

Date of meeting:	15 th March 2018
Title of report:	HIGH NEEDS FUNDING BACKGROUND
Type of report: Delete as required	For information only
Executive summary: Including reason for submission	To provide a summary of high needs funding, what it pays for, and explanation of the main payment methodologies.
Budget / Risk implications:	None
Recommendations:	None
Voting requirements:	None
Appendices: To be attached	Appendix A: Summary of High Needs Provision Funding in Different Provider Settings
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1.0 BACKGROUND

- 1.1 High Needs funding is provided through the High Needs Block of the Dedicated Schools Grant (DSG). The high needs funding system supports provision for children and young people with special educational needs and disabilities (SEND) in line with the Children and Families Act 2014. High needs funding is also used to support good quality Alternative Provision for pre-16 pupils who cannot receive education in schools. The Children and Families Act 2014 extended local authorities' statutory duties relating to SEND across the 0 to 25 age range. Institutions also have duties under the Act, in particular a duty to cooperate with the local authority on arrangements for children and young people with SEND. Institutions that are covered by these duties include:
- maintained nursery schools
 - maintained schools and academies (including free schools)
 - non-maintained special schools
 - further education (FE) colleges, sixth-form colleges and independent learning providers (ILPs, previously known as charitable and commercial providers (CCPs))
 - independent special schools and special post-16 institutions (SPIs)
- 1.2 North Yorkshire County Council has a key role in determining place and top-up funding given to institutions to meet the needs of children and young people with SEND. For some institutions, such as academies and Further Education (FE) institutions, place funding is included in NYCC's initial DSG allocation and then deducted by the Education Skills and Funding Agency (ESFA) so that it can pay the funding direct.
- 1.3 High Needs funding is also used by NYCC to pay for central services relating to SEND and AP, as permitted by the regulations (for example, Inclusion Support Service).
- 1.4 In 2017-18, the total High Needs Block for North Yorkshire County totalled £44.590m. Table 1 provides a breakdown of the budgeted net expenditure lines:

Table 1: High Needs Budget 2017-18

Budget Area	£k	%
Alternative Provision (PRUs, Hospital Provision)	5,350	12.0
Education Psychology	190	0.4
SEN Early Years	249	0.6
Enhanced Mainstream Schools	3,647	8.2
SEN Support & Outreach	2,981	6.7
Other Budgets	1,670	3.7
High Needs Commissioning	30,503	68.4
TOTAL	44,590	100

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- 1.5 High Needs Commissioning makes up over 2/3 of the overall budget; this principally pays for educational places for children with SEND in a wide range of education provision. A further breakdown of High Needs Commissioning is provided in Table 2.

Table 2: High Needs Commissioning Budget 2017-18

Budget Line	£k	%
NY Special Schools	16,733	54.9
Mainstream High Needs	5,582	18.3
Early Years High Needs	548	1.8
Independent Schools	2,404	7.9
Non-maintained Schools	675	2.2
SEN Legal Services	25	0.1
OLA Expenditure	1,435	4.7
ISPs	1,669	5.5
Personalised Learning	447	1.5
FE Colleges	856	2.8
Preparing for Adulthood	129	0.4
TOTAL	30,503	100

- 1.6 In 2017-18, the increase in the number of children assessed as requiring Education, Health and Care Plans has placed significant financial pressure against this cash-limited funding. The projected outturn is an overspend in the range of £3-3.5m.
- 1.7 The following sections provide an overview of some of the High Needs Funding Methodology for some of the main types of provision.

2.0 HIGH NEEDS FUNDING – PLACE FUNDING AND TOP-UP FUNDING

- 2.1 High needs funding used to commission places has two main components: (i) core or place funding, and (ii) top-up funding.
- 2.2 Core funding is allocated to institutions in a number of ways, including:
- mainstream school and academy budgets;
 - funding allocated to post-16 providers, including mainstream schools and academies, and FE institutions, ILPs and SPIs, through the 16-19 national funding formula alongside place funding of £6,000
 - £10,000 per place, depending on the institution and place type
- 2.3 Top-up funding (Element 3) 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.

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- 2.4 Although many pupils and students receiving high needs funding will have 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. The statutory assessment process is, therefore, not the sole means of securing additional support for children and young people with SEND. This doesn't replace the statutory right for institutions, parents or young people to request an EHC assessment, but should provide the local authority with greater flexibility in meeting the costs of additional support for those with high needs incurred by institutions.
- 2.5 **Appendix A** sets out how high needs provision is funded in different types of provider for both pre and post-16 students for the 2018/19 academic year.

Place Funding

- 2.6 Place funding is allocated to an institution and includes the funding pupils and students attract for their core education and also provides a contribution to the additional costs associated with a support package. Place funding reflects commissioning and strategic planning activity to secure suitable special educational needs and disabilities (SEND) provision and alternative provision (AP).
- 2.7 An institution is allocated place funding based on the total number of high needs places, irrespective of where the pupil resides. For funding purposes, once 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 places commissioned by local authorities, taking into account the provision and support that may be specified in the individual pupils' or students' EHC plans.
- 2.8 Place funding isn't withdrawn if an individual doesn't occupy the expected place. It is intended to provide institutions with a guaranteed budget for the year and gives them a degree of financial stability. NYCC does not seek to recover funding for places which it considers as being unused from the previous or current academic year. Similarly, additional payments of £6,000 or £10,000 per head should not automatically be paid to an institution which has filled all funded places (irrespective of which local authority has filled them).

Top-up Funding

- 2.9 Top-up funding is the funding required over and above the core funding an institution receives, to enable a pupil or student with high needs to participate in education and learning. This is paid by the placing local authority and reflects 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 an offer to all), and can take into account expected place occupancy levels and other factors.

2.10 In North Yorkshire, top-up funding comprises the following elements:

Table 3: North Yorkshire Top-up Funding

Top-Up Element	Description	Provider
CAN-Do RAS	A Resource Allocation system using a number of positive statements to determine how much funding should be allocated on a per pupil basis	Mainstream schools, mainstream academies and mainstream free schools, SEN units and resourced provision in mainstream schools, academies and free schools, Maintained special schools, special academies, special free schools, Nursery schools, FE institutions, special post-16 institutions and ILPs
Complex Medical Needs	To support young people with complex medical needs. Phased out during 2017-18	Transitional support to Special Schools in 2017-18 but no allocation from April 2018
Contextual Funding	Special schools receive no lump sum, FSM funding etc and this element of top-up (expressed on a per pupil basis) seeks to achieve a certain overall level of funding for a Special school	Special Schools only
Residential Funding	£1.5m allocated to two special schools for residential provision	2 Special Schools: Brompton Hall and Welburn Hall
Exceptional Funding	Where the top-up funding from the previous 4 elements are insufficient to meet the needs of a young person, schools may apply for exception funding. It is intended only for a limited number of cases.	All schools may apply

2.11 Where further places are commissioned 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. The guidance states that NYCC shouldn't 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. In practice, however, additional, commissioned places are funded formulaically.

2.12 Although many of the pupils and students receiving high needs funding will have EHC plans, NYCC has 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.

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- 2.13 Once the total place funding is allocated to an institution, it is for the institution to decide how best to apportion this core funding, across the actual number of places commissioned.

3.0 EARLY YEARS PROVIDERS

- 3.1 NYCC allocates funding to all early years (EY) providers delivering the funded entitlements for children aged between 2 and 4, through the Early Years Block. Two new measures were also introduced from 2017/18:
- Early Years settings of three and four year olds eligible for the disability access fund (DAF) (such as those in receipt of child disability living allowance and receiving free early education) will be entitled to receive a one-off payment of £615 per year. The DAF isn't based on an hourly rate and is an additional entitlement.
 - An inclusion fund for 3 and 4 year olds with SEN taking the funded entitlement. This fund enables NYCC to work with providers to address the needs of individual children with SEN.
- 3.2 Children with more complex needs and those in receipt of an EHC Plan continue to be eligible to receive funding via the high needs block of the DSG. Currently, NYCC pay place-funding to EY settings (pro-rata for 30 hours – i.e. £7,200 instead of £6,000 for 25 hours) plus top-funding through the CAN-Do RAS system.

4.0 MAINSTREAM SCHOOLS

- 4.1 The High Needs funding system works on the basis that schools and academies should 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. 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. They should reflect the needs of the individual, and the cost of meeting those needs.
- 4.2 Additional funding can be provided outside the main funding formula for mainstream schools and academies where the number of their high needs pupils cannot be reflected adequately in formula funding. Similarly, additional funding may be provided where there are a disproportionate number of pupils with a particular type of SEND.
- 4.3 Currently in North Yorkshire this is based on the LA automatically paying £5,000 when a school has reached 60% of the notional SEN budget (assuming £6,000 per EHCP). An example is provided below:

Example 1: *If a school has a notional SEN budget of £120k, the school is regarded as having notional SEN funding for 20 pupils (20 x £6k = £120k). However, the North Yorkshire formula assumes that Exceptional Element 2 Funding will be paid when the 60% threshold is reached. In this example, when a school has reached their 13th pupil with SEN, the formula automatically pays an additional £5,000. If the school were to reach the theoretical number of 20 pupils with SEN, Exceptional Element 2 funding of £40,000 (8 x £5,000) would be paid to the school. The school would also receive Element 3 Top-up funding for those children assessed as requiring Education, Health and Care plans.*

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Example 2: Where a school has a notional budget of £50k, the school is regarded as having notional SEN funding for 8.3 pupils ($8.3 \times £6k = £50k$). If the school had 5 pupils with SEN, no Exceptional Element 2 funding would be paid and the school would need to meet their pupils' needs from within their delegated budget. The school would also receive Element 3 Top-up funding for those children assessed as requiring Education, Health and Care plans.

4.4 **Appendix B** provides a summary of the arrangements in North Yorkshire for SEN funding in mainstream schools.

5.0 SPECIAL SCHOOLS

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

5.2 Special Schools also receive top-up funding including CAN-Do RAS funding, and contextual funding. Two North Yorkshire special schools also receive a residential funding top-up element.

5.3 Independent special schools sit outside of the high needs place funding system. This means that the cost of the placement is open to market forces and will reflect many factors including the needs of the child, place availability, bargaining power etc.

6.0 PRU AND AP ACADEMIES

6.1 All pre-16 AP places are funded at £10,000 per place, regardless of whether the place has been commissioned directly by a school or the local authority. Place funding forms the core funding. In addition, PRUs and AP academies receive top-up funding for specific pupils. In North Yorkshire, this equates to a flat amount of £9,000 per commissioned place. PRUs and AP academies also receive additional funding for 'discretionary' commissioned services based on a local formula which looks at deprivation.

7.0 POST-16 PROVISION

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

7.2 Element 1 represents the funding that all students at the institution attract for their study programmes. For maintained secondary schools, this funding is paid via local authorities as the sixth-form grant. For other institutions it is paid directly by ESFA.

7.3 The majority of institutions with post-16 provision are funded on a lagged student number basis, using the national post-16 funding formula. For example, the total allocation of element 1 for the 2018/19 academic year will be based on the number of students recruited in 2017/18. This applies to FE institutions, ILPs, maintained schools and academies, AP institutions with mainstream sixth form provision and SPIs.

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- 7.4 The majority of young people with high needs attending a school, college or SPI will be subject to an EHC plan.
- 7.5 Post-16 places for 16-18 year olds in maintained special schools, special academies, special free schools and non-maintained special schools are funded at £10,000 per place, in the same way as pre-16 high needs places. Post-16 places for 16-18 year olds in mainstream maintained schools, academies and free schools, including those in SEN units or resourced provision, are funded on the basis of elements 1 and 2.
- 7.6 Post-16 students in PRUs, AP academies and AP free schools are not funded in the same way as pre-16 students in these institutions. An institution will not normally receive AP place 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 can be funded on the same basis as post-16 students in mainstream schools.

8.0 RECOMMENDATION

- 8.1 Members of the North Yorkshire Education Partnership are asked to note the contents of this report.

HOWARD EMMETT
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APPENDIX A: Summary of High Needs Provision Funding in Different Provider Settings

	Pre-16	Pre-16	Post-16	Post-16
Type of provision	Core funding	Top up funding (real time)	Core funding	Top up funding (real time)
Mainstream schools, mainstream academies and mainstream free schools	Included within the per-pupil funding through the local schools funding formula. The first £6,000 of additional support costs is delegated within school budget and academy grant derived from local schools funding 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	A combination of per-pupil funding through the local schools funding formula, plus £6,000 per place for those occupied by pupils on roll, and £10,000 per place for the remainder 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	Per pupil funding through the early years funding formula. The place funding system doesn't 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 doesn't operate in independent schools	Agreed per pupil funding paid by commissioning local authority	Place funding system doesn't operate in independent schools	Agreed per pupil funding paid by commissioning local authority
Maintained pupil referral units, AP academies and AP free schools	£10,000 per place based on number of places to be funded	Agreed per pupil top-up paid by commissioning school or 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
FE institutions, special post 16 institutions and ILPs	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

APPENDIX B – SUMMARY OF MAINSTREAM SEN FUNDING

Mainstream SEN Funding			
		Pre-16	Post-16
Element 1: Core education funding	Per-pupil funding (as per the schools funding formula - AWPU)		Per-student funding (as per the national post 16 funding formula – based on a lagged student number basis)
Element 2: Additional support funding	Funding Factors for E2: Prior Attainment 70% AWPU 9% FSM 6% IDACI 6% LAC % Mobility 3%	Provides £6,000 towards the additional support costs for pupils with additional needs (included in the schools delegated notional SEN budget)	Provides £6,000 towards the additional support costs for students with an EHCP (Commissioned places agreed by LA and school each academic year)
Element 3: Top-up funding	Top-up funding from the commissioning LA to meet the needs of each pupil with an EHCP. In North Yorkshire, funding determined by a resource allocation system (the “CAN-DO”)		
Exceptional SEN support towards Element 2	60% of E2 funding divided by £6000 = notional number of high needs pupils with an EHCP in receipt of E3 funding	Additional funding of £5,000 per pupil if the actual nos of pupils with an EHCP is above the notional number that a school is expected to support from its E2 funding	Additional funding if the actual number of Post 16 NY pupils with an EHCP exceed the commissioned places