

High needs funding reform: Next steps towards a fairer system

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The case for reform

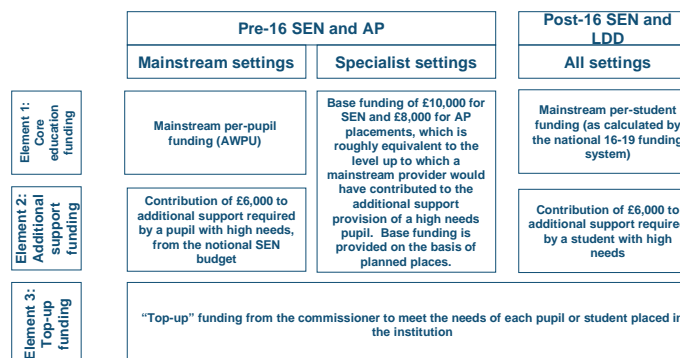
- The Government believes that funding arrangements for pupils and students with high needs require urgent reform.
- Broadly speaking, there are two principal reasons for this.
 - To ensure funding arrangements fit with and support Government policy
 - Reform of SEN and disability framework – the Green Paper and the Children and Families Bill
 - Reform of AP – Charlie Taylor’s report on AP, the trial of mainstream schools commissioning AP
 - Academies and Free Schools – increasing numbers of high needs pupils educated in academies
 - Reform of post-16 qualifications – Professor Wolf’s report
 - To address the shortcomings of current funding arrangements

High needs reform: A simple new system

The steps to reforming high needs funding

- Define “high needs” – requiring provision costing more than £10k (not linked to statutory assessment)
- Bring into line the level up to which mainstream providers will contribute to pupils and students with high needs (local offer)
- Introduce an equivalent level of base funding for specialist settings (address potential perverse incentives, and provide some stability)
- Bring together all national high needs funding – provide local authorities with a High Needs Block (covering 0-25)
- Bring educational commissioning and funding together – pupil- or student-led funding, direct funding relationships

Overview: Reform of high needs funding



This diagram appeared as Figure 1 (p.43) of *School funding reform: Next steps towards a fairer system.*

Mainstream settings: Overview

- **New system very similar to the current system ...**
 - Current: funding per-pupil, notional SEN budget, IARs
 - Reformed: funding per-pupil, notional SEN budget, top-up
- **... first key reform is standardising across LAs and post-16 the level up to which mainstream providers will contribute – first £6,000 of additional support above per-pupil funding.**
 - Important link to the local offer – opportunity to define with schools what they will provide for high needs pupils.
- **... second key reform is direct top-up funding linked to education commissioning – replacing the need for inter-authority recoupment (including on behalf of Academies).**



Mainstream settings: Next steps

- **Local authorities must:**
 - **construct new mainstream formula** and decide on the maximum level of funding to be provided by mainstream schools and Academies from their notional SEN budget – strong recommendation of the first £6,000 additional educational support per high needs pupil – likely to be a mixture of prior attainment, deprivation and AWPU;
 - **define the “notional SEN budget”** for mainstream settings; and
 - **define a local offer of provision**, working with schools, Academies and post-16 providers – including what mainstream settings will make available from their notional SEN budget.
- **Local authorities can consider and, if necessary, define local circumstances in which schools and Academies would receive additional funding** – where the formula does not adequately reflect the number or needs of pupils with SEN.



Specialist SEN settings: Overview

- **Specialist settings – institutions or places specifically set aside for high needs pupils.** Includes special schools / Academies, special units and resourced provision, INMSSs and ISPs.
- **New way of funding specialist settings – moving from a predominantly place-led system to a “place-plus” approach**
 - Per-place base funding (£10,000 pre-16; slightly different post-16)
 - Per-pupil top-up funding
- **Base funding “passported” to providers**
 - By the maintaining local authority for maintained settings
 - By the EFA for Academies, Free Schools etc.
- **Direct top-up funding linked to education commissioning** – from the commissioning local authority (replacing recoupment).



Specialist SEN settings: Next steps

- **Local authorities must:**
 - **determine the number of places in maintained special schools, and maintained special units and resourced provision that will be funded in 2013-14** – the EFA will shortly begin to work with local authorities to confirm this information;
 - **remodel maintained provider budgets from “place” to “place-plus”:**
 - take the current “place value” (the total budget divided by the number of places);
 - express this as £10,000 base funding plus top-up funding;
 - confirm that this will be used to set top-up rates in 2013-14; and
 - work with Academies that the authority used to maintain to help them to do the same.
- **Local authorities can make arrangements for the new direct funding arrangements** – work with providers and neighbouring local authorities to develop effective, collaborative commissioning and funding arrangements.



AP: Overview

- **New way of funding AP ... very similar to specialist SEN settings – “place-plus” and introduction of base funding**
 - Per-place base funding £8,000
 - Base funding “passported” to providers through the maintaining local authority (maintained AP) or the EFA (AP Academies, Free Schools)
 - Top-up funding from the commissioner – either the local authority or mainstream school / Academy



AP: Next steps

- **Following the Education Act, PRUs should have delegated budgets by April 2013.** They do not currently have these.
- **Local authorities must:**
 - **identify AP budgets** – including identifying the funding currently needed for maintained PRUs to operate so as to provide a delegated budget;
 - **determine the number of places in maintained PRUs and other maintained AP that the authority intends to fund in 2013-14;**
 - **determine the “place-value”** – determine the current “place value” (total budget divided by the number of places); and
 - **rework AP budgets as “place-plus”** – take the current “place value” and express this as £8,000 base funding plus top-up funding.



Constructing the High Needs Block

- Local authorities' High Needs Block will be based on **current spend on high needs pupils and students.**
- To implement the new approach, we will need to calculate the **place-led** (sum total of designated places) and **pupil-led** parts.
 - The **place-led** part will be allocated to providers – “passported”.
 - The **pupil-led** part will be allocated to local authorities as the notional High Needs Block within their DSG.
- **This will not create changes to local authority spending power on high needs pupils and students.**
- This will require **a one-off adjustment so that:**
 - the **place-led** funding is in the right place to be passported to providers; and
 - the **pupil-led** funding is in the same place as the responsibility for commissioning provision for the high needs pupil or student.



New arrangements for specialist SEN / AP places: Maintenance

- **Once we have made the initial one-off adjustment, there will be a simple process for reviewing the number of places funded in a particular setting.**
 - Number of funded places to be reviewed at least every two years
 - Based on dialogue between a provider and its commissioners, EFA to co-ordinate
 - Ensure high needs funding is responsive to need (and choice)
 - Enable planning at local and supra-local, and encourage joint commissioning
- **We will ensure that there is a system in place to adjust the place-led and pupil-led components of an authority's High Needs Block if the authority needs more specialist places or needs fewer (e.g. investment in early intervention) over time.**

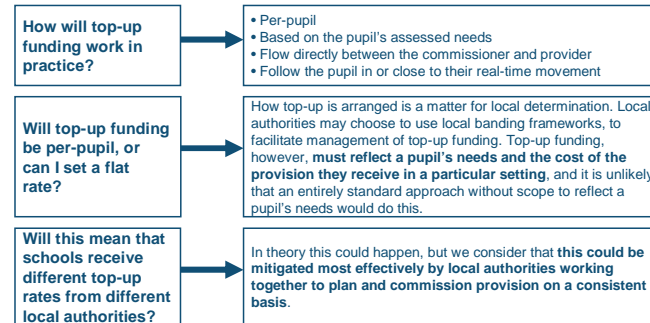


Hospital education

- **A new approach to funding hospital education provision.**
 - Recognises that this provision is not commissioned or planned in the same way as other high needs provision.
 - Avoids the need for a massive and bureaucratic inter-authority recoupment exercise.
 - Ensures that high-quality provision is available where young people need it.
- **Hospital education** – education provision received as a result of being admitted to a hospital / medical setting.
- **Steps**
 - Identify hospital education provision – distinguish from other forms of high needs provision (part of the EFA's data-checking exercise)
 - Calculate current spend
 - Top-slice from the national DSG
 - "Passport" to hospital education providers
 - Maintenance – reviewed in the same way as other high needs places.



Top-up funding: Further information



New arrangements: Implementation summary

- **Mainstream** – local authorities adjust threshold up to which mainstream providers will contribute to £6,000 as part of developing a new mainstream formula (by October 2012).
- **Specialist SEN and AP**
 - Local authorities determine the number of places the authority intends to fund in 2013-14 (by September 2012).
 - Local authorities rework provider budgets as "place-plus" and work with providers to agree appropriate top-up rates (by April 2013).
- **Hospital education** – local authorities identify existing hospital education and demarcate from other high needs provision.
- **Post-16 high needs** – we will provide further information to enable local authorities to model and rework post-16 budgets for providers later this month.

