



Education & Skills  
Funding Agency

# High needs funding 2018 to 2019

Operational guide

January 2018

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## Purpose

1. This guide describes how the 2018 to 2019 high needs funding system will work for all types of provision. It's primarily for local authorities and institutions, but will also be useful to anyone with an interest in high needs funding.

## Introduction

2. This guide helps local authorities to plan the local implementation of the high needs funding system for the 2018 to 2019 financial year. It explains how the high needs funding system operates for local authorities and a number of different institution types, including pre-16 alternative provision (AP). Local authorities can use this guide to progress their budget planning and consultations over the autumn term and beyond.

3. High needs funding is provided to local authorities through the high needs block of the dedicated schools grant (DSG), and local authorities must spend that funding in line with the associated conditions of grant, and [School and Early Years Finance \(England\) Regulations](#). High needs funding is also provided directly to some institutions by the Education and Skills Funding Agency (ESFA).

4. The high needs funding system supports provision for children and young people with special educational needs and disabilities (SEND) from their early years to age 25, enabling both local authorities and providers to meet their statutory duties under the [Children and Families Act 2014](#). High needs funding is also intended to support good quality AP for pre-16 pupils who cannot receive education in schools.

5. 2018 to 2019 is significant because of the introduction of national funding formulae for schools, high needs and central school services. The [final national funding formulae for 2018 to 2019 and 2019 to 2020](#) have been confirmed, alongside the [analysis of responses](#) to the national funding formulae consultations and government's conclusions. These formulae will be used to calculate the blocks within the DSG that are allocated to local authorities and will sit alongside the early years national funding formula which was introduced in 2017 to 2018.

6. The government has confirmed that there will be an additional £1.3 billion for schools and high needs across 2018 to 2019 and 2019 to 2020, in addition to the schools budget set at the 2015 Spending Review. This will mean that, in 2018 to 2019, all local authorities will receive some increase over the amount they have planned to spend on schools and high needs from their DSG in 2017 to 2018. These increases are reflected in the published allocations.

7. Local authorities should use their high needs budget to provide the most appropriate support package and setting for an individual with SEND, taking account of parental and student choice. The Children and Families Act 2014 extended local authorities' statutory duties relating to SEND across the 0 to 25 age range.

8. Institutions also have duties under the Act, in particular a duty to cooperate with the local authority on arrangements for children and young people with SEND.

Institutions that are covered by these duties include:

- maintained nursery schools
- maintained schools and academies (including free schools)
- non-maintained special schools
- further education (FE) colleges, sixth-form colleges and independent learning providers (ILPs, previously known as charitable and commercial providers (CCPs))
- independent special schools and special post-16 institutions (SPIs) on the [approved list](#) under section 41 of the Act

9. Where one of these institutions is named in a child or young person's education, health and care (EHC) plan, the local authority must secure a place at the institution, which is under a statutory duty to admit the child or young person.

10. It's important that local authorities and institutions collaborate on all aspects of high needs funding to:

- keep their provision and costs under review
- develop more efficient ways of working
- provide better outcomes for children and young people

11. Funding arrangements for students with SEND who are aged 19 to 25 without an EHC plan or students who are over the age of 25 are not included in this guide. Links to the funding arrangements for these students are at [annex 2](#).

12. Local authority level allocations for 2018 to 2019 for the schools, central school services and high needs blocks have been [published](#). Final [DSG allocations](#) are also now available.

## Changes in 2018 to 2019

13. This section sets out some significant changes to the 2018 to 2019 high needs funding system, although the underpinning operational processes and principles remain largely unchanged from 2017 to 2018.

14. Changes to the high needs funding arrangements are in the context of a number of significant changes to the overall funding system this year:

14.1. The central school services block (CSSB) has been created. Local authorities will be allocated funding for central school services through the new CSSB. This will comprise funding for on-going responsibilities and a cash sum for historic commitments. The DSG therefore now comprises four blocks: schools, high needs, early years and the new CSSB.

14.2. Each of the four blocks of the DSG will be determined by a separate national funding formula. National funding formulae will determine local authorities' schools, high needs and central school services blocks for the first time in 2018 to 2019. Funding for early years has been allocated through a national funding formula since 2017 to 2018.

14.3. Baselines have been adjusted to take account of local authorities' most recent spending patterns. We've undertaken an exercise with local authorities to 're-baseline' the blocks of the DSG for each local authority. This has enabled us to make sure both that the totals distributed through the schools, high needs and central school services formulae reflect the pattern of 2017 to 2018 planned spending by local authorities from their overall DSG allocation. It's also enabled us to ensure that local authorities are protected against what they planned to spend in 2017 to 2018 on each block. In August, we published a [summary of local authorities' 2017 to 2018 baselines](#) for the schools, high needs and central school services blocks of the DSG.

15. For more information about overall schools and high needs funding, read the [oral statement](#) from the Secretary of State for Education and [policy document](#). As noted above, for 2018 to 2019, the government has confirmed that the allocations of high needs funding to local authorities will be calculated under a national funding formula. The details of this formula and allocations are explained in a series of [documents](#) published on GOV.UK. This includes a detailed explanation of the calculation for each local authority and a technical note that provides further information, including the data sets used for each element of the formula.

16. For 2018 to 2019, every local authority will receive an increase of at least 0.5% per head of 2-18 population to the amount of its DSG that it has planned to spend on high needs in 2017 to 2018, subject to the following adjustments:

- 16.1. A baseline adjustment has been made to reflect a change in the funding of special units and resourced provision in mainstream schools from April 2018, as announced in the response to the first stage of consultation on a high needs national funding formula. The adjustment is cost neutral in terms of the DSG allocation to each local authority, but involves transferring £91 million from the high needs block to the schools block. The technical note explaining the detail of the schools national funding formula provides further information on how this transfer has been determined. The local implementation of this change to the funding of special units and resourced provision is explained at paragraphs 18 and 19, and 83 to 89.
  - 16.2. An adjustment will be made to reflect changes between the 2016 to 2017 and 2017 to 2018 academic years in the number of pupils in maintained special schools and special academies. Changes in the number of pupils and students in non-maintained special schools (NMSSs) and special post-16 institutions (SPIs) will affect the amounts retained by ESFA. The basic entitlement factor in the high needs national funding formula generates £4,000 in respect of each pupil or student in these types of specialist provision, so if the total number in a local authority changes, this will affect the amount of funding in their high needs block allocation. These adjustments were confirmed as part of the DSG announcement in December 2017, and reflect the latest pupil number data collected in the October 2017 school census.
  - 16.3. Similarly, an import export adjustment of £6,000 per pupil or student in the high needs national funding formula will be made. This adjustment is to reflect any changes either in the placement by a local authority of pupils and students in schools and colleges located in other local authority areas (exports), or in the funding required by schools and colleges accepting pupils and students resident in other local authority areas (imports). Further information about this adjustment, which will be made on the basis of school census and individualised learner record (ILR) data collected in early 2018, is available in paragraphs 23 to 26 below, and in the technical note: high needs national funding formula 2018 to 2019 and 2019 to 2020 allocations.
  - 16.4. As in previous years, there will be further adjustments to the amounts of DSG that local authorities actually receive to take account of the funding for places in academies and colleges that is deducted from local authority allocations and paid directly by ESFA.
17. Further adjustments may be necessary to reflect other changes, such as when a NMSS becomes a special academy or a further education (FE) college merges with another college in a neighbouring local authority area. Adjustments as a result of such

local changes may need to be made outside the normal formula distribution and allocation arrangements, depending on the timing of the changes.

18. From 2018 to 2019, pre-16 place funding rates at SEN units and resourced provision in mainstream schools will change. The 2018 to 2019 school's budget share is determined on the basis of the total number of pupils on the roll of the school with sole and dual main enrolment status, including those in resourced provision and special units, with no deduction made as in previous years. Places occupied by pupils on the roll of the school at the time of the school census return are funded at £6,000 per place. The £6,000 funding rate for places occupied by these pupils reflects the per pupil funding that they attract through the schools formula. Where a place isn't occupied by a pupil who is recorded with sole or dual (main) enrolment status in the school census, the place rate is £10,000.

19. For mainstream academies and free schools with SEN units or resourced provision, ESFA will use high needs information provided via the authority proforma tool to determine the place rate.

20. The schools block will be ring-fenced from 2018 to 2019, but local authorities will retain limited flexibility to transfer up to 0.5% of their schools block funding to another block, such as high needs, with the approval of their schools forum. To make such a transfer, local authorities need to carry out a consultation with all local maintained schools and academies. The schools forum should take into account the views of the schools responding before giving their approval. Local authorities making a disapplication request should have submitted proposals by 30 November 2017. Disapplication requests to the Secretary of State are required where:

- the authority wishes to move more than 0.5% of the schools block (supported by local consultation and schools forum)
- the schools forum has turned down a proposal from the authority to move funding out of the schools block, but the authority nevertheless wishes to proceed with the transfer

21. More information on the disapplication process and the evidence we expect the schools forum to review and consider is set out in the [schools revenue funding 2018 to 2019 operational guide](#). Any local authority considering a transfer of funding out of the high needs funding block should ensure adequate consultation, both with the relevant representatives on the schools forum (including any relevant sub-groups), and with any providers likely to be affected by the transfer.

22. From April 2018 high needs funding will no longer be allocated locally on the statutory basis of needs assessments that lead to statements of SEN. All local authorities are under a statutory duty to complete transfer reviews of statements of SEN by 31 March 2018. It's important that all local authorities meet this deadline, and achieve it in a

way that ensures good quality assessments are undertaken and high quality plans are in place. Any statement for which a transfer review has not been completed by 31 March 2018 will remain in force from 1 April 2018, until a transfer review has been completed and a decision is made about future provision. This ensures that children who have statements, for which a review has not been completed by 31 March 2018, don't lose support.

## **Funding pupils and students from other local authorities**

23. Apart from the basic entitlement factor (which reflects the number of children in special school places situated within a local authority, regardless of where the child lives), the high needs national funding formula is designed to fund local authorities to meet the needs of children and young people who live in their area. The population and other proxy factors in the funding formula all use data inputs relating to the resident population rather than where they go to school or college.

24. Because of the high needs funding system, with core funding for institutions and top-up funding relating to individual pupils and students, local authorities face higher costs if they attract more pupils and students with high needs who live outside the local authority area into the school and college places that they fund (known as 'imports'). Conversely, authorities that 'export' pupils and students to other local authority places face lower costs.

25. The [import and export adjustment](#) in the high needs funding formula ensures the funding system reflects these differences in costs. It uses school census and ILR data on pupils and students who attract top-up funding. The calculation makes a comparison of the numbers occupying places in schools and colleges in the authority area, for which the local authority bears the cost of the places or core funding, and those for whom the authority pays top-up funding wherever they receive their education. Where those two numbers are in balance the costs are neutral and therefore no adjustment is required to the funding through the formula. Where there are more imports than exports, or vice versa, a positive or negative adjustment is made, using a unit value of £6,000. This represents the cost of the place funding less the basic entitlement in special schools, or the equivalent in mainstream schools and post-16 institutions.

26. Accurate recording of the relevant information in the school census and ILR will be important to give local authorities confidence that their adjustment is being correctly calculated. The amount of the adjustment included in the high needs allocations published in September 2017 is based on the January 2017 school census and the 2016 to 2017 ILR data collected in January and February 2017 (R06). Local authorities can see the overall numbers, as they could when we published illustrative allocations in December 2016 for the consultation. The import/export data was provided to local authorities in autumn 2017 so they can see the numbers that individual schools and colleges have provided. This will enable a discussion between local authorities and

institutions about the numbers, and the basis for a mutually agreed number at the next school census or ILR data collection.

## Changes to 2018 to 2019 high needs place numbers

27. Dialogue between local authorities and institutions is an important part of the preparations for academic year 2018 to 2019 allocations of high needs place funding to institutions. Local authorities should consult with their maintained schools, local academies and FE institutions, and discuss both current numbers of places being taken up, and the number of places required in future. ESFA ask authorities to provide information about the number of high needs places in academies and FE institutions to be funded in the following academic year.

28. Although ESFA ask the local authority in whose area the academy or FE institution is located to make the return, it's important that the place numbers include places commissioned by other local authorities. The import and export adjustments are explained in greater detail in the section '[Funding pupils and students from other local authorities](#)'. This adjustment will reflect the funding distribution in those local authorities where the academies and FE institutions in their area have a significant number of pupils or students who live in other local authority areas. Communication with the other authorities to confirm the number of places they intend to use is therefore crucial.

29. In the case of AP, local schools' commissioning activity and plans should also be considered. It is important to note, however, that neither the basic entitlement factor nor the import and export adjustment in the high needs national funding formula uses data from pupil referral units, AP academies or other forms of AP. As explained in the [schools revenue funding 2018 to 2019 operational guide](#), it remains possible for local authorities to transfer funding to other authorities in respect of excluded pupils who are placed outside the area.

30. Place numbers should reflect both recent commissioning activity and strategic planning to secure suitable SEND provision and AP in line with local authorities' and schools' statutory responsibilities.

31. ESFA have published the [high needs place change notification guidance](#) explaining the process for notifying ESFA of changes to high needs and hospital education place numbers in 2018 to 2019. Local authorities and institutions will be able to raise questions on the outcomes of this process during the 2 week 'enquiry window' in late January.

32. The [high needs place change guidance](#) also includes information for local authorities [changing hospital provision](#) for which they provide associated education. It sets out the process for notifying ESFA of the changes, and the criteria for consideration of any consequent changes in funding.

33. Under the School and Early Years Finance (England) Regulations 2017, local authorities have flexibility to make changes to the number of pre-16 places funded in maintained schools and PRUs. We don't intend to change this for 2018 to 2019.

Flexibility to determine 2018 to 2019 post-16 place numbers in maintained schools and PRUs with mainstream sixth forms at local authority level will also continue.

34. If a local authority maintained school converts to an academy, place numbers must be notified to the department's project lead before the school converts.

35. As in 2017 to 2018, ESFA contact special free schools and AP free schools in October 2017 with details on how to confirm their 2018 to 2019 high needs place numbers. Evidence to support changes in place numbers may be required, and we recommend that schools engage early with authorities commissioning places.

36. 2018 to 2019 place funding allocations for non-maintained special schools and special post-16 institutions will continue to be based on the latest available data.

# What you need to do for 2018 to 2019

## Local authorities

37. Local authorities need to:

- note the [2018 to 2019 schools funding operational guidance](#)
- note [2017 to 2018 DSG Baselines and adjustments](#) which feed into [2018 to 2019 DSG allocations](#)
- note the [national funding formulae for 2018 to 2019 and 2019 to 2020](#) alongside the [responses to the national funding formulae consultations](#) published in September 2017
- for maintained schools and PRUs due to convert to an academy, notify DfE project lead of high needs place numbers, used as the basis for an academy's funding, before the academy order is granted
- ensure collaboration and consultation with all institutions making provision for children and young people with high needs, as well as with parent groups and other interested parties, to keep the local offer of special provision under review and to plan ahead
- ensure proposals to transfer funding into or out of the high needs funding block are discussed with the schools forum and any relevant sub-groups
- note the 30 November deadline for any disapplication request to the Secretary of State relating to transfers from the schools block. In exceptional situations, and where there is significant change, local authorities will be allowed to amend disapplication requests already submitted. New disapplication requests will only be considered in exceptional circumstances. Such requests would need to be submitted by 19 January 2018 at the latest
- liaise with academies, mainstream free schools, studio schools and university technology colleges (UTCs), FE institutions and ILPs in relation to the 2018 to 2019 high needs place change notification return
  - discussions should seek to clarify the total place number which will meet the needs of all commissioning local authorities and an assurance that the data submitted by the institution reflects the current agreed commissioning position across all local authorities
  - the return requires sign-off by Director of Children's Services, by 17 November 2017

- to support the discussions referred to in the previous paragraph, commissioning local authorities must ensure that neighbouring authorities are informed of any required changes in place numbers within the institutions located in their area and this should happen in good time so that these changes can be reflected in the relevant local authority's place change notification return
- note the 17 November 2017 deadline to submit information about any change in hospital provision that requires a change in hospital education funding, including supporting evidence
- raise queries on the published outcomes of the place change process during the 2 week 'enquiry window'
- submit the 2018 to 2019 authority proforma tool (APT) to ESFA by 19 January 2018

## Maintained schools, academies and free schools

38. All maintained schools, academies and free schools need to:

- return timely and accurate data within your autumn 2017 and spring 2018 school census returns
- record those pupils for whom the school receives top-up funding in line with the [census guidance](#), and note other school census fields that are, or will be, used for funding purposes, including elements of the national funding formula (it's critical that schools check the latest guidance to make sure that they understand what is required)
- maintained schools and pupil referral units (PRUs) that are intending to become academies need to notify their DfE project lead of their high needs place numbers, used as the basis for their funding allocation, before the academy order is granted
- academies, mainstream free schools, studio schools and UTCs need to liaise with their home local authority in relation to 2018 to 2019 funded high needs place numbers
- the [place change outcomes](#) have been published; local authorities and institutions can raise queries with ESFA during a 2 week enquiry window; the [2018 to 2019 place change notification: technical note](#) (para 49 to 52) provides more information on the enquiry window
- special free schools and alternative provision (AP) free schools need to provide information on their 2018 to 2019 high needs place numbers by 17 November 2017

- check your 2018 to 2019 allocation has been received and is correct by March 2018

## Non-maintained special schools

39. Non-maintained special schools need to:

- complete timely and accurate school census returns in October 2017 and January 2018, including identifying those pupils for whom the school receives top-up funding and making sure the [census guidance](#) is followed on all items that are used, or will be used, for funding purposes, including elements of the national funding formula; it's critical that schools check the latest guidance to make sure that they understand what is required
- check your 2018 to 2019 allocation has been received and is correct by March 2018

## Post-16 institutions

40. Post-16 institutions need to:

- complete the individualised learner record (ILR) data returns as required by the [ILR specification validation rules 2017 to 2018](#) including identifying those students for whom the institution receives top-up funding and making sure the ILR guidance is followed on all items that are used, or will be used, for funding purposes, including elements of the national funding formula (it's critical that institutions check the latest guidance to make sure that they understand what is required)
- FE institutions and ILPs need to liaise with their 'home' local authority in relation to 2018 to 2019 funded high needs places.
- the [place change outcomes](#) have been published; local authorities and institutions can raise queries with ESFA during a 2 week enquiry window; the [2018 to 2019 place change notification: technical note](#) (para 49 to 52) provides more information on the enquiry window
- check your 2018 to 2019 allocation has been received and is correct by March 2018

## Timeline

41. The timeline for implementation of the 2018 to 2019 high needs funding arrangements is shown below.

Date	DfE and ESFA	Local authorities and institutions
August 2017	High level overview of 2018 to 2019 high needs funding arrangements were issued with 2017 to 2018 DSG baselines, including <a href="#">adjustments for 2018 to 2019</a> .	
September 2017	<a href="#">Government response to national funding formula consultation</a> issued alongside information about <a href="#">2018 to 2019 local authority level DSG allocations</a> for schools, central school services and high needs blocks	
September 2017	High needs funding operational guide for 2018 to 2019 issued to local authorities and institutions (this document)	Local authorities and institutions to begin discussions and seek agreement on 2018 to 2019 high needs place numbers in preparation for return to ESFA by 17 November 2016
September 2017	<a href="#">Section 251 budget data for 2017 to 2018 published</a>	
Early October 2017	<a href="#">2018 to 2019 high needs place change notification technical note</a> published and workbook issued to local authorities  January 2017 school census and 2016 to 2017 ILR data published  2017 to 2018 high needs place allocations to institutions updated (as at 1 September 2017)	
October 2017		All schools, including academies, NMSS and PRUs to complete autumn 2017 school census

Date	DfE and ESFA	Local authorities and institutions
		FE institutions, ILPs and SPIs to complete 2017 to 2018 ILR R14
Mid October 2017	Notify special free schools and AP free schools of process to submit 2017 to 2018 place changes	
17 November 2017		Deadline for local authority submission of 2018 to 2019 high needs place number changes to ESFA
17 November 2017		Deadline for special and AP free school submission of 2018 to 2019 high needs place number changes to ESFA
30 November 2017		Deadline for requests to disapply The School and Early Years Finance (England) Regulations relating to movement of funding outside of the schools block
December 2017		FE institutions, ILPs and SPIs institutions to complete 2017 to 2018 ILR R04.
December 2017	Publication of <a href="#">DSG schools, central and high needs block allocations for 2018 to 2019</a> . Publication of provisional early years block allocations	
January 2018	2018 to 2019 high needs place change notification outcomes published on GOV.UK, including a 2 week 'enquiry window' for local authorities and institutions to discuss significant issues	

Date	DfE and ESFA	Local authorities and institutions
January 2018		All schools, including academies, NMSS and PRUs to complete Spring 2018 school census
19 January 2018		Deadline for submission of final 2018 to 2019 APT to ESFA. Includes notification of funding amounts for pre-16 places in resourced provision and SEN units
February 2018		FE institutions, ILPs and SPIs to complete 2017 to 2018 ILR R06.
31 March 2018		2018 to 2019 budgets issued to maintained mainstream schools, special schools and PRUs by 31 March
31 March 2018		Statutory deadline for statements of SEN to be reviewed and replaced with education, health and care (EHC) plans
March 2018	2018 to 2019 high needs allocations issued to FE institutions, free schools, academies, NMSS, SPIs and ILPs	
March 2018	2018 to 2019 DSG update, to reflect import and export adjustments to the high needs funding formula and the outcome of the 2018 to 2019 place change notification process and consequent updated academies recoupment and high needs place deductions (DSG allocations updated termly for in-year academy conversions)	
March 2018	Publication of 2018 to 2019 high needs place numbers at institution level	

<b>Date</b>	<b>DfE and ESFA</b>	<b>Local authorities and institutions</b>
June 2018	Further 2018 to 2019 DSG updates to reflect final institution level allocation decisions and import and export adjustments	FE institutions, ILPs and SPIs to complete 2017 to 2018 ILR R10.

## How high needs funding works

### Definition of a high needs pupil or student

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

- children aged 0 to 5 with SEND whom the local authority decides to support from its high needs budget; some of these children may have EHC plans, but this isn't a requirement
- pupils aged 5 to 18 (inclusive of students who turn 19 on or after 31 August in the academic year in which they study) with high levels of SEND in maintained schools, academies, FE institutions, ILPs, SPIs or other settings which receive top-up funding from the high needs budget; most, but not all, of these pupils will have EHC plans
- students aged 19 to 25 in FE institutions, ILPs and SPIs who have an EHC plan and require additional support costing over £6,000; if aged 19 to 25 without an EHC assessment or plan, local authorities must not use their high needs budgets to fund these students (see annex 2 for further information)
- compulsory school-age pupils placed in AP by local authorities or schools
- children and young people who are unable to attend school due to medical reasons

### High needs funding: local authorities

43. ESFA makes an allocation to local authorities for high needs as part of the dedicated schools grant (DSG). The high needs block isn't separately ring-fenced within a local authority's DSG. This means that local authorities can decide to spend more or less of the total funding than they have been allocated for high needs, although there are restrictions on how much funding can be moved from the schools and early years funding blocks that may limit how much local authorities can add to their high needs budget (see paragraph 20).

44. Local authorities decide how much to set aside in their high needs budget for the place and top-up funding given to institutions. For some institutions, such as academies and FE institutions, place funding is included in local authorities' initial DSG allocation and then deducted by ESFA so that it can pay the funding direct.

45. Local authorities also use their high needs budget to pay for central services relating to SEND and AP, as permitted by the regulations.

46. There may be instances where aspects of high needs provision are not allocated through place funding. For instance, specialist teachers directly employed by a local authority to provide 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 these 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.

47. The introduction of a national funding formula, with increases for the under-funded local authorities and the protection of the funding floor, will direct high needs funding towards the areas where it's most needed, while providing necessary stability. However, we recognise that local authorities will need to keep their high needs spending under review, to ensure they continue to support children and young people within the budgets available, and identify more efficient ways of promoting excellence.

48. Local authorities, as well as schools and other education providers, have important responsibilities for children and young people with SEN and disabilities, set by the Children and Families Act 2014, and for those who need alternative provision. These responsibilities are discharged more effectively when there is a strong partnership between the local authority and education providers, and a shared understanding of where different types of need are best met. This must be reflected in the published local offer of SEN provision and services. The Children and Families Act 2014 requires local authorities to keep the provision for children and young people with SEN and disabilities under review (including its sufficiency), working with parents, young people, and providers. Information on [strategic planning for high needs](#) is available online. This includes a benchmarking tool, updated in October 2017 with the latest published data.

## How the high needs funding system works

49. The high needs funding system has two main components: core funding and top-up funding.

### Core funding

50. This is allocated to institutions in a number of ways, including:

- mainstream school and academy budgets, derived from the DSG schools block and the pre-16 local funding formulae
- funding allocated to post-16 providers, including mainstream schools and academies, and FE institutions, ILPs and SPIs, through the 16 to 19 national funding formula (sometimes called element 1) alongside place funding of £6,000 (sometimes called element 2 in post-16 settings)
- £10,000 per place, depending on the institution and place type (see the table at paragraph 54 below), which is drawn from the high needs block

51. The core funding is paid either by local authorities (for maintained schools and PRUs) or by ESFA.

### Top-up funding

52. This is allocated by local authorities to institutions from their high needs budgets and is sometimes known as element 3. Top-up funding is paid from the high needs budget of the local authority in which the pupil or student is resident or to which they belong. If the cost of providing for a pupil with high needs is more than allocated through the core or place funding, the local authority will allocate the institution this additional top-up funding to enable a pupil or student with high needs to participate in education and learning.

53. Local authorities should work with providers in their area (particularly mainstream schools and academies, early years settings and further education institutions) to ensure there are clear processes for allocating top-up funding. Although many pupils and students receiving high needs funding will have EHC plans, local authorities have the flexibility to provide high needs funding outside the statutory assessment process for all children and young people with high needs up to the age of 19. The statutory assessment process is therefore not the sole means of securing additional support for children and young people with SEND. This doesn't replace the statutory right for institutions, parents or young people to request an EHC assessment, but should provide local authorities with greater flexibility in meeting the costs of additional support for those

with high needs incurred by institutions. Information about these processes should be published, for example in the local offer of SEND services and provision.

## Core funding and top-up funding by institution

54. The following table sets out how high needs provision is funded in different types of provider for both pre and post-16 students for the 2018 to 2019 academic year.

	Pre-16	Pre-16	Post-16	Post-16
Type of provision	Core funding	Top up funding (real time)	Core funding	Top up funding (real time)
Mainstream schools, mainstream academies and mainstream free schools	Included within the per-pupil funding through the local schools funding formula.  The first £6,000 of additional support costs is delegated within school budget and academy grant derived from local schools funding formula	Agreed per-pupil top up paid by commissioning local authority	Element 1 (based on 16 to 19 national funding formula) plus element 2 (£6,000) based on the number of places to be funded	Agreed per-pupil top-up paid by commissioning local authority
SEN units and resourced provision in mainstream schools, academies and free schools	A combination of per-pupil funding through the local schools funding formula, plus £6,000 per place for those occupied by pupils on roll, and £10,000 per place for	Agreed per-pupil top-up paid by commissioning local authority	Element 1 (based on 16 to 19 national funding formula) plus element 2 (£6,000) based on number of places to be funded	Agreed per-pupil top-up paid by commissioning local authority

	<b>Pre-16</b>	<b>Pre-16</b>	<b>Post-16</b>	<b>Post-16</b>
	the remainder of places to be funded			
Maintained special schools, special academies, special free schools, and non-maintained special schools	£10,000 per place based on number of places to be funded	Agreed perpupil top-up paid by commissioning local authority	£10,000 per place based on number of places to be funded	Agreed perpupil top-up paid by commissioning local authority
Nursery schools	Per pupil funding through the early years funding formula. The place funding system doesn't operate in 0 to 5 year only settings	Agreed per pupil funding paid by commissioning local authority	N/A	N/A
Independent schools	Place funding system doesn't operate in independent schools	Agreed perpupil funding paid by commissioning local authority	Place funding system doesn't operate in independent schools	Agreed perpupil funding paid by commissioning local authority
Maintained pupil referral units, AP academies and AP free schools	£10,000 per place based on number of places to be funded	Agreed perpupil top-up paid by commissioning school or local authority	Element 1 (based on 16 to 19 national funding formula) plus element 2 (£6,000) based on number of	Agreed perpupil top-up paid by commissioning local authority

	<b>Pre-16</b>	<b>Pre-16</b>	<b>Post-16</b>	<b>Post-16</b>
			places to be funded	
FE institutions, special post 16 institutions and ILPs	N/A	N/A	Element 1 (based on 16 to 19 national funding formula) plus element 2 (£6,000) based on number of places to be funded	Agreed perpupil top-up paid by commissioning local authority

## High needs place funding

55. Place funding is allocated to an institution and includes the funding pupils and students attract for their core education and also provides a contribution to the additional costs associated with a support package. High needs places are typically funded at £10,000 per year in pre-16 settings, although this amount varies depending on the type of institution. Local authorities may, with the agreement of the relevant members of their schools forum, retain part of the place funding of maintained special schools and pupil referral units to fund central services (which previously would have been included within the general duties element of the education services grant).

56. Place funding should broadly reflect both local authorities' recent commissioning activity and strategic planning to secure suitable special educational needs and disabilities (SEND) provision and alternative provision (AP) is in line with their statutory responsibilities. In determining the number of funded places, local authorities should consider all high needs providers in their area and take account not only of their own commissioning decisions but also the commissioning decisions of other local authorities. In the case of AP, local schools' commissioning activity and plans should also be considered.

57. An institution will be allocated place funding based on the total number of high needs places, irrespective of where the pupil resides. For funding purposes, once place funding is allocated to an institution, it's not associated with or reserved for a specific local authority or individual pupil or student. It's for the institution to decide how best to apportion their total allocated place funding across the actual number of places commissioned by local authorities, taking into account the provision and support that may be specified in the individual pupils' or students' EHC plans.

58. Place funding isn't withdrawn if an individual doesn't occupy the expected place. It provides institutions with a guaranteed budget for the year and gives them a degree of financial stability. A local authority may not seek to recover funding for places which it perceives as being unused from the previous or current academic year. Similarly, local authorities shouldn't automatically be charged an extra £6,000 or £10,000 per head if an institution which has filled all funded places (irrespective of which local authority has filled them). See the section on how place funding and top-up funding work together at paragraphs 70 to 73 for further information.

## Arrangements for top-up funding

59. The guidance in the following paragraphs focuses on top up funding for pupils and students with SEND. There are some differences in top-up arrangements for pre-16 alternative provision, and further information can be found in the [alternative provision additional guidance 2016 to 2017](#). Most of that guidance remains relevant but we're planning to update this guidance for 2018 to 2019 in due course.

60. Top-up funding is the funding required over and above the core funding an institution receives, to enable a pupil or student with high needs to participate in education and learning. This is paid by the local authority which places the pupil or student and should mainly reflect the additional support costs an institution incurs relating to the individual pupil or student's needs. Top-up funding can also reflect costs that relate to the facilities required to support a pupil's or student's education and training needs (either for individuals or an offer to all), and can take into account expected place occupancy levels and other factors. See the section on how place funding and top up funding work together at paragraphs 70 to 73 for more information.

61. Local authorities should work with schools, academies, free schools, independent and NMSS, further education institutions, ILPs and SPIs where they have high needs students, to ensure there are clear processes for determining and allocating top-up funding. In order to promote greater transparency, we encourage local authorities to publish information about their top-up funding arrangements, for example in their local offer of SEND services and provision. Local authorities should publish information about how the funding levels are set for different types of institution, including any banding or top-up funding values and information about their processes for accessing top-up funding and administrative practices, including timescales, review requirements, and named points of contact.

62. 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), agreement needs to be reached with the institution on the level of top-up funding required. Local authorities shouldn't automatically be charged an extra £6,000 or £10,000 per head if it's agreed that the institution can provide the support package for additional pupils and students at marginal additional cost. 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.

63. In all instances, a high needs pupil or student's placement must be commissioned by a local authority and an agreement must be in place between the two parties that includes the amount of top-up funding to be paid. Further information is provided in paragraphs 66 to 69.

64. If the local authority doesn't agree a placement and top-up funding isn't agreed, these pupils and students shouldn't be counted as having high needs for funding

purposes and shouldn't be recorded on the school census or ILR as a pupil or student with high needs. 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.

65. Although many of the pupils and students receiving high needs funding will have EHC plans, local authorities have the flexibility to provide high needs funding outside the statutory assessment process for all children and young people with high needs up to the age of 19.

## **Administration of top-up funding**

66. Where the local authority makes a high needs placement, it must issue the institution with an agreement confirming the financial support to be provided, funding rates and payment schedules. This should be done before the pupil or student takes up their place, or as soon as reasonably practicable thereafter.

67. 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 agreements for high needs pupils and students across all institutions.

68. 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). Institutions should contact ESFA where there are problems reaching agreement or receiving timely payments. ESFA will examine cases and consider remedial action where there is clear evidence that a local authority isn't meeting the required conditions of grant.

69. 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. The following timescales mean that we would expect local authorities and institutions to have appropriate funding agreements in place for the majority of students, well before the start of the academic year:

- 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

- 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 (such as where 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

70. Once the total place funding is allocated to an institution, it's for the institution to decide how best to apportion this core funding, across the actual number of places commissioned by local authorities irrespective of the local authority in which a child resides, in line with the principles set out above in paragraphs 55 to 58.

71. Once it has been agreed to place a pupil or student in an institution, the commissioning local authority then agrees an amount of top-up funding for the individual pupil or student over and above the place funding to make up the full cost, bearing in mind the provision and support that may be specified in each individual pupil or student's EHC plan.

72. The rate of top-up funding may reflect a degree of under or over occupancy of place numbers. For example, an institution may have 30 high needs places for which it receives a total budget of £300,000 (30 x £10,000):

- 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 'surplus' funding arising from its five unfilled places. The nature of pre 16 AP and SEND provision in some institutions means that there may be empty places at some points in the year, such as where diagnosis after the beginning of the academic year leads to later identification and placement
- 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

73. 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 or student

## High needs funding arrangements: pre-16

### Early years providers

74. Local authorities are required to pass funding on to all early years providers delivering the free entitlements for children aged between 2 and 4, through the early years block. The 2017 to 2018 [early years national funding formula operational guidance](#) includes more information on how early years block funding is allocated and should be passed on to providers.

75. As set out in the early years operational guidance, two new measures were also introduced from 2017 to 2018:

- the settings of three and four year olds eligible for the disability access fund (DAF) (such as those in receipt of child disability living allowance and receiving [free early education](#)) will be entitled to receive a one-off payment of £615 per year. The DAF isn't based on an hourly rate and is an additional entitlement.
- all local authorities are required to establish an inclusion fund in their local funding systems for 3 and 4 year olds with SEN taking the free entitlement. This fund supports local authorities to work with providers to address the needs of individual children with SEN. This structure will also support local authorities to undertake their responsibilities to strategically commission SEN services as required under the Children and Families Act 2014. Local authorities should target the inclusion fund at children aged 3 to 4 with lower level or emerging SEN.

76. Children with more complex needs and those in receipt of an EHC Plan continue to be eligible to receive funding via the high needs block of the DSG.

77. In addition to the early years entitlement, local authorities can meet the costs of under 5s with high needs in different ways from their high needs budget. These may include SEN support provided directly as a central service for young children with high needs and early years providers. Place funding may also be used for early years provision, for example at special schools, supplemented by top-up funding for individual children.

### Mainstream schools

78. This section sets out pre-16 high needs funding arrangements in:

- mainstream schools, academies and free schools without specialist provision
- special units and resourced provision in mainstream schools, academies and free schools

## **Mainstream schools, academies and free schools without specialist provision**

79. Schools and academies should have sufficient funding in their delegated budget to enable them to support pupils' SEND where required up to the mandatory cost threshold of £6,000 per pupil. 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. They should reflect the needs of the individual, and the cost of meeting those needs.

80. Local authorities should 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 formula funding. They should define the circumstances in which additional funding will be provided from their high needs budget.

81. Similarly, additional funding may be provided where there are a disproportionate number of pupils with a particular type of SEND. 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's not possible to target additional funding to the school through factors in the school funding formula.

82. Local authorities should have a formula or other method, based on their experience of distributing additional funding to their schools and academies. This should be agreed with schools and described on the APT. In all cases the distribution methodology should be simple and transparent, and 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 SEND pupils or their characteristics.

## **Special units and resourced provision in mainstream schools, academies and free schools**

83. Pre-16 places at 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. Depending on the range and type of services on offer, it's also possible 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.

84. From 2018 to 2019, pre-16 places at special unit and resourced provision occupied by pupils recorded on the school census as sole or dual (main) will be funded at £6,000. Pupils in these places will also attract funding through the mainstream school formula.

85. Other places are funded at £10,000. This may apply where:

- the place is or will be occupied by a pupil registered on the roll of another school
- a place isn't occupied at the time of the school census count, but is likely to be filled, and requires funding
- spare capacity is required for another reason

86. ESFA will confirm the number of high needs places in mainstream academies and free schools to fund in 2018 to 2019 as part of the 2018 to 2019 place change notification process. Local authorities should provide variations in place numbers via this process in November 2017. The total number of places to be funded in maintained schools is decided at a local level.

87. Information collected via the APT will be used to determine the place funding rate for SEN units and resourced provision at mainstream academies and free schools (see paragraphs 18 and 19).

88. In the context of this change in funding, local authorities should consider the number of places and top-up rates for mainstream schools with SEN unit and resourced provision. In addition to previous levels of place funding, we suggest looking at how much funding will flow through the local schools formula and how much funding the school needs to sustain its special unit and resourced provision. If necessary, the total number of places should be increased or reduced accordingly, or the local authority could change the top-up funding rate for pupils in the unit. For example, if a school has a 25 place unit occupied by 20 pupils on the roll of the school who next year attract £3,000 each through the local formula, the school could face a shortfall of £20,000 compared to current funding. This could be made up by the local authority agreeing to increase by £1,000 the top-up funding for each pupil in the school.

89. Information on post-16 students at mainstream schools, academies and free schools is available at paragraphs 125 and 127.

## **Special schools**

90. This section sets out pre-16 high needs funding arrangements in:

- maintained special schools and academies
- special free schools
- non-maintained special schools
- independent special schools

## Maintained special schools and special academies

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

92. In 2018 to 2019 a special schools protection will continue, as in 2017 to 2018, but the maximum that a school can lose under this arrangement can be set by the local authority between 0.5% and -1.5% of the school's overall high needs funding, in line with the new flexibility for the minimum funding guarantee for mainstream schools. The calculation is based on the assumption that the number and type of places remains the same between 2017 to 2018 and 2018 to 2019. 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. See annex 1 for further information, including a worked example and how to apply for a disapplication.

## Special free schools

93. Like maintained special schools and special academies, high needs places in special free schools are funded at £10,000 per year, both pre-16 and post-16. Place funding for special free schools is funded direct by ESFA.

94. Place funding at special free schools isn't included in the 2018 to 2019 DSG allocations and no deductions will be made from local authorities' DSG for places in these schools.

## Non-maintained special schools

95. All places in NMSSs are deemed to be high needs places. The value of the funding per place for pupils of all ages (pre and post 16) in NMSS will remain at £10,000 per annum. This will be allocated based on the October 2017 census pupil numbers uplifted by any increase in total pupil numbers between October 2016 and January 2017 census, with a floor of zero so that no NMSS will get funded for less than their October 2017 census numbers.

## Independent special schools

96. Independent special schools continue to sit outside the high needs place funding system in 2018 to 2019. Where a local authority has commissioned a place in an independent school, the local authority remains responsible for all the funding for that child or young person with SEND.

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

## Alternative provision

98. This section sets out pre-16 high needs funding arrangements for:

- pupil referral units (PRUs) and AP academies
- AP free schools

## PRUs and AP academies

99. All pre-16 AP places will be funded at £10,000 per place in 2018 to 2019, regardless of whether the place has been commissioned directly by a school or the local authority. Place funding forms the core funding. In addition, PRUs and AP academies are likely to receive top-up funding for specific pupils. They may also receive additional funding for commissioned services.

100. Local authorities will continue to have flexibility to fund AP in a variety of ways, depending on how it's organised locally. PRUs, AP academies and AP 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's important that local authorities provide information locally and consult with the schools forum about the AP commissioning and funding arrangements. These arrangements should be clear to all institutions involved, including those schools that commission AP directly for their pupils.

101. [Alternative provision: additional guidance](#) provides further information on AP funding. Although this guidance relates specifically to 2016 to 2017, it remains relevant to subsequent years. We're planning to update this guidance for 2018 to 2019.

## AP free schools

102. Pre-16 AP places in free schools are funded at £10,000 per place. Places in AP free schools opened during the 2017 to 2018 or 2018 to 2019 academic years will be funded directly by ESFA, with no deduction from DSG. However, a deduction will be made from DSG for places in AP free schools opened before or during the 2016 to 2017 academic year.

103. Deductions for the 2018 to 2019 academic year will be made from the pupil's home local authority's DSG, based on October 2017 school census data. These deductions will be notified to local authorities in March 2018.

## Further education institutions with 14 to 16 year olds

104. 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 on funding for directly recruited 14-16 year olds in colleges, the guide relates to 2017 to 2018, we plan to update this guide for 2018 to 2019. These students will be funded using the 16-19 funding formula for element 1 and £6,000 per place for element 2, this funding is allocated through a separate process with different timelines for notifying colleges of their allocation and payments.

105. There may be other situations where a 14-16yearold is studying in college, students who achieved a level 2 qualification and are choosing to enrol on a full level 3 course. These also receive element 1 through the 16-19 formula and £6,000 per place for element 2 but are counted as 16-19 year olds and funded via the 16-19 process with payments following the same profile as 16-19 year olds.

106. Students enrolled in a school or academy but studying part time in college don't get funded as 16-19 year olds, the school or academy will receive funding in respect of these students via the pre-16 process applicable to that institution.

## Hospital education

107. 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 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. Although we allocate funding to local authorities for hospital education without reference to the age of the young people receiving the education, local authorities' duties differ for young people aged 16 and over. This may affect their decisions on funding education for young people in this age group, such as those in independent hospital schools. See paragraphs 133 to 135 for further information.

108. As in previous years, hospital education can be funded by local authorities 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 ensure that there is clarity on 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.

109. 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 SEND) places.

110. The regulations require that hospital education places in maintained schools and PRUs are funded in 2017 to 2018 at least at the same level per place as in 2016 to 2017. This requirement is also reflected in the funding arrangements for hospital education places in academies. DSG conditions of grant require local authorities to treat academies the same as maintained schools in their funding arrangements. These requirements will remain in place and be incorporated in the regulations and conditions of grant for 2018 to 2019.

111. Local authorities are reminded that there is a 0.5% increase in hospital education funding included in the national funding formula high needs allocations for 2018 to 2019.

112. Local authorities' duties may require them to commission hospital education from other independent providers, not in receipt of funding directly from ESFA.

113. In these circumstances local authorities would be expected to pay the costs of this education from 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 shouldn't unnecessarily disrupt a child or young person's education or treatment. Independent hospital education provision may be funded either as a single service by the local authority in whose area the provision is located, or on the basis of payments for individuals from those authorities in whose area the child or young person normally resides. In both cases the provider should confirm with the relevant local authority that they are content to commission and fund the education provision. If funding is provided as payments for individual children and young people, the provider should receive such confirmation from the local authority, if possible in writing, before providing education to the child or young person, and certainly before requesting any funding.

## High needs funding arrangements: post-16

114. As outlined in paragraph 134, post-16 places in special schools, special academies and non-maintained special schools are funded at £10,000 per place for 2018 to 2019.

115. Post-16 high needs places in mainstream schools and academies, FE institutions, ILPs and SPIs are funded on the basis of elements 1 and 2.

### Post-16 core funding: elements 1 and 2

#### Element 1

116. Element 1 represents the funding that all students at the institution attract for their study programmes. For maintained secondary schools, this funding is paid via local authorities as the sixth-form grant. For other institutions it's paid directly by ESFA.

117. The majority of institutions with post-16 provision are funded on a lagged student number basis, using the national post-16 funding formula. For example, the total allocation of element 1 for the 2018 to 2019 academic year will be based on the number of students recruited in 2017 to 2018. This applies to FE institutions, ILPs, maintained schools and academies, AP institutions with mainstream sixth form provision and SPIs. These institution types should therefore not seek funds from local authorities for any shortfall in element 1 in 2018 to 2019. Any shortfall will be rectified in the lagged allocation for 2019 to 2020.

118. Element 1 includes funding for students with SEND, whose additional support costs are lower than £6,000. This funding is provided within the disadvantage funding element of the mainstream 16 to 19 funding allocation. For 2018 to 2019 local authorities should continue to assume a national average amount of £5,000 for element 1, comprising the £4,000 base rate and additional funding allocated through the post-16 funding formula (such as for disadvantage), in respect of all post-16 high needs students except for those students in special schools and special academies.

#### Element 2

119. Element 2 provides £6,000 towards the additional support costs for high needs students in the post-16 settings described in the previous section. This element of place funding isn't intended to meet the needs of students with support costs lower than £6,000 (these should be met by disadvantage funding as explained above).

120. We confirm allocations of element 2 place funding well ahead of the beginning of the academic year to allow institutions enough time to plan, manage resources and provision. Place funding allocations don't 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 paragraphs 70 to 73 on how place funding and top up funding work together.

## Post-16 study programmes

121. The majority of young people with high needs attending a school, college or SPI 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.

122. Local authorities and institutions should work together to agree a suitable study programme for a young person, which must be tailored to their individual aspirations and support needs.

123. A full-time study programme has a minimum duration of 540 hours and there is no set maximum. Local authorities or colleges shouldn't set an arbitrary maximum number of hours for a study programme, but instead should 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](#).

124. A [supported internship](#) is one type of study programme specifically aimed at young people aged 16 to 25 who have an EHC plan, who want to move into employment and need extra support to do so. Students on supported internships, although they have an EHC plan, are not necessarily students with high needs requiring additional support costing more than £6,000.

## School and academy sixth forms

125. Post-16 high needs place funding for 16 to 18 year olds in maintained schools and PRUs with mainstream sixth forms will continue to be allocated at local authority level. Local authorities will be able to agree post-16 places in maintained schools and PRUs with mainstream sixth forms at a local level, without reference to ESFA, and allocate funding as appropriate to institutions.

126. Post-16 places for 16-18 year olds in maintained special schools, special academies, special free schools and NMSS are funded at £10,000 per place, in the same way as pre-16 high needs places.

127. Post-16 places for 16-18 year olds in mainstream maintained schools, academies and free schools, including those in SEN units or resourced provision, will be funded on the basis of elements 1 and 2.

128. Post-16 students in PRUs, AP academies and AP free schools are not funded in the same way as pre-16 students in these institutions. An institution will not receive AP

place funding for post-16 students 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. In the event that an AP institution does have post-16 high needs students with special educational needs, usually with an EHC plan, these places can be funded on the same basis as post-16 students in mainstream schools.

## **Special post-16 institutions**

129. SPIs will continue to be funded on the basis of elements 1 and 2 in 2018 to 2019, with place funding allocated based on the latest available ILR data. We'll also continue to use the same approach to calculating funding bands and funding factors for SPIs as in previous years.

130. Student numbers (element 1) and high needs places (element 2) will be based upon the numbers recorded in the 2017 to 2018 academic year ILR R04 data return. This is multiplied by the ratio of students as at 1 November (from the R06 return) to all-year student numbers (from the R14 return) for the 2016 to 2017 year. For element 2 a separate ratio using high needs numbers will be used. We are using R06 returns for the ratio to be consistent with the use of 2016 to 2017 data in the 2017 to 2018 allocations process.

131. SPIs who were funded by the ESFA for the first time in 2017 to 2018 will be allocated student numbers and high needs place numbers on the higher of their 2017 to 2018 allocated numbers or their 2017 to 2018 R04 ILR data.

132. To be eligible to receive high needs place funding from ESFA for the first time in the academic year 2018 to 2019, SPIs must have successfully completed ESFA's 2018 to 2019 high needs due diligence process, about which information will be issued in due course. Such SPIs must be notified to ESFA through the 2018 to 2019 place change notification process, with planned place numbers included within the workbooks submitted by the local authority in which the SPI is situated, by 17 November 2017.

## **Post-16 hospital education**

133. Although funding is allocated to local authorities for hospital education without reference to the age of the young people receiving the education, local authorities' duties differ for young people aged 16 and over. This may affect their decisions on funding education for individual young people in this age group. Hospital education places for post-16 students in maintained special schools, PRUs or academies are funded by local authorities or (in the case of academies) ESFA in the same way as pre-16 places.

134. Medium secure adolescent psychiatric forensic units, which cater mainly for young people aged 16 and over, will be funded in 2018 to 2019 using the same hospital

education funding methodology of an amount per place no less than their funding per place in 2017 to 2018. 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 ESFA respectively, and others are operated by charitable organisations and mental health trusts funded directly by ESFA or by the local authority in which the institution is situated.

135. Other charitable and independent hospital education providers that are funded on the basis of payments from the young person's home local authority should confirm that the authority is content to commission and fund the education provision. They should receive such confirmation from the local authority, if possible in writing, before providing education to the young person, and certainly before requesting any funding.

## **Part-time or part year students: post-16**

136. Post-16 students who are studying part-time or for part of the year and whose additional support funding would total more than £6,000 if they were studying a full time programme over the course of a full academic year, are also classed as high needs students. See [funding rates and formula guidance](#) for more information.

137. Where an institution has enrolled, 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. The normal funding approach should then apply. If a part-time place is agreed by the local authority, the institution should use its allocation of element 2 place funding in line with the principles outlined in this guide. In all cases the institution will need to agree with the local authority an appropriate amount of top-up funding which the local authority will fund from its high needs budget.

## **Students aged 19 to 25 with an EHC plan**

138. Students aged 19 to 25 with EHC plans who are continuing in education may have a range of options, including attending FE institutions, ILPs and SPIs. The school funding regulations state that the local authority's DSG may not be used to fund places, or incur other expenditure (such as top-up funding), for 19 to 25 year-olds in schools (maintained mainstream schools, maintained special schools, mainstream and special academies, NMSS and independent schools). There is an exception for those 19-year-olds who are completing a secondary education course started before they were 18-years-old.

139. Schools wishing to offer provision to students aged 19 to 25 with an EHC plan may wish to consider setting up a legally and financially separate entity. Once established, to be eligible for ESFA funding the new entity should follow the process set out above at paragraph 132.

140. For information on learners aged 19 to 25 without an EHC plan see annex2.

## Students aged over 25

141. A local authority must keep an EHC plan under review. For students with an EHC plan, this normally ceases when the 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.

142. If a local authority extends the EHC plan until the end of the academic year, the local authority must continue to provide top-up funding to the institution until that time.

143. If the local authority makes an exceptional decision not to extend the EHC plan to the end of the academic year, it must discuss the transition arrangements for the young person with the ESFA. Place funding is passed to the institution by ESFA for the full academic year and would not be clawed back if the EHC plan isn't extended.

144. Local authorities are not responsible for commissioning provision for students with SEND who are 19 to 25 without an EHC plan or who are over the age of 25. Links to the funding arrangements for these students are at annex 2.

## Annex 1: special schools minimum funding guarantee

The minimum funding guarantee (MFG) for special schools will be set at 0.5% to -1.5% of overall funding in 2018 to 2019, to be determined locally in line with the MFG for mainstream schools, assuming that the number and type of places remains the same between 2017 to 2018 and 2018 to 2019. 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.

Once the MFG assessment confirms 2018 to 2019 top-up funding rates received by the school are in line with the guarantee, they can then be applied to reflect the actual number and type of places at the school.

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 commissioned service which is no longer provided by the school, the value of that element can be discounted when calculating the MFG protected level.

Where a local reorganisation takes place and there are changes to bandings, the 2017 to 2018 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 or academy loses more than the MFG set by the local authority in 2018 to 2019. If the MFG is breached and the local authority proposes to fund below the guaranteed level, the local authorities should apply for an exemption to the MFG using the disapplication request form. Any such request will be expected to have the agreement of the local schools forum and the schools concerned.

Disapplications may also be sought where it's not possible to compare the top-up funding rates between the two years, for example, where there has been a major reorganisation of local provision.

The worked examples provide two scenarios of how the MFG is calculated for a 100 place special school, which in 2017 to 2018 was occupied by a total of 90 pupils, 30 in each of 3 different bands. In these examples the MFG has been set at -1.5%.

<b>Special school funding: 2017 to 2018</b>	<b>Band 1</b>	<b>Band 2</b>	<b>Band 3</b>	<b>Total</b>
Number of places				100
Number of pupils	30	30	30	90
Top-up rate	£3,000	£4,000	£5,000	

Place funding				£1,000,000
Top-up funding	£90,000	£120,000	£150,000	£360,000
Total funding				£1,360,000

<b>2018 to 2019: MFG scenario 1</b>	<b>Band 1</b>	<b>Band 2</b>	<b>Band 3</b>	<b>Total</b>
Number of places				100
Number of pupils	30	30	30	90
Top-up rate	£2,500	£3,800	£5,100	
Place funding				£1,000,000
Top-up funding	£75,000	£114,000	£153,000	£342,000
Total funding				£1,342,000
MFG % difference from 2017 to 2018				-1.3%

<b>2018 to 2019: MFG scenario 2</b>	<b>Band 1</b>	<b>Band 2</b>	<b>Band 3</b>	<b>Total</b>
Number of places				100
Number of pupils	30	30	30	90
Top-up rate	£2,800	£3,800	£4,500	
Place funding				£1,000,000
Top-up funding	£84,000	£114,000	£135,000	£333,000
Total funding				£1,333,000
MFG % difference from 2017 to 2018				-2.0%

In the first scenario, two of the three top-up funding rates have reduced by more than 1.5%. Overall, though, the funding for the school would remain above the -1.5% MFG level if the number and types of places remained the same. Therefore 2018 to 2019 top-up funding rates are in line with the guarantee and funding to the special school should

reflect these rates (for students placed by the home authority); the number of students in each band; and the actual numbers of places.

In the second scenario, two of the three top-up funding rates have reduced by more than 1.5%. However, in this case the difference exceeds the -1.5% MFG level and so the rates will need further adjustment.

## Annex 2: other information

This section provides information that has previously been available in high needs publications, but isn't covered in this guidance.

### Learners aged 19+ without an ECH Plan

#### Support funding through the ESFA Adult Education Budget

Support funding is available through the ESFA adult funding methodology and apprenticeship funding for learners 19+ without an EHC plan. Support funding (learning and learner support) enables providers to meet the additional needs of learners who may have certain barriers to start or complete their learning goal.

#### Learning support

Learning support is available to meet the cost of putting in place a reasonable adjustment, as set out in the Equality Act 2010, for learners and apprentices who have an identified learning difficulty or disability, to achieve their learning goal.

Learning support must not be used to deal with everyday difficulties that are not directly associated with a learner's or apprentice's learning on their programme.

Learning support will be earned at a fixed monthly rate if it has been reported in the individualised learning record (ILR) or claimed on the earnings adjustment statement.

#### Exceptional learning support claims above £19,000

Learners who need significant levels of support to start or continue learning can get access to exceptional learning support if their support costs more than £19,000 in a funding year.

Learners and apprentices aged 19 to 24 requiring significant levels of support would normally be expected to have an EHC plan provided by their local authority and, therefore, would access funding from their local authority.

If a learner or apprentice has support costs of more than £19,000 in a funding year, providers can claim exceptional learning support (ELS).

Providers must submit ELS claims at the beginning of the learner's or apprentice's programme, or when you identify the learner requires support costs more than £19,000 in a funding year, by completing and sending the [ELS claims document](#).

To claim exceptional learning support for a learner or apprentice aged 19 to 24 you must confirm why the individual doesn't have an EHC plan. This should be a letter or email

from the learner's or apprentice's local authority stating the reasons why the individual doesn't need an EHC plan.

## Learner support

Learner support is available to provide financial support for learners with a specific financial hardship preventing them from taking part or continuing in learning. Before providers award support to a learner or apprentice, you must identify their needs within:

- hardship funding: general financial support for vulnerable and disadvantaged learners
- 20+ childcare funding: for learners aged 20 or older on the first day of learning who are at risk of not starting or continuing learning because of childcare
- residential access funding: to support learners where they need to live away from home

Full details of support funding are contained within the [adult education budget and apprenticeship funding rules](#).

Information on adult education budget funding and performance rules is available at [adult education budget funding 2017 to 2018](#). This will be updated for 2018 to 2019 in due course.

## Apprenticeships

High needs funding for apprentices (all ages) is met by ESFA through the apprenticeship funding methodology.

The ESFA will provide learning support for apprentices to help with learning that affects their ability to continue and complete their apprenticeship.

Learning support and Learner support for apprentices follows the same rules as for adults 19+ without and EHC plan as detailed in the section above.

Additionally, apprentices aged 16-18, and apprentices with an EHC plan, or care leavers aged 19-24, will qualify for an additional payment of £1000 towards additional costs of training for both the provider and the employer. Full details are available in the Additional Payments section of the [apprenticeship funding rules](#).

More [information on apprenticeships](#) is available, and further information regarding the

funding of 19-25 year olds students will be published in an update to this document later this year.

## Free meals for FE institutions

Further information on [free meals for FE institutions](#) can be found in [16 to 19 education: financial support for students](#) guidance. 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.

## SEND Code of practice

We've published [guidance on the special educational needs and disability \(SEND\) system for children and young people aged 0 to 25](#).

## Welsh students studying in English FE colleges

The Welsh government may consider paying top-up funding for high needs students 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 ESFA to colleges.

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

## Welsh pupils with high needs studying in English schools

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 EHC plans, pupils in special schools, and pupils in hospital education.

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 (such as the Equalities Act).



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