

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 SEN need costing £6,000 or more per annum.

This paper follows on from the update provided to members at the SFF meeting on the 20 November, and we are now able to provide a fuller picture of how the process is operating at the end of the first year of operation.

FOR:	INFORMATION
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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, for the purposes of providing additional funding, 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 introduced our new system from 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 in the number of EHCPs and the associated additional administration.
- 1.3 Moving to the new £6k threshold came with redistribution of funding from schools' notional SEN budgets to High Needs, as the threshold for a HNP had to be lowered resulting in more HNPs being captured by the new process. The overall 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 The format of this paper in general is taken from the SFF paper provided to members on the 20 November 2015. Data taken from this report is shown in *(bracketed red italics)* next to the latest data.
- 2.2 Appendix 2 – Table 1 details the number of eligible HNP's for the period April 2015 to June 2016. Our estimate in November was that there would be around 2,000 HNPs in March, and this estimate was based on the historic precedence that showed HNP numbers were at similar levels in July and the following March. The actual number at the end of March 2016 was 1,475 HNPs and the difference is due to a number on HNPs that were eligible under the old process who are now not meeting the new criteria.
- 2.3 Appendix 2 – Table 2 details that as at June 2016 *(September 2015)* there were 1,681 *(350)* successful new high needs application. Of the 1,681 *(350)*, 369 *(82)* were previously classified as category A's and 190 *(39)* were previously classified as category B's, leaving a total of 1,122 *(229)* pupils that are new applications.
- 2.4 Turning to the table below you will see that of the 1,681 *(350)* total new applications, 47% *(47%)* do not have an EHCP or statement. If you then focus on the new pupils only, you can see that 790 *(165)* pupils out of 1,122 *(229)* **70% *(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	369 <i>(82)</i>	369 <i>(82)</i>	
B	190 <i>(39)</i>	190 <i>(39)</i>	
New pupils assessed under the new criteria	1,122 <i>(229)</i>	332 <i>(64)</i> 30%	790 <i>(165)</i> 70%
	1,681 <i>(350)</i> 100% <i>(100%)</i>	891 <i>(185)</i> 53% <i>(53%)</i>	790 <i>(165)</i> 47% <i>(47%)</i>

- 2.5 Appendix 3 Table 1 shows the average cost paid under the new process as £14,150 (£13,886) for the 1,122 (229) new HNPs that were previously not an A or a B.
- 2.6 Appendix 3 Table 2 compares the average cost of a historic category A pupils 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 £15,341 (£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 £14,441 (£14,714) new.
- 2.7 Appendix 4 is a table of the 1,681 (350) HNPs 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 502 (80) ASD pupils and the funding ranges from £6,000 (£7,000) to £40,000 (£23,000).

Shortfall in C type pupils

- 2.8 Early evidence from November report is now strengthened by current data which 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.
- 2.11 We cannot identify how many of the new 1,122 (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 £14,243 (£13,886) is similar to the historic cost of a category A pupil.

3. Summary

3.1 We have now completed our first year of operating the new funding system and the key headlines are:

- The number of applications for children who have not been through a statutory process is encouraging. One of the key benefits of the new system is a more responsive allocation of funding to schools, which is facilitating faster interventions being put in place to support High Needs Pupils.
- The average amount of funding per application is higher than we had originally estimated, but this pressure has been offset by the overall reduction in the number of category C pupils in the system.
- The overall number of applications has increased month on month and we are close to the affordable budget levels.
- Based on the number of HNPs funded in June (1,714) we estimate that the spend for 2016-17 will be £17.255 m.
- This spend is against a budget of £18.043 m (Original budget £18.993 m less £0.25 m (SEN monitoring officers) less £0.7 m (SCARF- Early Years HNPs)
- The remaining HNP budget is £0.788 (£18.043 m - £17.255 m) and based on the current average cost of a HNP (£10,265) paid by the LA, we can fund 1,780 HNPs (£18.043m / £10,265) within the existing budget. Therefore we have capacity to fund an additional 66 HNPs (1,780 – 1,714).

4. Recommendations

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