SCHOOLS' FUNDING FORUM

SUBJECT:	Update on the new High Needs Pupils (HNP) funding system in mainstream schools – Financial Paper

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SUMMARY OF REPORT:

From a financial perspective, the purpose of this paper is to provide the Forum with an update on the implementation of the new High Needs Pupil (HNP) funding process which was introduced on 1 April 2015. This new process defines a HNP in a mainstream school as a pupil that has additional SEN need costing £6,000 or more per annum.

FOR:	INFORMATION

1. Background

1.1 As part of the 2013-14 School Funding Reforms the EFA defined a HNP in a mainstream school as a pupil with additional SEN costs of £6,000 or more per year. For the first time a HNP was defined by a monetary value, and schools could trigger funding without the need to have an Education Health Care Plan (EHCP) or statement. Prior to the 2013-14, Kent's definition of a high needs pupil in a mainstream school was a pupil with a statement of 25 hours or more.

1.2 The introduction of £6k criteria meant that Kent had to put in place a new system to comply with the DfE regulations. Although the regulations required us to have in place a new system from 1 April 2013, with agreement from the DfE we did not introduce our new system until 1 April 2015. The primary reason for this delay was due to the need to develop a robust process which did not rely on the need for a statutory process, and at the same time had appropriate controls and safeguards regarding overall affordability. Many other Local Authorities (LA) have used the EHCP to set the criteria and this has resulted in an increase EHCPs and the associated additional administration.

1.3 Moving to the new £6k threshold came with redistribution of funding from school budgets to High Needs as the threshold for a HNP had to be lowered and this would result in more HNPs being identified. This cost was estimated by splitting the HNPs into three categories:

- Category A - Pupil with a statement of 25 hrs or more
- Category B - Pupils with a statement of less than 25 hrs
- Category C - Pupil without a statement but intervention costs more than £6,000

1.4 The overall estimated additional cost of £10m was agreed at the SFF meeting on the 28 November 2014, the details of which are contained in appendix 1. In 2015-16 £10m was subsequently transferred from the schools notional SEN funding (from the low prior attainment factor) to High Needs in order to meet this additional cost. For details of the process followed to arrive at Kent's new High Needs funding policy click on this link: SFF – 28 November – item 5

2. Observations made from the analysis of HNP data

2.1 Appendix 2 – Table 1 details the number of eligible HNP's for the period April 2015 to September 2015. As you can see the total number of HNP's has increased gradually from the start of the year to just over 2,000 in July and August. This is in line with historic trends which suggest that there is a steady increase in HNP numbers across the academic year. This data indicates that by March the number of HNPs will be at a similar level to the preceding August HNP count.

2.2 As you may be aware, schools need to submit new applications for transfers from Primary to Secondary schools and Pre 16 to Post 16 in the autumn term. September's numbers do not include the majority of these transfers and it is our expectation that schools are or will be shortly be submitting applications for these pupils.

2.3 Appendix 2 – Table 2 details that as at September 2015 there were 350 successful new high needs application. Of the 350, 82 were previously classified as category A's and 39 were previously classified as category B's leaving a total of 229 pupils that are new applications.

2.4 Of the 350 total new applications, 47% do not have an EHCP or statement. If you then focus on the new pupils only, you can see that 165 pupils out of 229 (72%) have accessed funding through the new process without having to have a statutory assessment. This is a welcome statistic and in line with one of our desired outcomes from the introduction of this new system.

	Total	Statutory Assessment	No Statutory Assessment
A	82	82	
B	39	39	
New pupils assessed under the new criteria	229	64	165
	350 100%	185 53%	165 47%

2.5 Appendix 3 Table 1 shows the average cost paid under the new process as £13,886 for the 229 new HNPs that were previously not an A or a B. Although not conclusive our assumption at this early stage is that the average cost being paid is more akin historically to a pupil with an EHCP or statement and not a new C type pupil that would be of a significantly lower value.

2.6 Appendix 3 Table 2 compares the average cost of a historic A pupil under the old funding mechanism to the average cost under the new criteria. Overall across all need types there is a slight increase from £14,588 to £15,087 and there are different variations in funding depending on need type. Interestingly Autistic Spectrum Disorder (ASD) has a similar cost of £14,551 old to £14,714 new.

2.7 Appendix 4 is a table of the 350 HNP pupils assessed under the new criteria and the range of funding provided. What it tells us at a glance is that the new method targets the funding at the pupil more effectively, for example there are 80 ASD pupils and the funding ranges from £7,000 to £23,000.

Shortfall in C type pupils

2.8 Evidence to date suggests that the estimated number of category C pupils (Pupil without a statement but intervention costs more than £6,000) has not materialised. Of the overall estimated additional cost of £10m an amount of £3m for just over 1,000 category C HNPs was included. In arriving at the £3m a number of assumptions were made as the LA did not hold data on these pupils.

2.9 The estimate of 1,000 category C pupils was derived by taking a sample from SENCOs across the county and then extrapolating this by the number of schools.

2.10 The historic evidence would suggest that the assumption made where funding and the statement are linked was not correct and a statement was still perused regardless of whether it triggered funding by meeting the 25 hour criteria. However this mind set may be shifting based on the evidence in the early paragraphs.

2.11 We cannot identify how many of the new 229 identified HNP (not previously an A or B) would have been a category C pupil as the new system encourages submission without going through the EHCP process. However the evidence suggests that average cost of £13,886 is similar to the historic cost of a category A pupil.

3. Summary

3.1 We are still at an early stage of the introduction of the new funding mechanism for a HNP in a mainstream school and therefore the data in this report should be treated with caution. Only when we have been running this

process for a longer period of time will we be able to fully understand the impact of the new arrangements.

3.2 From the evidence to date, it would strongly suggest that are very few category C pupils in schools.

3.3 The provisional estimated spend for 2015-16 is £16.2m which gives us an estimated underspend of £2.5m. This has been based on the assumption that numbers will on average 2,021 across the period September to March.

3.4 It is probable that this forecast will change in the short term and medium term, primarily due to schools becoming more familiar with the new High Needs Process.

4. Recommendations

4.1 Members of the Forum are asked to **NOTE** and **COMMENT** on the contents of this report