



Education
Funding
Agency

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Dear

High needs students aged 16 to 25: funding and commissioning arrangements

I am writing to update you on next steps for 2014 to 15 and 2015 to 16 on funding and commissioning arrangements for education places for high needs young people. This follows my earlier letter of [18th March on 2014/15](#).

I would like to thank you and your staff for the hard work undertaken in implementing the new high needs funding system. This is an essential building block for the new arrangements for these young people introduced from this September under the Children and Families Act.

Review of 2013 to 14

In the first year of the new system the feedback on the commissioning process has been mixed. While placements were generally resolved satisfactorily, many decisions on placements were finalised late in the summer and in some cases were made after the beginning of the academic year. Many contracts were not agreed on time, with some cases of significant delays in payments to institutions after students had started. There were also some occasions where relationships broke down between local authorities and institutions. Where this happened, we have at times sought to re-establish lines of communication between parties. We will continue to do this where it is required, although I would expect this to be very exceptional. We will not arbitrate in disputes about the needs of, or appropriate provision for individual young people.

Update on 2014 to 15

With substantial input from your teams and institutions we have carried out a full review of the number of places by institution for 2014 to 15. This enables the EFA to allocate directly to institutions the first £10k or so of the cost for each place, providing institutions with a degree of financial certainty. Following the place review, we will provide place funding for 39,500 post-16 places in 2014 to 15, including around 3,100 at post-16 special providers. This is an increase on the previous year. We issued all allocations to institutions and local authorities by the end of March and we published a breakdown of the academic year [2014 to 2015 place numbers](#) on our

website so these are transparent to all.

I would encourage you to finalise urgently any outstanding placement and contracting decisions with institutions for the 2014 to 2015 academic year. Contract negotiations should happen at the same time that a placement is agreed and an education health and care (EHC) plan is issued. For the academic year 2014 to 2015, we recommended that all local authority decisions on placements for students they already knew about were made by 31 May, with contracts between local authorities and institutions signed by 30 June. Students should start their programmes by 30 September with first payments of top-up funding made by local authorities to institutions by 31 October. You may wish to monitor progress against these indicative timescales in your authority.

The conditions of funding attached to the Dedicated Schools Grant (DSG), state that provision must be preserved for continuing students, and that for places they have commissioned the authority must make top-up payments to institutions in a timely fashion on a basis agreed with the institution and which must be monthly unless otherwise agreed. If this autumn there is clear evidence that institutions are not being paid on time for students they have been commissioned to educate, we will raise these cases directly with you. We would need to consider remedial action where subsequently it remained the case that a local authority was not meeting this condition of grant.

Forward look to 2015 to 16

On Thursday 17th July we published the [Schools revenue funding 2015 to 2016 operational guide](#) for local authorities. This includes a chapter on high needs funding for the financial year 2015 to 16. In addition to this, we have also updated the [16 to 25 high needs funding arrangements: additional Information document](#) with similar information so it is accessible to post-16 institutions. This document will be reviewed and updated on a regular basis.

Our priorities in determining how to allocate place funding for institutions for 2015 to 16 have been to complete the process earlier to allow the announcement of final high needs block allocations with the rest of the DSG settlement in December 2014, and to simplify the process by removing the burden of carrying out a full-scale review of high needs places. Therefore we will use the place numbers allocated to institutions in 2014 to 15 as the basis for allocating place numbers in 2015 to 16.

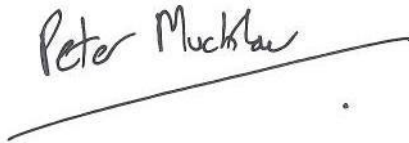
In exceptional cases the 2014 to 15 place numbers for institutions might not be appropriate for 2015 to 16. We will therefore run an exceptional cases process between September and October 2014 where authorities can notify us of significant changes in their place numbers, so we can adjust place funding for institutions accordingly. We will publish further information on this process by September in an update of the operational guidance. In the meantime you may wish to begin discussions with institutions regarding your commissioning intentions for 2015 to 16.

From 2015 to 16 the Children and Families Act introduces a new statutory obligation on the timeframe by which institutions must be named on EHC plans. For those moving from secondary school to a post-16 institution or apprenticeship starting in

September 2015, any amendments to the EHC plan – including specifying the post-16 provision and naming the institution – must be completed by 31 May 2015. From the 2016 to 17 onwards this requirement will be further brought forward so it applies to the 31 March in the calendar year of the transfer.

I would be grateful if you could share this letter with your staff as appropriate.

Yours faithfully

A handwritten signature in black ink that reads "Peter Mucklow". The signature is written in a cursive style and is positioned above a long, thin horizontal line that extends to the right.

Peter Mucklow
National Director for Young People