



Education
Funding
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Guidance

High needs funding: operational guide 2017 to 2018

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1.

Purpose

This guide describes how the 2017 to 2018 high needs funding system will work for all types of provision. It is primarily for local authorities and institutions, and will also be useful to anyone with an interest in high needs funding.

1.1 Introduction

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

Local authorities should use their high needs budget to provide the most appropriate support package for an individual with SEND in a range of settings, taking account of parental and student choice, whilst avoiding perverse incentives to over-identify high needs pupils and students. High needs funding is also intended to support good quality alternative provision for pupils who cannot receive their education in schools.

Local authorities and institutions should collaborate on all aspects of high

needs funding to develop more efficient ways of working and provide better outcomes for children and young people.

2.

Changes in 2017 to 2018

The high needs funding system remains largely unchanged from 2016 to 2017.

For 2017 to 2018, the government has confirmed that no local authority will see a reduction from their 2016 to 2017 high needs block of the dedicated schools grant (DSG), adjusted to reflect local authorities' most recent spending patterns.

An uplift for high needs funding will be applied later in the year. We are not yet able to confirm how this uplift will be distributed. Local authorities should not therefore assume that it will be allocated on the basis of population as in previous years, or that all local authorities will receive this additional funding. The uplift values will be confirmed at the latest in December with the final DSG allocations.

£125 million has been transferred from the department's post-16 budget to the high needs block baseline. This is a transfer of place funding for high needs places in FE colleges and post-16 charitable and commercial providers (CCPs). These institutions currently receive £6,000 per place from the EFA as part of their post-16 allocation. From 2017 to 2018 all of these places will be funded from the initial high needs block allocations to local authorities. Deductions will then be made to fund institutions directly, as a result of information collected from local authorities, before the high needs block allocations are finalised in March 2017. The EFA will continue to pay this place funding direct to institutions. A [technical note on DSG baselines](#) provides further information on this transfer and how it has been determined.

From 1 September 2016, learning difficulty assessments (LDAs) ceased to have legal effect. Young people aged 19 to 25 are only eligible for high needs funding (place funding and top up funding) or other EFA funding where the young person has an EHC plan in place.

2.1 Changes to 2017 to 2018 high needs place numbers

Under the School and Early Years Finance Regulations 2015, local authorities have the flexibility to determine the place funding on the basis of the number of pre-16 places in maintained schools and pupil referral units (PRUs) agreed locally, without reference to EFA. For 2017 to 2018, this same flexibility to determine place funding locally, without reference to EFA, will be extended to post-16 high needs places in maintained mainstream schools, maintained special schools and PRUs with mainstream sixth forms. As in previous years, the funding for these places will be deducted from the high needs block and will be allocated back to local authorities via the 16 to 19 grant funding agreements. The funding allocation will be made at local authority level, rather than at individual school level, and local authorities will be able to agree post-16 place numbers in maintained mainstream schools, maintained special schools and PRUs without reference to the EFA. These institutions will therefore not be in scope of the 2017 to 2018 place change notification data collection (further details about this data collection will be available in October 2016). In order to calculate the funding amounts to pay to local authorities through the 16 to 19 grant funding agreements, the EFA will roll forward the 2016 to 2017 academic year place funding for these institution types, taking account of academy conversions as at 1 March 2017.

EFA will collect information on changes to place numbers in academies, FE colleges and CCPs for the academic year 2017 to 2018 via the place change notification process. This will be similar to the 2016 to 2017 place change request process and will inform 2017 to 2018 funding allocations to EFA funded institutions as well as the deductions applied to local authorities'

DSG.

The scope of this process is extending for 2017 to 2018. The place change notification process will gather information on changes to high needs places in special academies, FE colleges and CCPs, and in special units attached to mainstream free schools, studio schools and university technology colleges (UTCs); and on changes to post-16 high needs places in all types of academies, including mainstream free schools, studio schools and UTCs. It will also collect information about changes to hospital education provision. Further details will be available when the place change notification process launches in early October 2016.

Table 1 summarises the scope of the 2017 to 2018 place change notification process for pre-16 place numbers.

Institution type	AP	SEN unit/resourced provision	Special schools	LAs to notify EFA of changes to place numbers?
Maintained mainstream schools, special schools and PRUs	LA data	LA data	LA data	No
Mainstream academies	LA data	LA data	-	Yes
Mainstream free schools, studio schools and UTCs	LA data	LA data	-	Yes
Special academies	LA data	-	LA data	Yes
AP academies	LA data	LA data	-	Yes
Special free schools and AP free schools	Other data*	Other data*	Other data*	No
Non-maintained special schools (NMSS)	-	-	Other data**	No

Table 2 summarises the scope of the 2017 to 2018 place change notification process for post-16 place numbers.

Institution type	16-18 with SEND	19-25 with EHC plan	LAs to notify EFA of changes to place numbers?
Maintained mainstream schools, special schools and PRUs	LA data	-	No
FE colleges and CCPs	LA data	LA data	Yes
Mainstream academies	LA data	-	Yes
Mainstream free schools, studio schools and UTCs	LA data	-	Yes
Special academies	LA data	-	Yes
AP academies	LA data	-	Yes
Special free schools and AP free schools	Other data*	-	No
Special post-16 institutions	Other data**	Other data**	No
Non-maintained special schools (NMSS)	Other data**	-	No

*EFA will contact special free schools and AP free schools in November with further details on the process for determining high needs place numbers in 2017 to 2018.

**The place funding for SPIs and NMSS will be allocated using ILR and school census data respectively. These place funding allocations will be funded centrally and directly by the EFA and will not impact on local authorities' DSG high needs block.

3.

What you need to do for 2017 to 2018

3.1 Local authorities

- Work with your academies, mainstream free schools, studio schools and university technology colleges (UTCs), FE institutions and CCPs on the 2017 to 2018 high needs place change notification process; your director of children's services should sign this return off by 25 November 2016
- Submit funding change requests for increases or decreases in hospital education provision, including supporting evidence, to EFA by 25 November 2016
- Submit final 2017 to 2018 authority proforma tool (APT) to EFA by 20 January 2017
- Work with your maintained schools and pupil referral units (PRUs) to agree pre and post-16 high needs place funding; EFA do not need to be notified of these place numbers
- Maintained schools and PRUs due to convert to an academy need to notify their DfE project lead of changes to published high needs place numbers before the academy order is granted; these are used as the basis for an academy's funding

3.2 Maintained schools, academies and free schools

- Academies, mainstream free schools, studio schools and UTCs should work with the local authority to complete the 2017 to 2018 high needs place change notification process; local authorities must submit the return to EFA by 25 November 2016
- Maintained schools should work with your local authority to agree pre and post-16 high needs place funding; local authorities do not need to notify EFA of changes to place numbers

- Special free schools and alternative provision (AP) free schools need to work with EFA to review 2017 to 2018 high needs place numbers
- Complete school census, including identifying those pupils for whom the institution receives top-up funding and making sure the census guidance is followed
- Check that your 2017 to 2018 place funding allocation from the EFA or local authority has been received and is correct by March 2017
- Maintained schools and PRUs due to convert to an academy need to notify their DfE project lead of changes to published high needs place numbers before the academy order is granted; these are used as the basis for an academy's funding

3.3 Non-maintained special schools

- Complete school census, including identifying those pupils for whom the school receives top-up funding and making sure the census guidance is followed
- Check that your 2017 to 2018 allocation has been received and is correct by March 2017

3.4 Post-16 institutions

- FE institutions and CCPs should liaise with their local authority to complete the 2017 to 2018 high needs place change notification process; local authorities must return this by 25 November 2016
- Complete the individualised learner record (ILR) data returns at RO4, RO6, R10 and R14 as required by the [ILR specification validation rules 2016 to 2017](#), including identifying those students for whom the institution receives top-up funding
- Check that your 2017 to 2018 allocation has been received and is correct by March 2017

4.

Preparing for 2018 to 2019

Earlier this year the department published the first stage [consultation on high needs funding reform](#). The department will publish outcomes from the first consultation and launch a full consultation on the next stage of proposals later in the year. More information is available in [schools funding arrangements 2017 to 2018](#). The current plan is that the new funding system will apply from 2018 to 2019.

5.

Timeline

The timeline for implementation of the 2017 to 2018 high needs funding arrangements is shown below.

Date	DfE/EFA	Local authorities/institutions
July 2016	High level overview of 2017 to 2018 high needs funding arrangements were issued with minimum local authority high needs allocations. Details have been published on 2017 to 2018 school funding.	
September 2016	High needs funding operational guide for 2017 to 2018 issued to local authorities and institutions (this document).	Local authorities and institutions to begin discussions and seek agreement on 2017 to 2018 high needs place numbers in preparation for return to EFA, due by 25 November 2016.
Early October 2016	2017 to 2018 high needs place change notification technical note and workbook issued to local authorities.	
Early October	January 2016 Census and 2015 to 2016 R10 ILR data published. 2016 to 2017 high needs	

2016	place allocations to institutions updated (as of September 2016).	
Early November 2016	Notify special free schools and AP free schools of process to submit changes to 2017 to 2018 place changes.	
25 November 2016		Deadline for local authority submission of 2017 to 2018 high needs place number changes to EFA.
Early December 2016		Deadline for special and AP free school submission of 2017 to 2018 high needs place number changes to EFA.
Mid December 2016	Publication of DSG school block and high needs block allocations for 2017 to 2018. Publication of provisional early years block allocations.	
January 2017	Outcomes of 2017 to 2018 high needs place change notification process published on GOV.UK.	
20 January 2017		Deadline for submission of final 2017 to 2018 APT to EFA.
March 2017	2017 to 2018 allocations to FE colleges, free schools, academies, NMSS, SPIs and CCPs issued.	2017 to 2018 budgets issued to mainstream maintained schools by 29 February, and by 31 March for special schools and PRUs.
March 2017	2017 to 2018 DSG update, to reflect outcome of 2017 to 2018 place change notification process and updated academies recoupment and high needs place deductions (DSG allocations updated termly for in-year academy conversions).	
May 2017	Publication of 2017 to 2018 high needs place numbers at institution level.	

Table 3: Timeline of activity to deliver 2017 to 2018 high needs funding

6.

How high needs funding works

6.1 Definition of a high needs pupil or student

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 if identified at an early stage, but this is not 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, SPIs or other settings which receive top-up funding from the high needs budget; most, but not all, of these pupils will have either statements of SEN or EHC plans
- those aged 19 to 25 in FE institutions and SPIs who have 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 [section 8.5](#) for further information
- compulsory school-age pupils placed in AP by local authorities or schools

6.2 High needs funding: local authorities

The EFA makes an allocation to local authorities for high needs as part of the dedicated schools grant (DSG). The high needs block is not separately ring-fenced within a local authority's DSG. This means that local authorities

can decide to spend more or less of the total funding than they have been allocated for high needs.

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

Local authorities also use their high needs budget to pay for central services relating to SEND and AP, as permitted by the [School and Early Years Finance \(England\) Regulations](#) [↗](#). 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 such services are delivered by, or commissioned from, schools or other institutions, the authority may devolve funding from its high needs budget to that institution through a service level agreement.

6.3 How the high needs funding system works

The high needs funding system has two main components, which are:

Core funding

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

- mainstream school and academy budgets, derived from the DSG schools block and the local funding formulae
- funding allocated to post-16 providers, including mainstream schools and FE colleges, through the 16 to 19 national funding formula (sometimes called element 1), plus an amount per high needs place of £6,000

(sometimes called element 2)

- place funding of £10,000 per place for special schools and academies, and special units within mainstream schools and academies, which is drawn from the high needs block

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

Top-up funding

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.

6.4 High needs place funding

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

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 2017 to 2018 academic year.

	Pre-16	Pre-16	Post-16	Post-16
Type of provision	Core funding	Top up funding (real)	Core funding	Top up funding (real)

		time)		time)
Mainstream schools, mainstream academies and mainstream free schools	Funding to meet the first £6,000 of additional support costs, delegated within school budget and academy grant derived from local 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	£10,000 per place based on number of places to be funded.	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.
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 per-pupil top-up paid by commissioning local authority.	£10,000 per place based on number of places to be funded.	Agreed per-pupil top-up paid by commissioning local authority.
Nursery schools	Place funding system does not 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 does not operate in independent schools.	Agreed per-pupil funding paid by commissioning local authority.	Place funding system does not operate in independent schools.	Agreed per-pupil funding paid by commissioning local authority.
Maintained pupil referral units, AP academies and	£10,000 per place based on number of places to be funded.	Agreed per-pupil top-up paid by commissioning	Element 1 (based on 16 to 19 national funding formula)	Agreed per-pupil top-up paid by commissioning

AP free schools		school or local authority.	plus element 2 (£6,000) based on number of places to be funded.	local authority.
FE and sixth-form colleges, special post 16 institutions and CCPs	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 per-pupil top-up paid by commissioning local authority.

Table 4 - High needs funding responsibility

6.5 Arrangements for top-up funding

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 alternative provision, and further information can be found in the [alternative provision additional guidance 2016 to 2017](#). Guidance for 2017 to 2018 will be available later.

Top-up funding is the funding required over and above the core or place 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 on offer to all), and can take into account expected place occupancy levels and other factors. See [section 6.7 'How place funding and top up funding work together'](#) for more information.

Local authorities should work with schools, academies, free schools, independent and NMSS, FE institutions and SPIs where they have high needs students, to set funding rates and to confirm the funding institutions will receive. In order to promote greater transparency we would encourage local authorities to publish information about their top-up funding arrangements, for example in their local offer of SEND services and provision. 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.

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 should not automatically be charged an extra £6,000 or £10,000 per head if it is agreed that the institution can provide the support package for additional pupils and students at marginal additional cost. We appreciate this is less likely in the case of pupils and students with very high needs, whose support is often individualised and expensive because of the nature of their needs. However, local authorities and institutions will need to agree an acceptable approach that represents best value and the local authority will need to fund this from its high needs budget.

In all instances, a high needs pupil or student placement must be commissioned by the local authority and an agreement must be in place between the two parties that includes the amount of top-up funding to be paid. Further information is provided in [section 6.6](#).


If the local authority does not agree a placement and top-up funding is not agreed, these pupils and students should not be counted as having high needs for funding purposes and should not be recorded on the census or ILR as a high needs student. This would apply even where an establishment

may have assessed a pupil or student as requiring additional support, or where a pupil or student has been offered a place by that establishment.

Although many of the pupils and students receiving high needs funding will have either statements of SEN or 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. Local authorities should work with providers in their area (particularly mainstream schools and academies, early years settings and FE colleges) to ensure there are clear processes for allocating top-up funding, so that the statutory assessment process is not the sole means of securing additional support for children and young people with SEND. Information about these processes should be published, for example in the local offer of SEND services and provision. This does not 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.

6.6 Administration of top-up funding

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

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

It will continue 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 EFA where there are problems issuing contracts or receiving timely payments. EFA will examine cases and consider remedial action where there is clear evidence that a local authority is not meeting the required conditions of grant.

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

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

6.7 How place funding and top-up funding work together

An institution will be allocated funding based on the total number of high

needs places. For many high needs pupils or students the institution is named in the statement of SEN or EHC plan. However, for funding purposes, once this place funding is allocated to an institution it is not associated with or reserved for a specific local authority or individual pupil or student. It is for the institution to decide how best to apportion their total allocated place funding across the actual number of local authority commissioned places, taking into account the provision and support that may be specified in the statements of SEN or EHC plans. Once a pupil or student is placed in an institution, the commissioning local authority then agrees an amount of top-up funding for the individual pupil or student over and above the place funding to make up the full cost. 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 £300k (30 x £10k):

- in the event that the institution fills 25 places it may agree with the commissioning local authorities to charge a lower rate of top-up funding, to reflect the five unfilled places (the nature of AP and 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

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

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

7. High needs funding arrangements: Pre-16

7.1 Early years providers

Local authorities' high needs budgets can be used across the full age range, including for children with SEND in their early years. As in previous years, for those institutions that cater solely for children aged under 5, such as nursery schools, it is not a requirement that places are funded at £10,000, supplemented by top-up funding for individual children. Local authorities can choose to meet the costs of under 5s with high needs in different ways, including SEN support provided directly as a central service for young children with high needs and early years providers. The [early years funding consultation](#) included new proposals for the funding of SEND. The outcome of that consultation, including any changes affecting 2017 to 2018, will be published later this year.

7.2 Mainstream schools

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

For 2017 to 2018 local authorities must ensure schools and academies 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. Local authorities identify a notional SEN budget for this purpose. Schools and academies, however, should regard this neither as a substitute for their own budget planning and decisions about how much they need to spend on SEND support, nor as a fixed budget sum for spending. Further information on authorities' notional SEN budgets can be found in the [schools block funding formulae 2016 to 2017 data](#).

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

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

Similarly, additional funding can also 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 is not possible to target additional funding to the school through the prior attainment or other factors in the local formula.

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. [Examples of methodologies](#) that some local authorities have set out in their APT for 2016 to 2017 have been published and we aim to publish further examples in due course.

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

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

Therefore, the number of pupils aged under 16, on which the pre-16 formula funding for the mainstream school is based, should exclude those pupils in the provision. This should be calculated using the number of places in the provision which are used by pupils in the school (as opposed to pupils on the rolls of other schools) excluding places occupied by under 5s and pupils aged 16 to 19, although authorities can use a different basis if this is agreed by EFA. Information on post-16 students at mainstream schools, academies and free schools is available at [section 8.8](#).

The outcome of the consultation on [adjustments to local authority funding related to free schools](#) will be announced later this year. The consultation proposed that mainstream free schools should be funded on the same basis as a mainstream academy. DSG deductions for high needs places in mainstream free schools would therefore be made from the local authority in which the free school is located from the first year of opening, rather than from the second year as in 2016 to 2017. This includes UTCs and studio schools.

7.3 Special schools

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

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

Maintained special schools and special academies

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

A special schools protection will continue, as in 2016 to 2017, and the maximum that a school can lose under this arrangement will continue to be calculated at minus 1.5% of the school's overall high needs funding, assuming that the number and type of places remains the same between 2016 to 2017 and 2017 to 2018. It also assumes that all pupils in the school are placed by the home authority and that all top-up rates received by the school are those set by the home authority. Further information on this protection, including a worked example and how to apply for an exemption, are available at [Annex 1](#).

Special free schools

High needs places, pre-16 and post-16, are funded at £10,000 per year.

Special free schools are funded direct by EFA for the number of high needs places. Place funding at special free schools is not included in the 2017 to 2018 DSG allocations and no deductions will be made from local authorities' DSG for places in these schools. Local authorities requiring more special school places may want to consider whether a free school could be the best way to meet that need, and if so, discuss with regional school commissioners (RSCs).

Non-maintained special schools

The value of the funding per place for students of all ages (pre and post 16) for NMSS will remain at £10,000 per place per annum. This will be allocated based on school census data. EFA will confirm shortly which data set will be used for 2017 to 2018 allocation purposes.

Independent special schools

Independent special schools continue not to be part of the high needs place funding system in 2017 to 2018. 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. 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.

7.4 Alternative provision

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

All AP places will be funded at £10,000 per place in 2017 to 2018 and must include those which schools commission directly, as well as those that the local authority commission. This is base funding and PRUs and AP academies are likely to receive top-up funding for specific pupils, and may receive additional funding for commissioned services.

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

[Alternative provision: additional guidance](#) provides further information on AP funding in 2016 to 2017. Guidance for 2017 to 2018 will be available later.

AP free schools

AP places in free schools are funded at £10,000 per AP place. Places in AP free schools opened during the 2016 to 2017 or 2017 to 2018 academic years will be funded directly by EFA, with no deduction from DSG. However, a deduction will be made from DSG for places in AP free schools opened before or during the 2015 to 2016 academic year. Further information on how deductions from local authorities' DSG will be calculated will be available later.

7.5 Further education institutions with 14 to 16 year olds

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.

7.6 Hospital education

Hospital education is defined as “education provided at a community special school or foundation special school established in a hospital, or under any arrangements made by the local authority under section 19 of the 1996 Act [the Education Act 1996] (exceptional provision of education), where the child is being provided with such education by reason of a decision made by a medical practitioner”. This definition will continue to apply in 2017 to 2018. Although we do not differentiate between pre-16 and post-16 in allocating funding to local authorities for hospital 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 section 8.9](#) for further information.

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

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. In the regulations we intend to 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 will also be reflected in the funding arrangements for hospital education places in academies. Local authorities should make sure that they consider the extent to which hospital schools and hospital education services should receive the benefit of any general uplift in high needs funding they receive.

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

8.

High needs funding arrangements: post-16

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

8.1 Post-16 place funding - element 1

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

We fund the majority of institutions with post-16 provision on a lagged student number basis, using the national post-16 funding formula. For example, the total allocation of element 1 for the 2016 to 2017 academic year was based on the number of students recruited in 2015 to 2016. This applies to FE institutions, commercial and charitable providers (CCPs), maintained schools and academies, AP institutions with mainstream sixth form provision and SPIs. These organisation types should therefore not seek funds from local authorities for any shortfall in element 1 in 2017 to 2018. Any shortfall will be rectified in the lagged allocation for 2018 to 2019.

For 2017 to 2018 local authorities should continue to use a national average figure of £5,000 as the assumed element 1 value for all post-16 high needs students, except for those students in special schools and special academies.

8.2 Post-16 place funding - element 2

Element 2 provides £6,000 towards the additional support costs for high needs students in mainstream post-16 settings as described in the previous section. This element of place funding is not intended to meet the needs of students with support costs lower than £6,000. Funding for these students is provided within the institution's disadvantage funding, calculated within their mainstream 16 to 19 funding allocation. Although funding is provided on this basis, institutions are free to devise their internal budgets using all the funds

at their disposal.

We confirm allocations of place funding well ahead of the beginning of the academic year to allow institutions enough time to plan, manage resources and provision. Place funding allocations do not always reflect subsequent commissioning and placement decisions by local authorities. Institutions should decide how best to apportion their total allocated place funding across the actual number of commissioned places. See [section 6.7](#) on how place funding and top up funding work together.

8.3 Post-16 study programmes

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

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.

A full-time study programme has a minimum duration of 540 hours and there is no set maximum. Local authorities or colleges should not 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](#).

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

8.4 Part-time or part year students - post-16

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.

Where an institution has, or is considering, enrolling a student that meets this criterion, they should hold discussions with the local authority as they are the commissioners of high needs places. 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.

8.5 Students aged 19 to 25 with an EHC plan

Students aged 19 to 25 with EHC plans who are continuing in education may have a range of options, including attending FE colleges. The local authority's schools budget cannot be used to fund places, or incur other expenditure (such as top-up funding), for 19- to 25-year-olds in schools (maintained mainstream schools, maintained special schools, mainstream and special academies, NMSS and independent schools). For more information, see regulation 14 of, and paragraph 18 of schedule 2 to, the [School and Early Years Finance \(England\) Regulations 2015](#) [↗](#), and in due course the regulations that will replace these for 2017 to 2018.

There is an exception for those 19-year-olds who are completing a secondary education course started before they were 18-years-old. This will reflect the current position, whereby students cannot remain at special

schools beyond the age of 19 (subject to the same exception for those completing secondary education courses).

Schools wishing to offer provision to students aged 19 to 25 may wish to consider setting up a legally and financially separate entity. Once established, to be eligible for consideration to receive EFA funding the new entity must be included within their home local authority high needs place change notification workbook, for at least ten student places. It would then be subject to the due diligence process and more information on the [process for 2016 to 2017](#) is available. The process for 2017 to 2018 will be issued shortly.

8.6 Students aged over 25

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

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

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

Therefore the local authority must liaise with the SFA before they commission a programme for a student that is likely to continue beyond the academic year in which the student turns 25, as the commissioning and funding will transfer to the SFA. There must be exceptional circumstances which the SFA will need to understand.

8.7 Special post-16 institutions

SPIs will continue to be funded on the basis of elements 1 and 2 in 2017 to 2018. This place funding will be allocated based on ILR data. EFA will confirm shortly which data set will be used for 2017 to 2018 allocation purposes.

8.8 Sixth-forms

High needs place funding for post-16 places in maintained schools and PRUs with mainstream sixth forms will continue to be funded through the sixth form grant in 2017 to 2018, but to enable flexibility this will be funded at local authority level rather than institution level. Local authorities will be able to agree post-16 places in maintained schools and PRUs at local level, without reference to EFA, and distribute as appropriate to institutions.

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

High needs places for post-16 students 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.

Post-16 students in PRUs, AP academies and AP free schools are not funded in the same way as pre-16 students. An institution will not receive AP place and top-up 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 would be funded on a similar basis to post-16 students in mainstream schools.

8.9 Hospital education

In allocating funding to local authorities for hospital education, we do not differentiate between pre-16 and post-16 places or provision in maintained schools, PRUs or academies. Hospital education places in maintained special schools, PRUs or academies for post-16 students are funded in the same way as pre-16 places [see section 7.6](#).

Medium secure adolescent psychiatric forensic units, which cater mainly for young people aged 16 and over, will be funded in 2017 to 2018 using the same hospital education funding methodology of an amount per place no less than their funding per place in 2016 to 2017. Such education provision exists in a very small number of units, some of which are in maintained schools and academies, where the funding will come from the local authority and EFA respectively, and others are operated by charitable organisations and mental health trusts funded directly by EFA.

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

8.10 New post-16 institutions

To be eligible to receive high needs place funding from EFA in the academic year 2017 to 2018, new institutions must have successfully completed EFA's due diligence process. Information on the [process for 2016 to 2017](#) is available and the process for 2017 to 2018 will be issued shortly. Potential new institutions must be notified to EFA by the local authority of the area in which they are located, in the high needs place change notification workbook, as detailed in the place change notification technical guide to be issued in early October.

9.

Annex 1: special schools minimum funding guarantee

The minimum funding guarantee (MFG) for special schools will continue to be set at minus 1.5% of overall funding, assuming that the number and type of places remains the same between 2016 to 2017 and 2017 to 2018. 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 2017 to 2018 top-up 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 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 2016 to 2017 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 1.5% in 2017 to 2018. If the MFG is breached, authorities may wish to consider applying for an exemption to the MFG using the disapplication request form. Any such request will be expected to have the agreement of schools forum and the schools concerned.

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

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

The worked examples provide two scenarios of how the MFG is calculated for a 100 place special school, which in 2016 to 2017 was occupied by a total of 90 pupils, 30 in each of 3 different bands.

Special school MFG: 2016 to 2017	Band 1	Band 2	Band 3	Total
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

2017 to 2018: MFG scenario 1	Band 1	Band 2	Band 3	Total
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 2016 to 2017				-1.3%

2017 to 2018: MFG scenario 2	Band 1	Band 2	Band 3	Total
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 2016 to 2017				-2.0%

Annex 1 - table 1: minimum funding guarantee worked example in a special school

In the first scenario, two of the three top-up 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 2017 to 2018 top-up rates are in line with the guarantee and funding to the special school should reflect these rates (for students placed by the home authority); number of students in each band; and the actual numbers of places.

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

10.

Annex 2: other information

This section provides information that has previously been available in high needs publications, but is neither specific to high needs nor within the scope of EFA funding.

10.1 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.

10.2 Apprenticeships

High needs funding for apprentices is met by EFA through the Skills Funding Agency (SFA) apprenticeship funding methodology. In summary this means:

- any apprentice that requires additional support qualifies for a payment of

£150 per month

- if identified needs cost more than the monthly rate, the provider can claim additional funding (up to £19,000) from the SFA on the earnings adjustment statement - this means the costs are fully funded at no cost to the provider and are met by EFA
- should costs exceed £19,000 then the provider applies to the SFA for exceptional learning support, if agreed the SFA meets these costs and charges them to EFA
- the provider should always work with the Department for Work and Pensions or Job Centre Plus to access any support for people entering work before claiming EFA or SFA funding

If the apprentice does not have an EHC plan then they are funded as a 19+ apprentice under the full SFA system. This expects co-funding from the employer. 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.

10.3 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 EFA 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 a students at an English institution where suitable alternative provision is available nearer to their home.

10.4 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 statements of SEN or 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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