

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 High Needs Pupil (HNP) funding process which was introduced on 1 April 2015. This process defines a HNP in a mainstream school as a pupil that has additional Special Education Need (SEN) costing £6,000 or more per annum.

This paper follows on from the update provided to members at the SFF meetings held on the 20 November 2015 and the 8 July 2016.

FOR:	INFORMATION
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1. Background

- 1.1 In 2013-14 the schools national funding reforms defined a HNP in a mainstream school as a pupil with additional SEN need of £6,000 or more, for the first time a monetary value defined what a HNP was and not the issuing of a SEN statement / Education Health Care Plan (EHCP).
- 1.2 Historically Kent defined a HNP in a mainstream school as a pupil with a statement of 25 hours or more. As the implementation of the new national definition was a fundamental change to defining a HNP and Kent did not want to have a new process that was dependent on the issuing of an EHCP it took until April 2015 to implement a new process that would determine the eligibility of a HNP.
- 1.3 The SFF played a significant role in the introduction of the new process and have been updated at regular intervals on its evolution. This paper is the 3rd in the series of updates, to access background information from past papers and SFF minutes click on these links:
 - [Paper SFF meeting 20 November 2015](#)
 - [Minutes SFF meeting 20 November 2015](#)
 - [Paper SFF meeting 8 July 2016](#)
 - [Minutes SFF meeting 8 July 2016](#)

2. Financial update on new process

- 2.1 The financial position reported to the SFF meeting on the 8 July showed an estimated spend for 2016-17 of £17.255m against a budget of £18.043m (budget remaining £0.788) based on 1,714 HNPs recorded in June.
- 2.2 The latest forecast spend for 2016-17 financial year, based on 1,916 HNPs recorded in October, is now £20.877 an increase of £ 3.622m (a budget overspend £ 2.834).
- 2.3 The forecast spend for 2016-17 has risen in the main due to the increase in HNP numbers. Appendix 1 provides details of the estimated HNP underpinning the June 2016 forecast of £17.255m and the latest forecast based on October numbers. At the highest pupil count in July we can see that the estimate of 1,714 HNPs has increased to an actual HNPs count of 2,171, an additional 457 pupils.
- 2.4 Appendix 2 compares the average HNP funding rate as at June 2016 with the rate as at October 2016. The average cost to the LA has increased from £10,272 to £10,503 an upwards movement of £231 around 2%. Of the overall estimated increase of £3.622m, £0.442m (12%) is attributed to the upward movement in the average funding rate.
- 2.5 The remaining 88% increase of £3.179m (£3.622m - £0.442) is attributed to an increase in numbers. In relation to the additional 457 pupils, primary has increased by 27% and secondary by 28%. The growth by area is East Kent 121 HNPs, North Kent 108 HNPs, South Kent 105 HNPs and West Kent 123 HNPs which is around 0.25% of the overall primary and secondary school population.

3. Question from SFF on the 8 July

- 3.1 At the SFF meeting on the 8 July, members of the SFF raised a series of questions in respect of the new high needs process. One of these questions is answered in paragraph 3.2 below.
- 3.2 Under the old High Needs Funding system, funding was allocated at one of the four rates dependent on the need type of the pupil. One benefit of the new system is that the funding more closely reflects the actual additional needs of the pupil. This is due to an individual costed application for each pupil and also that it is reviewed annually. An expectation of this new system was that the additional support would tail off over time. [SEN Officers were requested to provide analysis to demonstrate whether this assumption was holding true and subsequent applications were of a reducing value.](#)
- 3.3 As at the end of September there had been 273 annual reapplications for high needs funding. Of the 273 reapplications there were 135 (49%) that saw an

increase in cost, 58 (21%) reapplications that did not change by more or less than a £100 and 80 (30%) reapplications that saw a decrease in cost.

- 3.4 The average cost for those, where the rate increased (135 reapplications) was £2,798 and the average saving for those that saw a decrease (80 reapplications) was £2,384. Overall there was a net additional cost £0.187m, which represents an average cost increase of £686 per application (273 reapplications).
- 3.5 The assumption that the average cost would decrease overtime may still be realistic. At this stage we do not know what the optimum period of time will be for interventions to impact on the pupil's progression. An assessment over a longer period of time will provide us with this information.

4. Recommendations

- 4.1 Members of the SFF are requested to **note** and **comment** on the contents of this report.