"> • High needs funding guide for 2016 to 2017 issued to LAs • 2016 to 2017 high needs place change data collection tool issued to LAs • 2016 to 2017 high needs place change technical note issued to LAs. • January 2015 Census and 2014/15 R10 ILR data published • 2015 to 2016 high needs place allocations to institutions updated (as of September 2015). 	Local authorities and institutions to begin discussions and seek agreement on 2016 to 2017 high needs place numbers in preparation for return to EFA, due by 16 November 2015
23 October 2015		Deadline for views on proposals for NMSS and SPI 2016 to 2017 high needs funding allocations
16 November 2015		Deadline for submission of 2016 to 2017 high needs place number changes to EFA
26 November 2015	School census database closed	
Week commencing 14 December 2015	Publication of DSG schools block and high needs block allocations for 2016 to 2017 (prior to academy recoupment).	

Date	DFE/EFA	Local authorities (LAs) / Institutions
	Publication of provisional early years block allocations	
31 December		Deadline for submitting final window requests in exceptional circumstances only including for: <ul style="list-style-type: none"> • MFG exclusions • Pupil number variations
21 January 2016		Deadline for submission of final 2016 to 2017 authority proforma tool to EFA
January 2016	Confirm basis for NMSS and SPI 2016 to 2017 high needs funding arrangements	
End of January 2016	Outcomes of 2016 to 2017 high needs place change requests are confirmed	
February 2016	2016 to 2017 allocations to academies and NMSS to be issued	
March 2016	2016 to 2017 allocations to post-16 institutions to be issued Final DSG allocations to LAs based on 2016 to 2017, net of academies recoupment and high needs place deductions (DSG allocations updated termly for in year academy conversions)	
May 2016	Publication of 2016 to 2017 high needs place numbers at institution level	

Table 1 – High needs timetable

How high needs funding works

Definition of a high needs pupil or student

11. Pupils and students who receive support from local authorities' high needs budgets include:

- children aged 0 to 5 with SEN whom the local authority decides to support from its high needs budget. Some of these children may have EHC plans
- pupils aged 5 to 18 (inclusive of students who turn 19 on or after 31st August in the academic year in which they study) with high levels of SEN in schools and academies, further education (FE) institutions, specialist post-16 institutions (SPIs) or other settings who receive top-up funding from the high needs budget. Most, but not all, of these pupils will have either statements of SEN or EHC plans
- those aged 19 to 25 in FE institutions and SPIs who have a EHC plan and require additional support costing over £6,000 (if aged 19 to 25 without an EHC plan, local authorities must not use their DSG to fund these students, see [Annex 1](#) for more details)
- school-age pupils placed in alternative provision by local authorities or schools.

High needs funding: local authorities

12. The EFA makes an allocation to local authorities for high needs as part of the Dedicated Schools Grant (DSG). The high needs block is not separately ring-fenced within a local authority's DSG. This means that local authorities can decide to spend more or less of the funding than they have been allocated for high needs.

13. Local authorities decide how much to set aside in their high needs budget, for the place and top-up funding to institutions (except place funding to FE institutions, commercial and charitable providers (CCPs) and SPIs). Some of the place funding is included in local authorities' initial DSG allocation and then deducted by the EFA so that it can pay the funding direct, for example to academies.

14. Local authorities also use their high needs budget to pay for central services relating to SEND and AP, as permitted by the School and Early Years Finance (England) Regulations 2015. These are currently being [consulted](#) on. There may be instances where aspects of high needs provision are not allocated through place funding. For instance, specialist support for pupils with sensory impairments, or tuition for pupils not able to attend school for medical or other reasons. Local authorities may fund this provision from their high needs budget as a separate arrangement. Where such services

are delivered by, or commissioned from, schools or other institutions, the authority may devolve funding from its high needs budget to that institution through a service level agreement.

How the high needs funding system works

15. The high needs funding system has two main components, which are:
- **core funding** - included within mainstream schools' and academies budgets, derived from their local funding formula. Other institutions receive place funding (sometimes known as elements 1 and 2 for post-16).
 - **top-up funding** (sometimes known as element 3).

High needs places

16. Place funding is allocated to an institution and includes the funding pupils and students attract for their core education and basic programmes and to provide a contribution to the additional costs associated with a support package. Most high needs places are typically funded at £10,000 per year in pre-16 settings, although this amount varies dependent on institution type.

17. The following table sets out the responsibilities for funding high needs provision in different types of provider for both pre and post 16 students:

Type of provision	Pre-16		Post-16	
	Core funding	Top up funding (real time)	Core funding	Top up funding (real time)
Mainstream schools Mainstream academies	Funding to meet first £6,000 of additional need delegated within school budget and academy grant derived from local formula (in addition to the age-weighted pupil unit (AWPU) funding).	LA can provide additional funds where it would be unreasonable to expect school to fund from within notional SEN budget. Agreed per-pupil top up paid by commissioning LA	Element 1 (based on 16-19 National Funding Formula (NFF)) <u>plus</u> Element 2 (£6,000) based on allocated place number	Agreed per-pupil top-up paid by commissioning LA

	Pre-16		Post-16	
Type of provision	Core funding	Top up funding (real time)	Core funding	Top up funding (real time)
HN Units in mainstream schools HN units in mainstream academies	£10,000 per place based on agreed place number	Agreed per-pupil top-up paid by commissioning LA	Element 1 (NFF) plus Element 2 (£6,000) based on agreed place number	Agreed per-pupil top-up paid by commissioning LA
Maintained special schools Special academies Non maintained special schools	£10,000 per place based on agreed place number	Agreed per-pupil top-up paid by commissioning LA	£10,000 per place based on agreed place number	Agreed per-pupil top-up paid by commissioning LA
Independent Schools	N/A	Agreed per-pupil funding paid by commissioning LA	N/A	Agreed per-pupil funding paid by commissioning LA
Maintained pupil referral units (PRUs) AP Academies	£10,000 per place based on agreed places	Agreed per-pupil top-up paid by commissioning school or LA	N/A	N/A
Further education and sixth form colleges, Post 16 Independent Specialist Providers and CCPs	N/A	N/A	Element 1 (NFF) plus Element 2 (£6,000) based on places commissioned by LAs	Agreed per-student top-up paid by commissioning LA

Table 2 – High needs funding responsibility

Changes to high needs place numbers in 2016 to 2017

18. Under the finance regulations, local authorities have the flexibility to make changes to the number of pre-16 places funded in maintained schools and PRUs. The regulations do not currently allow local authorities to make changes to the number of post-16 funded places in maintained schools and PRUs. These arrangements will be continued in the regulations for 2016 to 2017.

19. The 2016 to 2017 high needs [place change request technical note](#) sets out the process for submitting changes to the number of places; and examples of the impact of place changes on DSG allocations. Academies, FE institutions and CCPs are unable to submit requests direct to EFA; these must be made by the institution's home local authority. The deadline for submitting a 2016 to 2017 place change request is **16 November 2015**.

20. 2016 to 2017 high needs place funding arrangements for NMSS and SPIs have yet to be confirmed. We are seeking views on possible changes to the 2016 to 2017 high needs [funding arrangements for NMSS and SPIs](#).

Top-up funding

21. The guidance in the following paragraphs focusses on top up funding for pupils and students with SEND. There are some differences in top-up arrangements for alternative provision, further information can be found in [Alternative provision: additional guidance](#).

22. Top-up funding, sometimes known as element 3, is the funding required over and above the place funding to enable a pupil or student with high needs to participate in education and learning. This is paid by the local authority in which the pupil or student is resident or belongs (in the case of looked after children), from their high needs budget, in line with their place commissioning.

23. Top-up funding rates should mainly reflect the additional support costs relating to individual pupils and students, in excess of core funding, that the institution receives. Top-up funding can also reflect costs that relate to the facilities needed to support a pupil's or student's education and training needs (either for individuals or on offer to all), and can take into account expected place occupancy levels and other factors (see section below [How place funding and top up funding work together](#)).

24. Agreement needs to be reached with the institution on the level of top-up funding required where a local authority wants to commission further places at an institution which has filled all the places it has been funded for (irrespective of which local authority has filled them). A local authority should not automatically be charged an extra £6,000¹ or £10,000² per head if it is agreed that the institution can provide the support package for additional pupils and students at marginal additional cost. We appreciate this is less likely in the case of pupils and students with very high needs, whose support is often individualised and expensive because of the nature of their needs. However, local authorities and institutions will need to agree an acceptable approach that represents best value and the local authority will need to fund this from its high needs budget.

25. In all instances, a high needs pupil's or student's placement must be commissioned by the local authority, and an agreement must be in place between the two parties that includes the amount of top-up funding to be paid.

26. If the local authority does not agree a placement and top-up funding is not agreed, these pupils and students should not be counted as having high needs for funding purposes and should not be recorded on the census or ILR as a high needs student. This would apply even where an establishment may have assessed a pupil or student as requiring additional support, or where a pupil or student has been offered a place by that establishment.

Administration of top-up funding

27. Local authorities should work with schools, academies, NMSS, FE institutions and SPIs where they have high needs pupils and students, to set funding rates and confirm the funding that institutions will receive.

28. Where the local authority makes a high needs placement, it must issue the institution with an agreement or contract confirming the support to be provided, funding rates and payment schedules.

29. We urge local authorities to reduce administrative costs, particularly for institutions with students from multiple local authority areas, by adopting common commissioning approaches with neighbouring authorities and using the same contracts for high needs pupils and students across all institutions. Standard contracts, such as the [National Schools and Colleges Contract](#), are available on the Association of Directors of Children's Services website.

¹ Element 2 value for post-16 high needs places in FE institutions, CCPs, mainstream schools, academies and SPIs.

² Pre-16 place value, and post-16 place value in special schools, special academies and non-maintained special schools.

30. It continues to be a condition of grant attached to DSG allocations that local authorities must make payments of top-up funding to institutions in a timely fashion and on a basis agreed with the institution. Payments must be monthly unless otherwise agreed (such as termly in advance).

31. Where a local authority has agreed a placement, it is not appropriate that a pupil or student is placed there without a contract. Institutions should contact EFA where there are problems issuing contracts or receiving timely payments. EFA will examine cases and consider remedial action where there is clear evidence that a local authority is not meeting the required conditions of grant.

32. Where a pupil or student is moving from one institution to another, the Children and Families Act 2014 sets mandatory timescales for the completion (or review and amendment) of EHC plans:

- For pupils moving into or between schools, the review and any amendments to an EHC plan must be completed by 15 February in the calendar year of the transfer.
- For students moving from secondary school to a post-16 institution or apprenticeship, the review and any amendments to the EHC plan – including specifying the post-16 provision and naming the institution – must be completed by the 31 March in the calendar year of the transfer.

33. For students moving between post-16 institutions, the review process should normally be completed by 31 March where a young person is expected to transfer to a new institution in the new academic year. Where transfers between post-16 institutions take place at different times of the year, where it is proposed that a student is to transfer between one post-16 institution and another within the following 12 months, the local authority must review and amend, where necessary, the young person's EHC plan at least five months before the transfer takes place.

How place funding and top-up funding work together

34. An institution will be allocated funding based on the total number of high needs places. For many high needs pupils/students the institution is named in the statement of SEN or EHC plan. However, for funding purposes, once this place funding is allocated to an institution **it is not associated or reserved for a specific local authority or individual pupil/student**. It is for the institution to decide how best to apportion their total allocated place funding across the actual number of local authority commissioned places, taking into account the provision and support that may be specified in the statements of SEN or EHC plans. Once a pupil or student is placed in an institution, the commissioning local authority then agrees an amount of top-up funding for the individual pupil/student

over and above the place funding to make up the full cost. For example an institution may have 30 high needs places for which it receives a total budget of £300k (30 x £10k):

- In the event that the institution fills 25 places, it may agree with the commissioning local authorities to charge a lower rate of top-up funding, to reflect the five unfilled places. The nature of AP and SEN provision in some institutions means that there may be empty places at some points in the year – for example, where diagnosis after the beginning of the academic year leads to later identification and placement. The rate of top-up funding may reflect a degree of under-occupancy in such cases.

In the event that 35 pupils are placed at the institution, it could agree with the commissioning local authorities a higher top-up funding rate, to reflect the five unfunded places. On the other hand the additional cost of the 5 extra pupils could be marginal and a significantly higher rate might not be appropriate.

35. Other factors that could impact on the way local authorities determine the top-up funding for individual pupils and students are:

- the way institutions set their budgets and break down their costs and overheads
- the extent to which local authorities and institutions agree on standardised rates, local banding arrangements and streamlined administration to reduce the need for detailed negotiation of different top-up funding amounts for each pupil/student

36. Place funding is not withdrawn if an individual does not occupy the place. It provides institutions with a guaranteed budget for the year that gives them a degree of financial stability. A local authority may expect an institution to explain why a specific level of top-up is appropriate for a particular pupil or student before entering into its own contract, but cannot seek to recover or reconcile funding for places which it perceives as being unused from the previous or current academic year and earmarked for the local authority.

High needs funding arrangements: Pre-16

Early years providers

37. As in 2015 to 2016, we are not implementing the high needs funding system in 2016 to 2017 for those institutions that cater solely for children aged under 5, such as nursery schools. Each local authority will decide how high needs places and children in these institutions are funded, from their early years and high needs budgets.

Pre-16 high needs pupils at mainstream schools and academies without specialist provision

38. Local authorities must ensure schools and academies have sufficient funding in their delegated budget to enable them to support pupils' additional needs where required up to the mandatory cost threshold of £6,000 per pupil. This is known as the notional SEN budget. Schools and academies should not regard this as a substitute for their own budget planning and decisions about how much they need to spend on SEN support, or as a fixed budget sum for spending. The overall percentage of formula allocations which were designated as notional SEN budget across all authorities in 2015 to 2016 was 10%. Further information on authorities' notional SEN budgets can be found in the [schools block funding formulae 2015 to 2016 data](#).

39. Where individual pupils require additional support that costs more than £6,000, the excess should be met by top-up funding associated with the individual pupil. Top-up funding rates are for local authorities to agree with schools and academies, and can reflect both the needs of the individual and the cost of meeting those needs.

40. Local authorities should continue to provide additional funding outside the main funding formula for mainstream schools and academies on a consistent and fair basis where the number of their high needs pupils cannot be reflected adequately in their formula funding. They should define the circumstances in which additional funding will be provided from their high needs budget.

41. Similarly, additional funding can also be provided where there are a disproportionate number of pupils with a particular type of SEN. For example, a primary school may have developed a reputation for meeting the needs of high achieving pupils with autistic spectrum disorder, or pupils with physical disabilities, and it is not possible to target additional funding to the school through the prior attainment or other factors.

42. Local authorities' should develop a formula (or criteria) based on their experience of distributing additional funding to their schools and academies. This needs to be agreed with schools well in advance of the next financial year, and should be described on the APT. The local authority's budget for this expenditure should also be included in the relevant line on the authority's section 251 budget statement. For their formula (or

criteria), local authorities may consider the number of high needs pupils for whom the school received top-up funding in the previous academic year. This will ensure their approach does not create perverse incentives for schools to identify additional high needs or SEN pupils solely for income generation. In all cases the formula (or criteria) should be simple and transparent, and should be devised so that additional funds are targeted only to a minority of schools which have particular difficulties because of their disproportionate number of high needs or SEN pupils or their characteristics. [Examples of methodologies](#) that some local authorities have set out in their APT for 2015 to 2016 have been published.

Special units and resourced provision in mainstream schools and academies

43. Special units and resourced provision are funded according to the number of places agreed by the local authority designating the provision, taking into account the places likely to be used by other authorities. It is also possible, however, depending on the range and type of services on offer, for such provision to be a centrally funded service commissioned by the local authority, normally under a service level agreement with the school or academy. Either way, this specialist provision is not funded through the main school funding formula; the place or central service funding comes from the local authority's high needs budget.

44. Consequently, the number of pupils aged under 16, on which the pre-16 formula funding for the mainstream school is based, should exclude those pupils in the provision. This should be calculated using the number of places in the provision which are used by pupils in the school (as opposed to pupils on the rolls of other schools) excluding places occupied by under 5s and pupils aged 16 to 19, although authorities can use a different basis if this is agreed by the EFA. Information on post-16 students at mainstream schools and academies is available at [paragraph 78](#).

Maintained special schools and special academies

45. High needs places, pre-16 and post-16, are funded at £10,000 per year at maintained special schools, special academies and special free schools.

46. The special schools protection will continue to be set at minus 1.5% of overall funding, assuming that the number and type of places remains the same between 2015 to 2016 and 2016 to 2017. It also assumes that all pupils in the school are placed by the home authority and that all top up rates received by the school are those set by the home authority. Further information on this protection, including a worked example and how to apply for an exemption are available at [Annex 2](#).

Non maintained special schools

47. The value of the funding per place for students of all ages (pre and post 16) for non-maintained special schools will remain at £10,000 per place per annum. Proposals for the 2016 to 2017 [high needs funding arrangements for NMSS](#) have been published.

Independent special schools

48. Independent special schools are not part of the high needs place funding system in 2016. Local authorities will remain responsible for all the funding that independent schools receive for children and young people with SEN.

49. More information about how local authorities should discharge their responsibilities for children and young people with SEN in independent schools is set out in the [SEND code of practice](#), in particular paragraphs 9.131 to 9.136.

Pupil referral units (PRUs) and alternative provision (AP) academies

50. All AP places will be funded at £10,000 per place in 2016 to 2017 and must include those which schools commission directly, as well as those that the local authority commission. This is base funding and PRUs and AP academies are likely to receive top-up funding for specific pupils, and may receive additional funding for commissioned services.

51. Local authorities will continue to have flexibility to fund AP in a variety of ways, depending on how it is organised locally. PRUs, AP academies and free schools plan their budgets taking into account all their income. This may also include services commissioned and paid for by authorities and schools. It is important that local authorities provide information locally and consult with the schools forum about the AP commissioning and funding arrangements. They are then clear to all institutions involved, including those schools that commission AP directly for their pupils.

52. [Alternative provision: additional guidance](#) provides further information on AP funding.

AP free schools

53. AP places in free schools are funded at £10,000 per AP place from a central departmental budget for the first and second year the free school is open. From the third year the cost of the place funding is met by deductions from the relevant local authorities' DSG, so that the AP they offer is fully integrated into local planning and funding arrangements. More detail on the process that the EFA will operate for deciding on the

place funding for free schools and making the necessary deductions from local authorities' DSG is set out in [Alternative provision: Additional guidance](#).

Further education institutions with 14 to 16 year olds

54. 14 to 16 year old high needs pupils in FE colleges should be considered by the institution as post-16 students for funding purposes. They should be recorded in the ILR accordingly and will be funded on the basis of elements 1 and 2. [Enrolment of 14 to 16 year olds in FE](#) provides further details for FE institutions.

Hospital education

55. Hospital education is defined as “education provided at a community special school or foundation special school established in a hospital, or under any arrangements made by the local authority under section 19 of the 1996 Act [i.e. the Education Act 1996] (exceptional provision of education), where the child is being provided with such education by reason of a decision made by a medical practitioner”. This definition will continue to apply in 2016 to 2017. We do not differentiate between pre-16 and post-16 in the hospital education funding system.

56. As in previous years, hospital education can be funded either on the basis of an amount per place, or as a centrally funded local authority service. An example of the latter is where the authority employs teachers directly to work in a hospital or offer home tuition to pupils who are confined to their home because a medical practitioner has decided that is where they should be. Some local authorities commission such services through hospital schools or PRUs. In all cases local authorities should clarify from the outset how hospital education is provided and funded locally and, for such provision in maintained institutions or central services, should report their planned and actual expenditure in the relevant tables of the section 251 budget and outturn statements.

57. Funded hospital education places can be found in maintained special schools (usually a particular type of special school known as a hospital school), maintained PRUs (sometimes known as medical PRUs), special and AP academies and free schools. Often these institutions will have a combination of hospital education places and other high needs (AP and SEN) places. The requirement in the regulations will be for hospital education places in maintained schools and PRUs to be funded in 2016 to 2017 at the same level per place as in 2015 to 2016. This requirement will also be reflected in the funding arrangements for hospital education places in academies.

58. Local authorities may advise EFA of changes to 2016 to 2017 hospital education place numbers in academies through the 2016 to 2017 place change request process, the deadline for which is 16 November 2015. This process is outlined at [paragraphs 12 to 15](#) and information is available in the [place change request: technical note](#)

59. Local authorities' duties may require them to commission hospital education from other independent providers, not in receipt of funding directly from the EFA. In these circumstances local authorities would be expected to pay the costs of this education from a central hospital education services budget within their high needs budgets. The law may not require local authorities to commission a particular education provider in order to discharge their duties, though decisions about education provision should not unnecessarily disrupt a child or young person's education or treatment. An independent hospital education provider should confirm child or young person's home local authority that they are content to commission and fund the education provision. They should do this before providing education to the child or young person, and certainly before requesting any funding.

High needs funding arrangements: Post-16

60. Post-16 places in special schools, special academies and non-maintained special schools are funded at £10,000 per place for 2016 to 2017. Post-16 high needs students in mainstream schools and academies, FE institutions, CCPs and SPIs are funded on the basis of elements 1 and 2.

Post-16 place funding – element 1

61. Element 1 represents the funding that all students at the institution attract for their study programmes. It does not take into account the additional support costs of high needs students. For maintained secondary schools, this funding is paid via local authorities as the sixth-form grant. For other institutions it is paid directly by EFA.

62. We fund the majority of institutions with post-16 provision on a lagged student basis, using the national post-16 funding formula. For these institutions, the total allocation of element 1 for the 2016 to 2017 academic year is based on the number of students recruited in 2015 to 2016. This applies to FE institutions; CCPs; maintained schools; academies and SPIs. These organisation types should therefore not seek funds from local authorities for any shortfall in element 1 in 2016 to 2017. Any shortfall will be rectified in the lagged allocation for 2017 to 2018.

Post-16 place funding – element 2

63. Element 2 provides £6,000 towards the additional support costs for high needs students. This element of place funding is not intended to meet the needs of students with support costs lower than £6,000. Funding for these students is provided within the institution's disadvantage funding, calculated within their mainstream 16-19 funding allocation.

64. We confirm allocations of place funding well ahead of the beginning of the academic year to allow institutions enough time to plan, manage resources and provision. Allocations of place funding do not always reflect subsequent commissioning and placement decisions by local authorities. Institutions should decide how best to apportion their total allocated place funding across the actual number of commissioned places (see [‘How place funding and top up funding work together’](#)).

Post-16 study programmes

65. The majority of young people with high needs attending a school, college or special post-16 institution will be subject to an EHC plan. Local authorities must use the

evidence from the EHC plan to make consistent, effective and robust assessments of the support the young person will need to move towards a positive outcome.

66. EFA expects a local authority and an institution to work together to agree a suitable study programme for a young person, which must be tailored to their individual aspirations and support needs.

67. A full-time study programme has a minimum duration of 540 hours and there is no set maximum. EFA would not expect local authorities or colleges to set an arbitrary maximum number of hours for the study programmes, but instead to provide the number of hours required by the student to complete the programme. A funding requirement for all programmes is that they meet [the condition of funding for maths and English](#).

68. A [supported internship](#) is one type of study programme specifically aimed at young people aged 16 to 24 who have an EHC plan, who want to move into employment and need extra support to do so.

Part-time or part year students – post-16

69. Post-16 students whose additional support funding totals more than £6,000 (if provided over the full academic year), are also classed as high needs students. See [funding rates and formula](#) guidance for more information

70. Where an institution has, or is considering, enrolling a student that meets this criterion, they should hold discussions with the local authority as they are the commissioners of high needs places. If a part-time place is agreed by the local authority, the institution should use its place funding where available in line with the principles outlined in this guide. If the institution has used all its allocated element 2 place funding, then the local authority should fund the part-time costs from its high needs budget.

71. Where the agreed support costs for a part-time high needs student in that academic year are £6,000 or less, the institution should not record the learner as a high needs student on the ILR.

Learners aged 19 to 25 with an ECH plan or LDA

72. Students aged 19 to 25 with EHC plans who are continuing in education may have a range of options, including attending FE colleges. **The dedicated schools grant (DSG) cannot be used to fund places, or incur other expenditure (such as top-up funding), for 19- to 25-year-olds in schools** (maintained mainstream, maintained special, mainstream academy, special academy, non-maintained special and special academies). For more information, see regulation 14 and paragraph 18 of schedule 2 to

the [School and Early Years Finance \(England\) Regulations 2014](#). There are no plans to change this aspect of the regulations for the 2016 to 2017 financial year.

73. There is an exception for those 19-year-olds who are completing a secondary education course started before they were 18-years-old. This will reflect the current position, whereby students cannot remain at special schools beyond the age of 19 (subject to the same exception for those completing secondary education courses).

74. Schools wishing to offer provision to students aged 19 to 25 may wish to consider setting up a legally and financially separate entity. Once established, to be eligible for consideration to receive EFA funding the new entity must be referenced within their home local authority high needs place change request workbook, for at least ten student places. It would then be subject to the [due diligence process](#) set out on GOV.UK.

Specialist post-16 institutions

75. SPIs will continue to be funded on the basis of elements 1 and 2. Information on proposals relating to the 2016 to 2017 high needs [funding arrangements for SPIs](#) have been published.

Sixth forms

76. Post-16 places in maintained special schools, special academies and non-maintained special schools are funded at £10,000 per place, the same as pre-16 high needs places.

77. High needs places for post-16 students in mainstream maintained schools and academies, including those in SEN Units, will be funded through the sixth form grant for elements 1 and 2.

78. Post-16 students in PRUs, AP academies and AP free schools are not funded in the same way as pre-16 students. On the basis of the institution receiving place and top-up funding, but instead on a similar basis to post-16 year olds students in mainstream school sixth forms. This is because this type of institution is by definition a school set up to discharge a local authority's duties under section 19(1) of the Education Act 1996 in relation to children of compulsory school age.

Hospital education

79. We do not differentiate between pre-16 and post-16 in the hospital education funding system. Hospital education places in maintained special schools, PRUs or academies for post 16 students are funded in the same way as pre-16 places (see [paragraphs 56 to 60](#)).

80. Medium secure adolescent psychiatric forensic units, which cater mainly for young people aged 16 and over are being funded in 2016 to 2017 on the same hospital education funding methodology of an amount per place equal to their funding in 2015 to 2016. Such education provision exists in a very small number of units, some of which are in maintained schools and academies, where the funding will come from the local authority and EFA respectively, and others are operated by charitable organisations and mental health trusts funded directly by the EFA.

81. Other charitable and independent hospital education providers should confirm with the young person's home local authority that they are content to commission and fund the education provision. They should do this before providing education to the young person, and certainly before requesting any funding.

New post-16 institutions

82. To be eligible to receive EFA high needs funding in the academic year 2016 to 2017, potential new institutions must be referenced within their home local authority high needs place change request workbook, returned to the EFA by **16 November 2015**, as detailed in the [change request technical guide](#).

Annex 1: Other information

Free meals

1. Further information on [free meals](#) for FE institutions can be found on GOV.UK. This includes information for institutions where the cost of meals is sometimes included as part of the package of support that is agreed with local authorities.

Apprenticeships

2. High needs funding for apprentices is met by the EFA through the SFA's apprenticeship funding methodology, in summary this means:

- any apprentice that requires additional support qualifies for a payment of £150 per month
- if identified needs cost more than the monthly rate, the provider can claim additional funding (up to £19,000) from the SFA on the 'Earnings Adjustment Statement' - this means the costs are fully funded at no cost to the provider and are met by the EFA
- should costs exceed £19,000 then the provider applies to the SFA for exceptional learning support, if agreed the SFA meets these costs and charges them to the EFA
- the provider should always work with the Department for Work and Pension/Job Centre Plus to access any support for people entering work before claiming EFA/SFA funding

3. If the apprentice does not have an LDA or EHCP then they are funded as a 19+ apprentice under the full SFA system and more information on this can be found in the section on [students aged 19 to 24 without an EHC plan](#). This expects co-funding from the employer. More [information on apprenticeships](#) can be found on GOV.UK.

Students aged 19 to 24 without an EHC plan or LDA

4. For students with SEND aged 19 to 24 without an EHC plan or LDA, the Skills Funding Agency (SFA) assumes the responsibility for commissioning provision even when the support costs exceed £6,000. In this situation, [learning support funding](#) should be used.

5. Local authorities should not use their DSG-funded high needs budget to fund students who are over the age of 19 and do not have an LDA or EHC plan in place. The Regulations only allow the high needs budget to be used to support students who are in

FE and aged over 19 but under 25 if they are subject to an EHC plan. [Regulation 6 \(section dii\)](#) describes this and there are no plans to change this in the regulations for 2016 to 2017.

6. Where a student aged 19 (or over but under 25) arrives at college and, based on the institution's assessment, is likely to need additional support costing over £6,000, the institution can request a statutory assessment for an EHC plan from the student's local authority. In these cases, the local authority has up to six weeks to decide whether to conduct an assessment.

7. While the decision to assess, or the actual assessment period is ongoing, the institution should enrol the student as an adult learner funded by the SFA. If the learner subsequently goes on to receive an EHC plan, the institution should make a change to the individual learner record (ILR) to indicate that the student is to be funded by a combination of place funding from EFA and top-up funding from the local authority.

Students aged over 25

8. For students with SEND over the age of 25, the SFA assumes the responsibility for commissioning provision, even when the support costs exceed £6,000.

9. A local authority must keep the ongoing need for an EHC plan under review. For those students that are in receipt of an EHC plan, this normally ceases when a student turns 25, although local authorities have a power to extend an EHC plan until the end of the academic year in which the student turns 25. If a local authority decides to extend the EHC plan until the end of the academic year, they remain an EFA-funded student and the local authority must continue to provide top-up funding to the institution until that time.

10. If the local authority decides not to extend the EHC plan to the end of the academic year, then it is for the SFA and the local authority to discuss the transition arrangements for the young person. Place funding will already have been passed to the institution by the EFA for the full academic year as part of their allocation and will not be clawed back because place funding is not associated with individual students.

11. The local authority must liaise with the SFA before they commission a programme for a student that is likely to continue beyond the academic year in which the student turns 25 as the commissioning and funding will transfer to the SFA.

Welsh students studying in English FE colleges

12. The Welsh government may consider paying top-up funding for high needs learners from Wales studying in English FE colleges. The institution should assess the needs of the student and then contact the Welsh government to discuss payment of top-

up funding. Place funding (elements 1 and 2) will be funded in the usual way direct by EFA to colleges.

13. Institutions are not expected to recruit learners from outside their normal recruitment area and should note that the Welsh government may decide not to make top-up payments for a learner at an English institution where suitable alternative provision is available nearer to their home.

Welsh pupils with high needs studying in English schools

14. English and Welsh local authorities continue to have a statutory basis for the recoupment of the costs of certain pupils with high needs who are attending schools across the border from where they live. The [Inter-authority Recoupment \(England\) Regulations 2013](#) enable local authorities to recover the costs of pupils with statements of SEN or EHC plans, pupils in special schools, and pupils in hospital education.

15. There are no equivalent statutory arrangements for pupils or students from other countries in the UK or elsewhere, and local authorities and institutions are able to negotiate the recovery of costs as they consider appropriate, taking account of other relevant legislation (e.g. the Equalities Act).

Annex 2: Special schools minimum funding guarantee

1. The minimum funding guarantee (MFG) for special schools will continue to be set at minus 1.5% of overall funding, assuming that the number and type of places remains the same between 2015 to 2016 and 2016 to 2017. It also assumes that all pupils in the school are placed by the home authority and that all top up rates received by the school are those set by the home authority.

2. The worked example below shows how the MFG is calculated for a 90-place special school, which in 2015 to 2016 comprised of 30 places each of three different bands.

Top up rates for 2015 to 2016	Band 1 £3,000	Band 2 £4,000	Band 3 £5,000
Funding for 2015 to 2016:			
Place funding: 90 x £10,000	£900,000		
Top-up Band 1: 30 x £3,000	£90,000		
Top-up Band 2: 30 x £4,000	£120,000		
Top-up Band 3: 30 x £5,000	£150,000		
Total Funding for 2015 to 2016	£1,260,000	A	
MFG level for 2016 to 2017 (A x 98.5%)	£1,241,100		
Top up rates for 2016 to 2017	Band 1 £2,500	Band 2 £4,100	Band 3 £4,900
Change from 2015 to 2016 level	-16.7%	+2.5%	-2.0%
Funding for 2016 to 2017:			
Places: 90 x £10,000	£900,000		
Top-up band 1: 30 x £2,500	£75,000		
Top-up band 2: 30 x £4,100	£123,000		
Top-up band 3: 30 x £4,900	£147,000		
Total Funding for 2016 to 2017	1,245,000		

Annex 2 - Table 1 Minimum funding guarantee in a special school

3. In this case, two of the three top up rates have reduced by more than 1.5%, and the third has increased by 2.5%. Overall, though, the funding for the school would remain above the MFG level if the number and types of places remained the same.

4. When calculating protection, local authorities should make sure that they are comparing like with like. Adjustments can be made for changes in the nature of the provision, for example, if previous top-up rates included an element for a service which is no longer provided by the school, the value of that element can be discounted when calculating the MFG protected level.

5. Where a local reorganisation takes place and there are changes to bandings, the 2015 to 2016 pupil numbers and types for each school should be attributed as far as possible to the new bandings in order to assess whether any special school/academy loses more than 1.5% in 2016 to 2017. If the MFG is breached, authorities may wish to consider applying for an exemption to the MFG using the disapplication request form. Any such request will be expected to have the agreement of schools forum and the schools concerned.

6. Disapplications may also be sought where it is impracticable to compare the top-up funding rates between the two years, for example, where a group of local authorities is negotiating a set of common top-up funding tariffs.

7. Local authorities which are not the “home” authority do not need to consider the MFG for schools which are not maintained by them (or academies which were not formerly maintained by them). We are aware, though, that local authorities in a region often agree to use the maintaining authority’s rates for cross border placements, which is helpful as it gives added protection to special schools and academies.



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