

Reform of funding for high needs pupils and students: Operational implications for educating institutions

Introduction

1. The Government announced new arrangements for funding educational provision for pupils and students with high needs as part of the School Funding Reforms for 2013/14. These arrangements will be introduced in April 2013 for schools and Academies, and in August 2013 for further education (FE) institutions.

Defining High Needs

2. The reference to pupils and students with high needs means young people who need educational provision that costs more in total, including the basic provision given to all pupils and students, than about £10,000 per year. This threshold defines the level of need that the DfE would expect to be met through mainstream funding and those for whom additional funding is required.
3. Pupils and students with high needs include pupils aged from birth to 19 with high-level special educational needs (SEN), pupils of compulsory school age in alternative provision (AP), and those aged 16-25 with high-level learning difficulties or disabilities (LDD) including those aged 19-25 who are subject to a learning difficulty assessment (LDA).

The new approach to high needs funding: A summary

4. Under the new approach to high needs funding, which is termed 'place-plus':
 - Mainstream providers (schools, Academies, FE colleges) will be expected to contribute the first £6,000 of the additional educational support provision for high needs pupils and students from their notional SEN budget (pre-16) or a specific additional education support allocation of £6,000 for each high needs student on roll during the last academic year (post-16) – this is over and above the costs of per-pupil or per-student teaching and learning provided by the educating institution;
 - Specialist SEN / LDD settings will receive a base level of funding of £10,000 per planned place for pupils pre-16, and an allocation generated by the 16-19 national funding formula plus £6,000 for each high needs student on roll during the last academic year – this is equivalent to the level up to which mainstream settings will be expected to contribute;
 - AP settings will receive a base level of funding of £8,000 per planned place; and
5. Top-up funding above these levels will be provided on a per-pupil basis by the commissioner placing the pupil – this will be agreed between the commissioner and educating institution.

6. Under the place-plus arrangements, local authority commissioners and educating institutions will deal directly to agree top-up funding for individual pupils placed in a particular setting. Funding will be paid in or close to the pupil's real-time movements, and will flow directly between the commissioner and educating institution

Implications for mainstream schools and Academies

7. The new funding arrangements for high needs provision in mainstream schools and Academies will be similar to current pre-16 funding arrangements: educating institutions will receive formula funding, including a notional SEN budget, from which they will be expected to contribute to the cost of provision for high needs pupils, and above which additional per-pupil funding will be provided. Under the new arrangements, mainstream educating institutions will be expected to contribute the first £6,000 of additional educational support for each high needs pupil over and above standard teaching and learning. This will require some local authorities to delegate more funding for SEN to schools, and some to reduce their current level of delegation.
8. For post-16 provision in mainstream schools and Academies, educating institutions will receive an allocation through the 16-19 national funding formula plus £6,000 per post-16 high needs pupil. This allocation will usually be based on the number of high needs students in the last academic year.
9. Top-up funding above the base level of funding will be agreed between the commissioner and the educating institution, and paid directly to the educating institution by the commissioner.

Implications for specialist SEN and AP settings

10. These reforms will introduce a new way of funding specialist SEN and AP settings. Under place-plus:
 - Specialist SEN settings will receive a base level of funding of £10,000 per planned place for their pre-16 provision.
 - For post-16 provision, specialist SEN settings will receive an allocation through the 16-19 national funding formula plus £6,000 per post-16 high needs pupil. This allocation will usually be based on the number of students in the last academic year.
 - AP settings will receive £8,000 per planned place.
11. The initial allocation of per-place base funding will be based on the number of places for which educating institutions are funded during FY2012-13 (or AY2012/13 for Academies), and adjusted if necessary with regard to future plans.
12. The number of places funded in each educating institution will be reviewed at least every two years, as part of the process that the EFA will co-ordinate annually. Reviews of the number of funded places and any cases put forward for

adjustments will be based on evidence of demand for places and dialogue between commissioners and the educating institution.

13. Top-up funding above the base level of funding will be agreed between the commissioner and the educating institution, and paid directly to the educating institution by the commissioner.

Implications for mainstream FE and specialist colleges

14. Under the reformed approach to high needs funding, mainstream FE colleges and independent specialist providers (ISPs), and all other institutions offering post-16 high needs provision, will be funded in the same way.
15. Under these new arrangements, educating institutions will receive an allocation through the 16-19 national funding formula plus £6,000 per post-16 high needs student. This allocation will usually be based on the number of students in the last academic year.
16. Rates of top-up funding should be determined by August 2013 when local authorities will have worked with mainstream FE and specialist colleges with whom they place high needs students to agree rates of top-up funding for students educated in those settings in AY2013/14. The simplest way of doing this is to deduct the average per-student allocation from the 16-19 national funding formula and £6,000 from the total cost of the placement. Before August 2013, educating institutions should work with the commissioning local authorities to agree rates of top-up funding to be used in AY2013/14.

Implications for hospital education settings

17. From April 2013, there will be a new approach to funding hospital education provision. The DfE intend that these arrangements would also cover hospital education provision for young people aged 16-18 that is provided in secure forensic psychiatric units.
18. The aims of these arrangements are to ensure that there is high-quality education provision for pupils who are admitted to hospital or a medical facility as a result of a medical referral, while avoiding a need for a massive inter-authority recoupment operation.
19. To implement these reforms, the DfE will distinguish hospital education provision from other provision that is more akin to SEN and AP and then calculate the current spend on each hospital education setting, and top-slice this from the national DSG. This funding will then be passported (i.e. passed on directly) to the educating institutions by the maintaining local authority.
20. If the educating institution becomes an Academy, their funding will be passported to them by the EFA. These arrangements will avoid a need for inter-authority recoupment, or for hospital education providers to recover funding from the home local authorities of the pupils that they admit

21. As part of the process for confirming the number of places to be funded in FY2013-14, the EFA will also confirm with local authorities the number of places in and total funding for hospital education settings that they maintain.