**Q1 Do you agree that we should replace the current lump sum included in the formula calculation with an amount calculated on the basis of actual local authority expenditure, as reported by each local authority?**

* Agree
* **Disagree**
* Unsure

*Proposed answer:*

We do not agree. Actual expenditure reflects a snapshot in time and does not reflect the changing complexity and levels of need or the improvements to practice that many local authorities have implemented. Nor does it reflect changes in provision of service such as increasing special school places or the work many authorities have undertaken to try to meet need in more innovative and cost effective ways. By locking a fixed value into the formula there is no recognition of inflationary increases such as those reflected in fees from independent providers.

The use of a historic factor penalises authorities that may have underspent in 2017/18, and therefore will see a reduction in funding through this factor, when there are significant cost pressures 4 years later. It also rewards those authorities that overspent against planned spend in 2017/18.

The use of historic spend as a factor will not be consistent between authorities as reporting of s251 expenditure varies due to the different methods of overhead apportionment across both councils as a whole, and across the expenditure lines included in the s251.

If part of the formula must be based on a historic spend factor, that factor should be based on more recent financial data in order to more accurately reflect the cost of meeting increasing need and demand.

**Q2 Do you think that we should increase the percentage of actual expenditure in 2017-18 in the funding formula calculation, or leave it at 50%? Use the comment box to propose a particular increase or reduction in the percentage.**

* Increase the percentage
* Keep the percentage at 50%
* **Decrease the percentage**
* Unsure or Other

*Proposed answer:*

We do not agree to an increase in the percentage as this exacerbates the allocation of funding in a way that does not reflect current need. Paragraph 3.8 of the consultation recognises that the use of historic spend ‘can also reflect aspects of the local system – such as where there is poor value for money – that should not be reinforced through funding allocations…Past levels of spending…over time will cease to reflect current patterns of need or demand.’

Using a formula that includes a cash limited historic element will not be sufficient to fund the increasing demand nationally. In Cumbria the number of EHCPs has increased from 2,929 as at April 2018 to 3,931 as at January 2021, an increase of 1,002. Irrespective of any differences between authorities in top up bands and rates, this reflects a real increase in levels of demand.

**Q3 To what extent do you agree that the funding formula should include factors that reflect historical local demand for and supply of SEND and AP provision? If you have suggestions for such factors that could eventually replace the historic spend factor, please provide these in the comments box.**

* **Strongly Agree**
* Agree
* Neither agree nor disagree
* Disagree
* Strongly disagree

*Proposed answer:*

Rather than using historic spend, the formula should use factors that reflect the level and complexity of need alongside measures demonstrating the inclusivity of mainstream schools which often result in better outcomes for children at a higher cost than £6,000 but a significantly lower cost in independent specialist provision.

Numbers of EHCPs give a strong indication of need. However, the criteria for EHCPs needs to be standardised to ensure a level playing field for all authorities when considering need based on numbers of EHCPs.

**Q4 Do you agree with our proposal to update the low attainment factors using data from 2016, and to substitute the most recent 2019 data in place of the missing 2020 attainment data?**

* **Agree**
* Disagree – calculate in the same way as last year
* Disagree – other
* Unsure

**Q5 If you wish to offer ideas on factors that could be added to the current formula, or that could replace the current proxies, please provide further details.**

*Proposed answer:*

Bad health proxy – should be changed to reflect numbers of pre-term births/ low birth weight and given increased weighting. The bad health proxy is currently based on a relatively arbitrary assessment made 10 years ago by parents rather than health professionals and as such is out of date and not consistent across the country. Data relating to pre-term births and low birth weights are more reliable indicators of levels of need.

A factor based on levels of diagnosis of, for example autism, would give a better indication of future demand.

Population proxy – reduce the weighting of this proxy as population figures on their own do not directly relate to levels of SEN.

Increase weighting of FSM, deprivation, disability living allowance, and KS2 and KS4 low prior attainment proxies. FSM proxy should be changed to Ever 6 FSM as this is a more stable indicator of deprivation.

All factors should be based on recent data wherever practicable as this will create a stronger link between quantum of funding compared to need.

**Q6 Please provide any information that you consider we should take into account in assessing the equalities impact of the proposals for change. Before answering the question, please refer to Annex C of the consultation document.**

*Proposed answer:*

The current funding system promotes inherent inequality for those children and young people with SEN as there is insufficient funding available to meet their needs fully. The quantum of funding across the whole system needs to be increased, rather than redistributing current funding.

The lack of flexibility on moving funds between the Schools and High Needs blocks of DSG means that low cost high incidence SEN in mainstream schools is also not fully supported which can ultimately result in higher costs as lack of early intervention pushes children into specialist provision. Such specialist provision is often away from a child’s home location, separating them from their communities and unfairly disadvantaging them. A funding system which promotes and funds inclusivity would promote the life chances of many more children and young people.