



Education
Funding
Agency

Additional information on the 16-24 high needs funding arrangements

**Academic year 2013 to 2014 and
preparation for 2014 to 2015**

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Introduction

The purpose of this document to support local authorities and institutions with finalising placements and associated top-up funding for the academic year 2013 to 2014 and to inform preparation for 2014 to 2015.

The content reflects questions we have been asked by local authorities and institutions and we hope you find it useful and informative.

We have launched a [high needs web page](#) to improve access to information by local authorities and institutions. We recommend that you visit the page regularly to access the latest updates and information.

We also encourage you to view a high needs funding presentation and recording of the November 2013 webinar for local authorities on our [events website](#), as well as further information on upcoming webinars for institutions.

High needs funding in the academic year 2013 to 2014

Defining a high needs student

1. For funding purposes, a high needs student is defined as a young person aged 16-18 who requires additional support costing over £6,000 and any young person aged 19-24 subject to a Learning Difficulty Assessment (LDA), or, in future, an Education Health and Care (EHC) Plan who requires additional support costing over £6,000. Funding for such high needs students, aged 16 to 24, consists of both place funding (Elements 1 and 2) and top-up funding (Element 3).
2. Institutions are not funded in the same way for students who require additional support costing less than £6,000. Institutions do not receive Elements 2 and 3 for these students and local authorities do not commission places or provide specific additional funding.

Element 1: What is it for and how is it allocated to an institution?

3. Element 1 is the first of two components known as “place funding” and is paid by the Education Funding Agency (EFA) to institutions to enable students to participate in a study programme. For maintained schools this funding is passported through local authorities as sixth form grant.
4. Element 1 represents the funding that students at the institution attract for their basic programmes and does not take into account the additional support costs of high needs students.
5. The majority of institutions with post-16 provision have been funded on a lagged student basis using the national post-16 funding formula. For these institutions, the total of Element 1 for the academic year 2013 to 2014 is based on the number of students recruited in 2012 to 2013. Where Element 1 is allocated on a lagged basis, institutions should not seek funds from local authorities for any shortfall in Element 1 in 2013 to 2014. A shortfall will be rectified in the lagged allocation for 2014 to 2015.
6. However, for specialist institutions, such as independent specialist providers (ISPs), non-maintained special schools (NMSS) and maintained special schools, that are new to the post-16 funding formula in the academic year 2013 to 2014, the total number of Element 1 places was allocated on the basis of local authority forecasts. If a specialist institution has used its entire allocation of place funding for the current academic year and a local authority wants to commission a further place, the local authority needs to reach agreement with the institution about how Element 1 will be funded.
7. It is our expectation that ISPs will be allocated Element 1 on a lagged basis from academic year 2014 to 2015 onwards. Special schools will have a single flat rate (for Element 1 and 2) of £10,000 for each of their pre- and post-16 places.
8. Under the post-16 national funding formula, the average funding per student varies at different institutions. This is due to the national formula taking account of differences in the mix and balance of provision and differences in the socio-economic circumstances of the students.

The national formula provides additional funding for vocational provision which requires specialist facilities and equipment and to support institutions serving communities with high levels of economic disadvantage and/or low levels of prior attainment at 16 in English and maths. These are regarded as proxy indicators of low level additional learning support, and (alongside any transitional protection) provide institutions with funds to help those students who need such support costing up to £6,000. Further information is provided in an [overview document](#) and in the EFA's post-16 funding guidance.

9. The cash value of Element 1 paid to each institution by the EFA changes each year and is an average for that institution based on historical data. Therefore variations in the value of Element 1 between individual high needs students according to what programme they are studying are not relevant to the amount that a local authority will pay in top-up funding under Element 3. Nor do local authorities need to know the funding rates for Element 1 paid by the EFA to each institution for academic year 2013 to 2014. This is because for 2013 to 2014, the EFA deducted the value of Element 1 places from local authority dedicated schools grant (DSG) allocations using a national average figure of £4,977, and authorities should assume that this is the Element 1 value for all high needs students.

A high needs student study programme

10. The majority of young people with high needs attending a school, college or ISP will be subject to either a statement of special educational needs (SEN) or an LDA or, in future, an EHC Plan. Local authorities must use the evidence from the statement, LDA or EHC Plan to make consistent, effective and robust assessments of the support the young person will need to move towards a positive outcome.

11. A full-time course has a minimum duration of 540 hours and reflects the approach to study programmes set out in the EFA funding documents. No maximum is set and the EFA has not set any criteria for local authorities in relation to the programme hours needed by students with learning difficulties and/or disabilities. There is no "norm" or cap of 600 hours.

12. We expect a local authority and a provider to work together to agree a suitable study programme for the young person. We would not expect local authorities and colleges to set an arbitrary maximum number of hours for the study programmes for high needs students. Study programmes need to be tailored to their individual aspirations and support needs.

13. Agreement will also need to be reached on the support package needed to enable the young person to participate effectively in the study programme. The costs of the support package should be met through Elements 2 and 3 and from contributions from health and social services where appropriate. Local authorities will need to secure agreement on how costs are to be shared between the relevant budget holders – those both inside the local authority and outside (e.g. health).

Element 2 – What is it for and how is it allocated to an institution?

14. Element 2 is the second component of "place funding" and provides the first £6,000 of

funding to meet the additional support costs for high needs students. This element of place funding is not intended for meeting the needs of students who require a lower level support costing less than £6,000.

15. Element 2 places are not reserved for a specific student or local authority.

16. For the first transitional year to the new system (academic year 2013 to 2014), Element 2 has been allocated to institutions on the basis of local authority forecasts. We recognise the process did not work well for all institutions, and we are committed to improving the process for a second transitional year (academic year 2014 to 2015).

17. For the academic year 2015 to 2016, we intend that Element 2 will be allocated primarily on a 'lagged' basis, using data from the latest available ILR and census collections.

How should Element 2 be used?

18. Element 2 funding should be used by institutions to fund individual high needs students on a first come first served basis - as their place is confirmed by a local authority. Institutions may wish to retain unfilled places for particular authorities but should only do so on the basis of a firm commitment from those authorities that the places will be commissioned for known high needs students, where there is no doubt which institution they will be attending.

19. Where the number of high needs students at an institution equals the number of places for which it has been funded, and a local authority wants to commission further places, we expect the local authority to agree with the institution the level of top-up funding required. A local authority should not automatically be charged an extra £6,000 per head if it is agreed that the support package for additional students can be met at marginal rather than full cost for the institution. This is of course less likely in the case of students with high needs whose support is expensive because of the nature or severity of their needs. In all cases local authorities and institutions will need to agree a mutually acceptable approach that represents best value.

20. In early November 2013 we published a breakdown of the number of [allocated post 16 high needs places for each institution](#) for academic year 2013 to 2014. This will show how each institution's place numbers were constructed from the returns submitted by local authorities in February 2013 and should provide useful data to support collaborative planning for 2014 to 2015.

Element 3 (Top up funding) – What is it for and how is it allocated to an institution

21. Element 3 is the funding required over and above that provided by the place funding (Element 1 and Element 2), to enable a student with high needs to participate in education and learning. The EFA makes an allocation to local authorities for Element 3, through the DSG. This forms part of their high needs budget. Local authorities then use their high needs budget to pay top-up funding to institutions.

22. Local authorities should work with schools, further education and specialist colleges where they have high need students, to set funding rates and confirm the funding institutions will receive from the authority for the current academic year. The local authority must issue the

provider with a contract confirming the support that is to be provided, the funding rates and payment schedules.

23. We encourage local authorities to collaborate with other authorities and institutions to, where possible, establish mutually acceptable and transparent processes and approaches to funding, and develop effective and timely payment arrangements.

24. For institutions that are used to calculating costs for individual high needs students on the basis of the total package, including the educational programme and additional support required, the simplest way for a local authority to determine the top-up funding (Element 3) is to confirm the total cost of the placement and then deduct the value of elements 1 and 2 which is £10,977. This figure is made up of the national average value for Element 1 used to make the deduction in the DSG calculation (£4,977) plus the national value for Element 2 (£6,000).

25. Institutions should be aware that local authorities may be seeking a more consistent approach across various types of institutions, pre and post 16. Some may be seeking to move towards a common banding system based on the needs of individual students as part of their negotiations about the programme of study and funding requirements of the individual.

Continuing Students and Element 3

26. Preserving continuity of provision for young people who have already started a course and who will continue into a new academic year is a condition of the DSG that the EFA allocates to local authorities.

27. This requirement is set out in the [2013-14 Operational Guidance for Local Authorities](#) (paragraph 63): *In relation to pupils of any age who are part-way through a course of study, in calculating rates of top-up funding to be paid in 2013-14, local authorities **must** also honour existing financial commitments. Local authorities should not seek to renegotiate or significantly change funding levels for pupil or student placements other than in exceptional circumstances. These circumstances would include instances where the placement was not delivering the expected outcomes and progress for the young person.*

28. It is entirely appropriate to consider changes to a programme and funding where the needs of the student have changed and these needs may have either increased or decreased.

29. Where an institution has clear evidence that a local authority is not entering into such an agreement, it should contact the EFA at HNS.EFA@education.gsi.gov.uk outlining the steps taken to resolve the problem. This must include the authority having been asked to review the case and the funding commitment still not being honoured.

Contracting Arrangements for Element 3

30. Another condition of the DSG is that authorities must make top-up payments to institutions for high needs pupils in a timely fashion and on a basis agreed with the institution. Payments should be monthly unless otherwise agreed (e.g. termly in advance). [The conditions](#) can be on our website.

31. For the academic year 2013 to 2014, we recognise that finalising placements and the associated top-up funding in FE colleges and ISPs has been a new and challenging aspect of the funding system. It is essential that local authorities and institutions resolve outstanding cases, especially where students are waiting to begin their programme.

32. Where a local authority has agreed a placement, it is unacceptable that a student is placed at an institution without a contract in place. In these circumstances, local authorities should make payments on account until the contract is finalised. For students known about in advance of the start of the academic year 2013 to 2014 we ask all local authorities to complete contracting arrangements with institutions by the end of November 2013.

High needs arrangements in the academic year 2014 to 2015

Contracting Arrangements for Element 3

33. We ask local authorities to set in advance the dates by which they plan to make decisions on placements, agree contracts, and make payments for students known to them in advance for the academic year 2014 to 2015, and to monitor their own delivery against these plans. This will aid the transition towards the more demanding timescales that will be set out for an EHC Plan under the SEN reforms from Sept 2014 (and which will therefore mainly affect placements for the academic year 2015 to 2016).

34. We recommend the following for the academic year 2014 to 2015:

- Decision on placement by 31 May 2014;
- Contract signed with institution by 30 June 2014;
- Student starts by 30 Sept 2014;
- First payment by 31 Oct 2014 (where monthly payment has been agreed).

35. We will keep the position under review and consider whether any further conditions of DSG grant should be made in this area for 2015 to 2016.

36. We urge local authorities to reduce administrative costs, particularly for institutions with students from multiple local authority areas, through adopting common commissioning approaches with neighbouring local authorities and using the same contracts for high needs students in specialist and mainstream schools and colleges. Standard contracts, such as the National Schools and Colleges Contract, are available on the [Association of Directors of Children's Services website](#). We also encourage local authorities to share good practice in common commissioning approaches and bureaucracy reduction with other local authorities.

37. We look to institutions and local authorities to work together at regional and sub-regional levels to ease the contracting process for 2014 to 2015, including further discussion of the use of common documentation.

Determination of place numbers in 2014 to 2015 and beyond

38. For the academic year 2015 to 2016, we intend to move to a system which bases place-funding for institutions mainly on the most recent actual numbers available from census and ILR data.

39. For the academic year 2014 to 2015, however, we do not have a comprehensive set of data from previous years on which to base allocations and have therefore asked local authorities for two key pieces of information – the actual number of post 16 places by institution they have commissioned for the academic year 2013 to 2014 and the planned number of places by institution for the academic year 2014 to 2015.

40. We would expect place numbers for 2014 to 2015 to be based closely on the actual numbers of places by institution commissioned for the academic year 2013 to 2014, not least because of the numbers of continuing students.

41. On 4 October we issued to local authorities the templates to return place numbers for 2014 to 2015. We will re-issue these templates at the end of November to include actual post 16 student numbers by institution for the academic year 2012 to 2013. Local authorities must complete this template and return before 23 December.

SEN Reforms – the Children and Families Bill

42. The Children and Families Bill, which is currently before Parliament, underlines a local authority's role in commissioning post-16 provision for students with high needs.

43. From September 2014 the Bill will place new statutory responsibilities on local authorities, including:

- working with health and social care colleagues to commission jointly services to deliver integrated services for children and young people with SEN aged 0-25;
- consulting on and publishing the local offer of services to support SEN;
- offering the option for those with an EHC Plan to receive personal budgets; and
- establishing co-ordinated education, health and care assessment and planning procedures.

44. We [are consulting on a new 0-25 SEN Code of Practice](#), which will act as statutory guidance for the duties introduced by the Bill and also on the arrangements for the move from statements and LDAs to the new EHC Plan.

45. An EHC Plan will have a strong focus on outcomes and ensuring that young people are prepared for adulthood – employment, health, independent living and community inclusion.

46. Some young people with complex needs may need more time in education to achieve these outcomes and, in certain circumstances, an EHC Plan can be extended beyond age 19 up to 25 if required for individual young people who need longer to complete or consolidate their learning. Where 19-25 year olds remain in education, they will be treated in the same way as 16-18 year olds for the purposes of funding. There is no automatic right for young people with an EHC Plan to remain in education beyond the age of 19. The conditions for maintaining an EHC Plan beyond 19 are set out in Chapter 7 of the draft SEN Code of Practice.

47. Young people and their parents will be able to request that a particular maintained school, Academy, non-maintained special school, FE college or approved independent specialist provider be named in their EHC Plan. The local authority must secure a place at the institution unless the provision would be unsuitable, detrimental to the education of others or a poor use of resources. If the institution is named in the young person's EHC Plan, it will be required to admit them.

48. Local authorities need to develop the local offer of support with post-16 institutions. The

local offer should reflect the full range of study and support options, including supported internships, study programmes and specialist provision and will be published by September 2014.

Use of high needs funding and personal budgets for transport costs for young people with SEN in post-16 education

49. Under the SEN reforms, local authorities must have clear general policies relating to transport for children and young people with SEN. These policies must be available to parents and young people and should be included in the Local Offer. Such policies must set out those transport arrangements which are over and above those required by section 508B of the 2006 Education and Inspections Act.

50. Transport should only be recorded in the EHC Plan in exceptional cases where the child or young person has particular transport needs. Where the local authority names a residential provision at some distance from the family's home, the local authority must provide reasonable transport or travel assistance.

51. High needs funding cannot be used directly by local authorities to pay for transport from home to educational establishments. This funding is ring-fenced for high needs support required for an individual in school or college. However, schools and colleges can use any of their funding – including high needs funding they have received – to make their own transport arrangements for children and young people. They cannot specifically charge the local authority for providing such a service – unless the local authority have agreed to fund transport costs from additional, non-DSG resources.

52. Local authorities fund their transport responsibilities through the grant they receive from national government, which is not ring-fenced, and through generated income, such as council tax. We estimate that around £80m was spent by local authorities on post-16 transport to education and training in 2011 to 2012 (the latest year for which data is available from section 251 returns). The data suggests that approximately half of this is spent on learners with learning difficulties and disabilities aged 16 to 24.

53. It is also the case that young people with an EHC Plan can request a personal budget so they can control elements of their support. Personal budgets can include funding for transport where this has been specified in the EHC Plan.

54. As set out in the draft Code of Practice, personal budgets can be made up of high needs funding, health provision, social care provision and where a school or college agree, the school or college budget. Local authority commissioners and their partners should seek to align funding streams for inclusion in personal budgets and are encouraged to establish arrangements that will allow the development of a single integrated fund from which a single personal budget, covering all three areas of additional and individual support, can be made available. An EHC Plan can then set out how this budget is to be used including the provision to be secured, the outcomes it will deliver and how health, education and social care needs will be met.

55. Further details on personal budgets and on transport costs for children and young people with an EHC Plan can be found in Chapter 7 of the [draft Code of Practice](#) which has been published for consultation.

56. Providers also allocate the £180 million Bursary Fund direct to students and transport is the largest single item for which these funds are used. [Information for students](#) on the Bursary Fund can be found on our website.



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