

WELCOME

An introduction to high needs funding

We will commence shortly...



High Needs Funding- an overview

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The screenshot shows the GOV.UK website page for 'Guidance High needs funding: 2023 to 2024 operational guide'. The page is published on 10 August 2022 and applies to England. It features a navigation menu with 'Home', 'Education, training and skills', and 'High needs funding arrangements: 2023 to 2024'. The main content area includes a 'Contents' section with 15 numbered items, a '1. Summary' section, and a 'Table 1: definitions of terms' section. The 'Table 1: definitions of terms' section includes a table with columns for 'Term used' and 'Definition of term'. The 'Provider local authority' term is defined as: 'This is usually the local authority where a school or college is located. The provider (local authority) funds the high needs places at a school or college from its dedicated schools grant (DSG). For centrally funded schools and colleges, that is, non-maintained special schools (NMSS), special post-16 institutions (SPIs) and a small number of other further education (FE) Education and Skills Funding Agency (ESFA) is considered the provider local authority'.



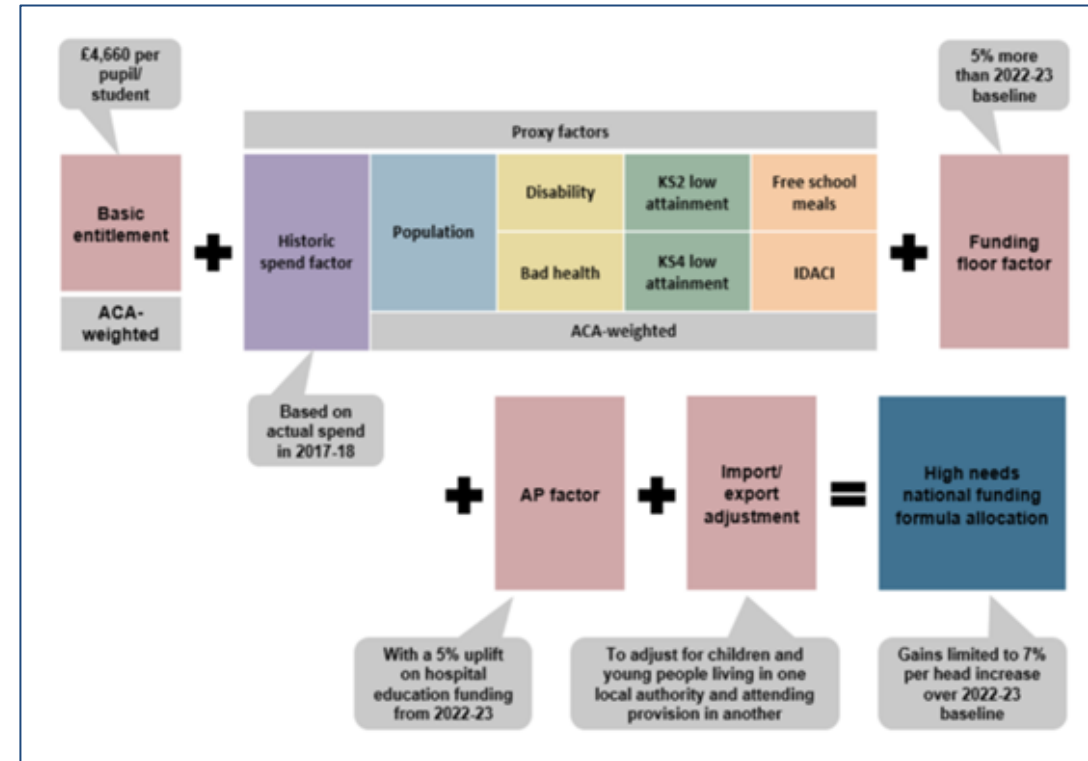
High needs funding

- The high needs national funding formula
- High needs funding: 2023-24 operational guide
- Who is a high needs student?
- How is funding allocated?
- What funding rates are applied?
- How does it differ by school or college provider type?
- High needs NFF & the import/export adjustment
- The annual place change process
- Important dates
- Resources
- Q&A



High needs national funding formula (NFF):

- Visual illustrates 12 elements of the high needs NFF which underpin the local authority high needs block allocations



High needs NFF in 2023 to 2024

Some highlights of the 2023 to 2024 allocations:

- The basic structure of the high needs NFF is not changing
- The funding floor factor in the high needs NFF for 2023 to 2024 is set at **5%** per head of 2 to 18 population
- The limit on gains is set at **7%**
- Both the funding floor and gains cap percentages use 2022 to 2023 baselines that include the supplementary funding allocated for 2022 to 2023 in December 2022.
- The low attainment factors continue to use 2019 data, as a proxy for both 2020 and 2021 key stage 2 test and GCSE exam data

Government support will continue to help LAs with DSG deficit reduction through a number of programmes focusing on managing high needs budgets more sustainably

- DSG management plans, a helpful local budget planning tool.



High needs funding: 2023 to 24 operational guide

GOV.UK

Home > Education, training and skills > High needs funding arrangements: 2023 to 2024

Education & Skills Funding Agency

Guidance

High needs funding: 2023 to 2024 operational guide

Published 10 August 2022

Applies to England

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1. Summary

This guide describes how the 2023 to 2024 financial and academic year high needs funding system will work for all types of education provision. Unless the context relates specifically to the national funding formula (NFF) allocations and operational processes relating to 2023 to 2024, most of this guidance applies to the current financial year and should therefore be implemented immediately.

The guide is primarily for local authorities, schools and colleges, although some sections of the guide may not apply to all organisations. It may also be useful to anyone with an interest in special educational needs and disabilities (SEND), alternative provision (AP) and high needs funding.

The guide explains how the high needs funding system operates for local authorities and different school and college types across England. It can be used to inform local budget planning and consultations over the autumn term and beyond, particularly in agreeing how high needs provision should be supported, commissioned and funded.

The definitions of terms used throughout this guide are detailed below:

Table 1: definitions of terms

Term used	Definition of term
Provider local authority	This is usually the local authority where a school or college is located. The provider local authority funds the high needs places at a school or college from its dedicated schools grant (DSG). For centrally funded schools and colleges, that is, non-maintained special schools (NMSS), special post-16 institutions (SPIs) and a small number of other further education (FE), Education and Skills Funding Agency (ESFA) is considered the provider local authority



Who is a high needs pupil/student?

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

- Children aged 0 to 5 with SEND, some of whom may have EHC plans
- Pupils aged 5 to 18 with high levels of SEND; most but not all of these have EHC plans. High needs funding is available for –
 - Pupils and students in mainstream schools and FE whose support is assessed at a level that costs more than £6,000 per annum
 - Pupils and students in special schools and other specialist provision
- Students aged 19 to 25 who have an EHC plan, and who fall into the above categories
- And all compulsory school aged pupils placed in alternative provision by either a local authority or a school



High Needs Funding – broad approach

- **Schools and Colleges receive funding in different ways as below:**
 - **Core or place funding** – the annual allocation a school or college receives either directly from the provider LA (in the case of a maintained school) or ESFA. The amount allocated can be pupil, student or place based and/or a combination of both; and differs according to educational provider type. Place funding comes from LAs' high needs allocations
 - **Top-up funding** – additional funding from the LA (or school in the case of alternative provision) for the excess costs of individual pupils/students with high needs
 - High needs funding for services under a **service level agreement**



Top-up funding

- Funding required over and above core/place funding
- Paid by the LA in which the pupil is resident. This is the LA responsible for maintaining their Education, Health and Care (EHC) plan
- Reflects cost of additional support
- Payments need to be made in a timely fashion (monthly unless otherwise agreed)
- EHC plan may not be required (except for students aged 19 to 25)
- Top-up can be negotiable, and can reflect aspects of whole school/college provision, for instance normal levels of under occupancy. Locally determined banded funding systems are also used



Import /export adjustment

- **What is it for? To reflect:**
 - Higher costs if a school/college attracts more pupils and students with high needs who live outside their area ('imports')
 - Lower costs if an LA "exports" pupils and students to a school/college in another authority area
- **The adjustment draws on data from the January school census and ILR06:**
 - Pupils (age 4 to 18) with top-up funding in mainstream and special schools, academies and NMSS
 - Post-16 students (age 16 to 18 and 19 to 24 year olds with EHC plans) with top-up funding in FE institutions
- **Funding adjustment - can be positive or negative**
- **For ESFA funded providers** we are considered an 'LA' for the purpose of the import/export adjustment, hence data includes Non Maintained Special Schools (NMSS) & SPIs centrally funded by ESFA
- **Alternative Provision** – adjustments are not made due to local data challenges



Summary timeline: 2023-24 import/export adjustment

- **May/June 2023** – import export data issued with guidance on data error process
- **July 2023** – Local authorities can notify ESFA of census or ILR data errors, requiring a change to the import/export adjustment. As these are likely to impact on other LAs, agreement with the relevant authority and/or evidence of a data error will be required.
- **August/September 2023** – ESFA communicate outcomes from data error process
- **November 2023** – 2023-24 DSG updated to reflect agreed changes
- Currently nearing the end of the 2022-23 import/export process and will engage with local authorities on possible improvements for next year



Changing 2023 to 2024 high needs place numbers

- **The place change notification process for 2023 to 2024 will be launched in October 2022**
- **Purpose of the place change notification process**
 - So that ESFA funded schools/colleges receive the correct place funding, and this is equivalent to the DSG deductions of place funding that will be made in March 2023
 - To notify ESFA of changes to place numbers
- **Local authorities must ensure:**
 - they consult with their local school/colleges/hospitals in scope of the process to check/amend place numbers
 - funded place numbers include places agreed and commissioned by provider and other LAs (AP Free schools agreed with ESFA directly), including any strategic education planning considerations that may be impacted by local decisions e.g. new provision, demand, local authority reorganisation, etc.



Local Authority - High Needs Timeline (key dates)

Discussions with schools/colleges and other LAs to inform strategic planning and to seek agreement on 2023 to 2024 high needs place numbers to inform ESFA workbook returns. Supporting place guidance and numbers will be published

Include checking the outcomes for providers located in other LAs

Review of, and amendments to, an EHC plan must be completed by 15 February for pupils moving in that calendar year

Review of, and amendments to the EHC plan, including specifying the post-16 provision and naming the school/college (31 March)

Deadline for 2023 to 2024 high needs submission of place number changes return and hospital education funding to ESFA

Check published outcomes and ensure queries are discussed with relevant institution(s)



Read updated 23-24 high needs operational guide

Deadline for requests to disapply conditions of grant relating to movement of funding from the schools block (Annex 1, HN guide)

initial 2023 to 2024 DSG early years block allocations to be published

Deadline for submitting final 2023 to 2024 authority proforma tool (APT) to ESFA

Budgets issued to maintained mainstream schools, special schools and PRUs

Deadline for AP free schools 2023 to 2024 place number returns

2 week enquiry window closed for raising queries regarding 2023 to 2024 funded place numbers

Complete EHC plan review process (31 March)



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Special schools minimum funding guarantee (MFG)

MAINSTREAM SCHOOLS HAVE FOR MANY YEARS BEEN PROTECTED FROM SIGNIFICANT REDUCTIONS IN PER-PUPIL FUNDING BY A MINIMUM FUNDING GUARANTEE (MFG)

Part of local school funding formula design

- LAs set their local MFG % within a range set by the department each year
- 2022-23 range is 0.5 to 2% but effective minimum of 3% due to SSG; 2023-24 range is 0 to 0.5%

Disapplication requests can be made by LA

- MFG rules in regulations
- Exceptions made where MFG % is unaffordable, e.g. due to schools block transfer to high needs budget

Direct NFF funding floor to replace MFG

- Recent direct NFF consultation has proposed how this will be achieved

A SPECIAL SCHOOLS EQUIVALENT TO THE MAINSTREAM SCHOOLS MFG HAS BEEN IN PLACE SINCE 2013-14, AND CALCULATION INCLUDES BOTH PLACE AND TOP-UP FUNDING

Impacts on top-up funding level set by LAs

- Department sets MFG % each year and LAs set top-up funding levels accordingly
- 2022-23 MFG is 0%, i.e. no cash increase required; 2023-24 % is 3% compared to 2021-22 baseline

Disapplication requests can be made by LA

- MFG rules in DSG conditions of grant for LAs
- Exceptions made, e.g. where funding bands are being adjusted to better reflect expected levels of need and provision across all schools

Cannot be applied to AP schools

- MFG calculation assumes like-for-like pupil cohorts between years and single source of top-up funding
- More variable pupil flows in and out of AP and sources of top-up funding (e.g. from schools) prevent us from applying the MFG to AP schools



Special schools MFG disapplication requests

- Those local authorities who are planning to submit a disapplication request to **contact ESFA at LA.Disapplications@education.gov.uk for an initial discussion before starting the process**
- **Formal requests should include:**
 - financial modelling to show the financial impact on those schools whose funding would breach the proposed MFG
 - information on the affected schools' financial health, reserves or deficits and analysis of in-year balances over previous years
 - details of local consultations and schools forum discussions
- **Safety valve programme LAs' requests will be handled separately:**
 - Local authorities that have safety valve agreements with the department should make disapplication requests to the safety valve team at SafetyValve.Programme@education.gov.uk
 - Local authorities that are engaged in safety valve discussions with the department during 2022 to 2023 should make disapplication requests as part of those discussions



Education funding and residence

- **Under the Children and Families Act 2014, local authorities are responsible for children and young people with SEN who are wholly or mainly resident in their area. These duties are based on where the child or young person lives and not on where they are educated.**
- Where a child or young person is educated outside the local authority area where they usually live, it is the local authority where the child normally lives that is responsible for conducting the EHC needs assessment and issuing an EHC plan, where necessary, and for securing and funding that provision.
- Some children and young people may require residential educational placements (particularly those with the most complex needs). In such cases, **it is the department's view that the child or young person continues to be considered as living in the local authority area that placed them in the residential provision** (since a residential school or college placement, even for 52 weeks of the year, is educational provision and not a place where a child or young person lives. That is, the child or young person will remain resident at their family home), and, therefore, they would continue to have the duty to maintain any EHC plan.
- **The high needs NFF and [the] data used relating to the children and young people resident in the local authority's area includes a basic entitlement factor and import/export adjustment that together ensure local authorities are appropriately compensated for the high needs place funding for schools and colleges.** This funding allocation is paid directly to the schools and colleges either by the local authority that maintains the school or by ESFA in the case of academies, NMSS and colleges.

Children and young people who move between LAs

- **Where a child or young person moves from the area of one local authority into the area of another (for example, changes where they usually live), the new local authority becomes responsible for meeting the statutory SEN duties** (as detailed in the SEND Code of Practice, section 9.157 to 9.162). This may happen where a child's family moves, or if a young person decides to remain living where they have been educated.
- If the child or young person already has an EHC plan, the old local authority is required to transfer the EHC plan to the new local authority on the day of the move, or within 15 working days of becoming aware of the move.
- **The new local authority then becomes completely responsible for maintaining the plan and funding the specified educational provision. The new local authority must review the EHC plan** within 12 months of the plan being made or being reviewed by the old authority, or within 3 months of the plan being transferred (whichever is later). The new local authority may conduct a new EHC needs assessment, regardless of when the previous EHC needs assessment took place, since local variations may mean that arrangements in the original EHC plan are no longer appropriate.

Looked-after children

- When a local authority places a looked after child with an EHC plan in another local authority's area (for example with foster parents), **the local authority where the looked after child lives (is wholly or mainly resident) becomes responsible for maintaining their EHC plan (including paying any top-up funding), in the same way as any child or young person who moves from one local authority's area to another.**
- The policy intention behind this is that the local authority where the child lives knows their local schools and educational provision better, so they are better able to assess whether the child needs special educational provision on top of what is ordinarily available.

Inter-LA recoupment

- The Inter-authority Recoupment (England) Regulations 2013 permit the local authority where a looked after child with an EHC plan lives to recoup the cost of primary or secondary education, which includes additional SEND educational provision (for example, the costs of top-up funding), from the local authority responsible for looking after the child.
- **Recoupment of education costs will not normally be appropriate**, however, as from 2018 **the high needs funding formula and associated arrangements have been designed to ensure that local authorities' allocations of funding for SEND are based on the characteristics of the children and young people living in their area, including any looked after children.** In addition, there are adjustments to reflect the costs relating to the movement of pupils and students living in one local authority area who receive their education in another local authority area.
- Inter-authority recoupment may remain appropriate in some circumstances, however, following mutual understanding and agreement on how the costs of educating looked after children are funded through the local authorities' respective funding allocations. For example, **recoupment may be appropriate for cross border pupils (Wales).** **In the case of emergency or temporary placements by the local authority responsible for the looked after child/children, it may be reasonable for the placing local authority to pick up the costs (via recoupment) until a more permanent placement is made and/or the transfer of the EHC plan is arranged. Although such costs may be met directly in these circumstances, inter-authority recoupment may be appropriate in the short term,** for example, where a temporary placement decision of the local authority responsible for the looked after child/children has an unreasonable short-term financial consequence for another local authority because they have not had time to plan for the expenditure from their high needs budget.
- It should be noted that the **recoupment regulations do not provide for recoupment of costs of FE provision**, so costs of additional SEND provision for young people in FE settings cannot be recouped in this way.

Questions?

Contact information:

For high needs or other funding related queries, please submit via the ESFA .gov enquiry form:

<https://www.gov.uk/guidance/esfa-business-operations-help-and-support#get-help-with-esfa-services>



Resources & useful links

- [High needs funding arrangements for 2023 to 2024](#), including:
- [High needs funding 2023 to 2024: operational guide](#)
- [High needs: Allocated place numbers](#)
- [Schools & high needs national funding formula: 2023 to 2024](#)
- [DSG deficit management plans](#)
- [2022 to 2023 Import Export Adjustment](#)
- This presentation video to be made available on YouTube

