



Education
Funding
Agency

High Needs Students

Market Entry Application Process

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Introduction

This publication provides information for institutions that wish to apply to receive an Education Funding Agency (EFA) contract to deliver education and training provision for high needs students (HNS).

This publication sets out the application process that may lead to the offer of an EFA contract for services. Successful completion of this process does not entitle the institution to receive a local authority (LA) funding agreement and institutions should contact the relevant LA to establish their individual process/es. The EFA HNS Market Entry Application Process ('application process') consists of four stages:

- Stage 1 – legal status and background information
- Stage 2 – financial health assessment
- Stage 3 – quality of provision
- Stage 4 – panel decision

Some institutions may prefer to enter into a sub-contractual relationship with an existing EFA funded institution and this application process is not applicable to institutions that wish to explore such a relationship. In these circumstances provision funded under the EFA contract for services may only be sub-contracted one level. For more information on sub-contracting refer to [EFA 16 to 19 funding guidance: information for institutions](#).

Definitions

For funding purposes, a high needs student is defined as:

- i) A young person aged 16-18 who requires additional support costing over £6,000; and
- ii) Any young person aged 19-25 subject to a Learning Difficulty Assessment (LDA) or, from September 2014, an Education, Health and Care plan (EHC plan) who requires additional support costing over £6,000.

High needs funding for 16 to 25 year olds consist of both place funding (Elements 1 and 2), which is provided to the institution directly by the EFA, and top up funding (Element 3) which is provided to the institution by the LA. In all instances Element 3 has to be agreed by the LA with an institution, and a contract must be in place between the two parties. If the LA does not agree to pay top up funding for a student, then they are not counted as high needs for funding purposes. For more information refer to [Additional information document](#).

EFA Funding Allocations

To be eligible for consideration for EFA funding in academic year 2015 to 2016 new institutions must have been referenced within their home LA exceptional submission returned to the EFA by 17 October 2014. They will also need to have at least ten student places identified by one or more LA for 2015 - 2016. Following the closing date for exceptional submissions the EFA will contact eligible institutions to begin the application

process, which must be completed by 31 January 2015 for consideration of EFA funding for academic year 2015 to 2016.

Applicants should refer to the [Student Eligibility Guidance](#) for student eligibility criteria, information on funding rates and formula, and other EFA supporting documents. Where applicable, all successful applicants will be required to administer the distribution of Student Support funds, including 16-19 Bursaries.

For data submission requirements, applicants should refer to the [Gov.uk website](#) and guidance on submitting Individualised Learner Record (ILR) returns. ILR submissions in accordance with these requirements are mandatory for all EFA contracted institutions. Institutions must have systems in place to enable ILR submissions to be made.

Out of scope for consideration for EFA funding in academic year 2015 to 2016

Institutions referred to under this section are not eligible to apply for an EFA contract for services. There may be other market entry application processes that are relevant dependent on individual circumstances:

- Institutions that apply through the application process but one or more LAs has not included at least ten places for the institution within their exceptional submission submitted to the EFA by 17 October 2014. In these circumstances all funding for the academic year 2015 to 2016 should be discussed directly with the student's home LA.
- Where a LA maintains an institution, the EFA will passport funds directly to the LA with regard to HNS at those institutions. The EFA will not, therefore enter into a direct funding or contractual relationship with this group of LA maintained institutions which includes, but is not limited to, maintained special schools, school sixth forms, special community schools, foundation special schools, and pupil referral units.
- Independent schools specially arranged for SEN provision are not in scope for direct HNS funding in the academic year 2015 to 2016.
- Existing, Secretary of State approved non-maintained special schools (NMSS), that are currently in receipt of EFA funds and a contract for services for the academic year 2014 to 2015 do not need to apply through this application process.
- Existing charitable and commercial providers (CCP), including Special Post 16 institutions (SPI), that are currently in receipt of EFA funds and a contract for services for the academic year 2014 to 2015 do not need to apply through this process.
- Institutions where one or more LAs are commissioning, or planning to commission, fewer than ten HNS placements in the current (2014 to 2015) or following (2015 to 2016) academic year should not apply through this application process until ten or

more placements are commissioned. Where fewer than ten placements are commissioned the individual student's home LA will consider funding the placement.

2016 - 2017

We encourage institutions that do not currently hold an EFA contract for services but plan to deliver HNS provision in academic year 2016 to 2017 to engage in the application process as soon as they become aware of LA commissioning intentions for the year. Successful completion of the application process will NOT result in an EFA contract for services during academic year 2015 to 2016. An EFA contract for services for academic year 2016 to 2017 will be considered, but only after the EFA commences the funding allocations round for that academic year.

Contractual requirements

All EFA funded institutions, existing and newly agreed via the application process, are subject to the relevant clauses¹ in the EFA contract for services held with each institution and the DfE [16 to 19 performance guidance](#). Contract compliance covers, but may not be limited to, assurance on the institution's financial health, use of funds, quality of the education and training provision, safeguarding and student outcomes.

As part of stage one of this application process applicants must read the current EFA contract for services attached at Annex 1, and agree to the terms and conditions by which funding will transfer. The EFA contract for services is updated on an annual basis and clauses may be changed or added each year.

There may be other statutory requirements that institutions providing services to young people are subject to comply with such as Disclosure and Barring Service checks. It is the responsibility of institutions to ensure that they are compliant with all of the relevant legal requirements. The EFA accepts no liability in respect of any failure by an institution in respect of non-compliance.

Subject to the funding allocation eligibility requirements set out at pages 3 and 4, any institution that successfully completes all stages of the application process will be considered for an EFA academic year 2015 to 2016 contract for services.

Timescales

Where institutions are in scope for consideration for EFA funding allocations to be made directly to them for the academic year 2015 to 2016, the application process must be completed by 31 January 2015.

At each stage of the application process the EFA will acknowledge receipt of information

¹ Local authorities may have their own contracts/funding agreements outlining additional requirements that must be met.

supplied. Once complete information has been received for each stage, the EFA will endeavour to review and respond with feedback. Where relevant this will include details of the requirements for progression to the next stage.

All four stages must be successfully completed before the EFA will consider an offer to enter into a contract for services with an institution. Failure to fully respond to questions posed during the application process, and/or forward evidence/information may result in delays or an application being deemed by the EFA as unsuccessful.

All EFA decisions are final and not subject to appeal. However, applicants that fail the application process may apply again once they feel they have addressed the issues raised in the feedback from the EFA.

Institutions will be required to bear all costs associated with completing the application process.

A high needs student study programme

The majority of young people with high needs attending a CCP or SPI will be subject to either a LDA or, from September 2014, an EHC plan. LAs must use the evidence from the 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.

We expect a LA and an institution to work together to agree a suitable study programme for the young person, which must be tailored to their individual aspirations and support needs. A full-time course has a minimum duration of 540 hours and there is no set maximum or cap of 600 hours. We would not expect LAs or institutions to set an arbitrary maximum number of hours for the study programmes, but instead to provide the number of hours required by the student to complete the programme.

For the 2014 to 2015 academic year all students, full and part-time, on 16 to 19 study programmes who do not have a grade C or above in maths and/or English and are not studying on either a GCSE or an approved alternative qualification (detailed below) which is a 'stepping stone' towards a GCSE, will be removed from lagged student numbers and will therefore not generate any funding in future academic years (initially in 2016 to 2017). The condition applies even when a student has withdrawn before completing a study programme.

There will be a very small number of students who are not able to take a GCSE or a 'stepping stone' qualification, for example those with multiple and complex needs. However there is no blanket exemption for high needs students. These students should, if they can, take a GCSE or a 'stepping stone' qualification. If this is not possible the institution should deliver appropriate maths and English.

We would expect any exemptions from the requirement to study GCSE or 'stepping stone' qualifications in maths and English to be the exception. To make a decision not to offer maths and English, in addition to a LDA or EHC plan, an evidenced assessment (that the high needs student cannot benefit from studying an approved maths and English qualification) by a professional in the education institution would be acceptable if and only if the student has a LDA or EHC plan. This will be required for 2014 to 2015 and for 2015 to 2016. Institutions should be prepared to justify their decision to EFA auditors and Ofsted inspectors.

Further information on the condition of funding can be found on our website. [Condition of funding](#)

A LA and an institution must also agree a support package to enable the young person to participate effectively in the study programme. The educational costs of the support package should be met through Elements 2 and 3. Other costs should be met from contributions from health and social services where appropriate. LAs will need to secure agreement on how costs are to be shared between the relevant budget holders – those both inside the LA and outside (e.g. health).

A supported internship is one type of study programme specifically aimed at young people aged 16 to 24 who have a LDA, or an EHC plan, who want to move into employment and need extra support to do so. In June we published advice on supported internships on our website.

Local Authority Funding

Any new institution that successfully completes the application process, and LAs commission ten or more student placements in academic year 2015 to 2016; will be required to approach the individual student's home LA and request that the placement is funded by that home LA from their "top up" funding for the academic year 2015 to 2016. The offer of an EFA contract for services for academic year 2015 to 2016 will be dependent on a number of factors, including but not limited to; individual LA commissioning decisions, confirmation that the institution can demonstrate it continues to be fit for funding by remaining above the thresholds expected for quality and finance, departmental policy and available EFA budget.

Stage 1 – Legal status & background information

The institution is required to complete Annex 2 to evidence:

- legal status and institutional information
- information relating to the student cohort and provision (either to be commissioned or already commissioned)
- confirmation that students are subject to a LDA/EHC plan and ten or more students will be commissioned in the academic year 2015 to 2016
- confirmation of agreement to the terms and conditions of the EFA contract for services attached at Annex 1
- contact details to be used by the EFA to provide an update on the outcome of each of the four stages of the application process

- self-assessment of provision².

A representative of the EFA will visit your planned delivery site to speak to staff and/or students as part of the review of information received under stage 1. The EFA will also seek information from the LA in which the institution is located, and may speak to other LAs where students are not from the area in which the institution is located. This information will relate to local knowledge of the area including, but not limited to, identification of any gaps in education and training provision and a subjective view on quality and student outcomes.

Stage 2 – Financial health assessment

Financial health of institutions will be assessed using the EFA's financial health assessment methodology. The formulaic based assessment will categorise institutions' financial health as: *outstanding, good, satisfactory, or inadequate*. These categories are based on a scoring of three ratios: solvency (current ratio); sustainability (surplus divided by income); and status (debt as a percentage of reserves).

An institution that has not yet prepared its first set of annual accounts, should submit a costed business plan including, as a minimum:

- forecast income and expenditure
- cash flow forecast
- projected balance sheet
- full explanation of assumptions behind figures provided.

For institutions falling into the satisfactory and inadequate categories further financial information (normally a budget for the current /following financial year) will be requested to provide additional evidence over financial viability and to inform an assessment of the risks of contracting with the institution.

The EFA reserves the right to carry out further financial checks throughout the application process if more up to date information comes to light.

Institutions where financial health is assessed as being inadequate will fail the application process and will not be offered an EFA contract for services. If an institution successfully completes the application process and receives an EFA contract of services, a recommended maximum EFA funding limit may be applied. This funding restriction would be for EFA funding and not inclusive of local authority element 3 "top up" funding or any other funding the institution receives.

² The self-assessment report should include evaluation of students' progress and achievement; and internal monitoring arrangements and how targets for improvement are set; how the curriculum is tailored to meet the learning difficulties and/or disabilities and desired outcomes for students; information on safeguarding and health and safety arrangements; availability of performance data and the availability and effectiveness of work experience activities.

Stage 3 – Quality of provision

Institutions are required to demonstrate the quality of their provision by submitting evidence of :

- the latest Ofsted inspection report
- the latest Care Quality Commission (CQC) inspection report where residential provision is in place or intended to be offered
- study programmes available
- staff are qualified to undertake the role for which they are employed eg qualified to Teacher Learning and Skills and/or meet the awarding body regulations.

The EFA will seek information from the LA in which the institution is located and/or any LA proposing to commission a placement or otherwise support the application of the institution. Where an institution is newly established and to date has not been the subject of inspection by either Ofsted or CQC, agreement will be sought with those inspectorates that the teaching and learning and care provision is inspected one year after the EFA contract for services has been in place. This may affect the maximum contract value awarded. An institution with an inadequate overall grade from Ofsted and/or inadequate on any areas inspected will be unsuccessful in securing an EFA contract for services. An institution that is not compliant with CQC standards will be unsuccessful.

Stage 4 – Panel decision

Where an institution has successfully passed through stages 1 – 3 of the application process, the recommendation on whether to enter into a contract for services will be made by a panel comprising representatives from across the EFA. The panel will review the outcomes from each stage of the application process and information provided by the LA in which the institution is located plus any other LA that has been involved in the application process.

An institution will be deemed to be unsuccessful if it cannot demonstrate the following:

- evidence that one or more LAs are commissioning, or planning to commission, ten or more HNS placements in the academic year 2015 - 2016
- evidence students are subject to an LDA and/or EHC plan
- evidence staff are qualified to undertake the role for which they are employed
- inspection by the CQC and/or Ofsted where the institution has delivered education and training provision for more than 1 calendar year
- at least satisfactory level of financial health
- programmes of study will be delivered to their student cohort who are eligible for and receiving EFA funding.

Following recommendation from the panel, the final decision to contract rests with the EFA Chief Executive. The institution will be informed of the EFA decision in writing

including, where successful, any maximum EFA funding limit. Where an institution is successful an EFA contract for services will only be issued for academic year 2015 to 2016 where funding eligibility is met (see page 3 and 4).

Receipt of funds in one academic year is not a guarantee that future EFA funding will be allocated as this will be dependent on a number of factors, including but not limited to individual LA commissioning decisions, confirmation that the institution can demonstrate it is fit for continued funding by remaining above the thresholds expected for quality, finance, departmental policy and available EFA budget.

EFA contact details

If you have any questions about any part of the application process please email:
hnsmarketentry.efa@education.gsi.gov.uk



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