

# Audit Committee

21<sup>st</sup> September 2017



**Report of:** Director of Finance

**Title:** Unspent Returned Grants 2016/17

**Ward:** N/A

**Officer Presenting Report:** For Information Item

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## Recommendation

The Audit Committee note the response to the enquiry.

## Summary

**In response to a request for additional information, this report provides the details to the Audit Committee of grants received for which funds were repaid to the relevant body within the 2016/17 financial year.**



## 1. Purpose of Report

1.1. To provide the details to the Audit Committee of grants received for which funds were repaid to the relevant body within the 2016/17 financial year.

## 2. Recommendations

2.1. Audit Committee is requested to note the content of this report.

## 3. Summary

3.1. During the financial year 2016/17, the Council repaid grants to the awarding bodies in the 3 areas below, totalling £3.569m:

- Looked After Children Pupil Premium
- Year 7 Catch-up Pupil Premium
- Green Deal Community Capital Grant Funding

This report summarises the grant conditions, allocations, draws attention to the primary matters in relation to individual grant underspends or overpayment and where appropriate key points for consideration going forward.

**Table 1- Unspent Returned Grants 2016/17**

Grant	Description	Funding Type	Total £	Eligible Expenditure £	Repaid 2016/17 £	Reason for Repayment
Looked After Children Pupil Premium	Raising the attainment of disadvantaged pupils (in this instance Looked-after children) of all abilities to reach their potential	Revenue	9,484,095	9,205,835	278,260	Note 1
Year 7 - Literacy and Numeracy Catch-up Pupil Premium	To support yr. 7 pupils who do not reach the governments expected standard in reading and maths by the time they leave primary school	Revenue	75,025	73,525	1,500	Note 2
Green Deal Community Grant Funding	Energy efficiency improvements in the community and private rented sector	Capital	7,292,200	4,002,045	3,290,155	Note 3
	<b>Total</b>		<b>16,851,320</b>	<b>13,281,405</b>	<b>3,569,915</b>	

#### **4. Note 1 - Looked after Children (LAC) Pupil Premium - £278,260 Underspend**

##### **Grant Conditions**

- 4.1. The LAC premium must be managed by the designated Virtual School (VS) head and used as described in their personal education plan for each looked-after child. It is the responsibility for the VS to verify the eligible pupils and ensure there are arrangements in place to discuss how the child will benefit from pupil premium funding with the designated teacher or another member of staff in the child's education setting who best understands their needs and allocate the funds.
- 4.2. The conditions are very clear that the Education Funding Agency (EFA) will recover LAC premium that has not been spent by 31 March of each respective year. Local authorities cannot carry forward funding held centrally into the next financial year and Schools shall repay any overpayment made.

##### **Allocations**

- 4.3. Pupil Premium Grant (PPG) is paid to local authorities in quarterly instalments and the final allocation amounts are not notified until very late in the financial year, generally December 2016 for the 16/17 financial year.
- 4.4. The HOPE Virtual School (VS) allocates the PPG three times during the financial year in order to target monies as accurately as possible, taking account of the high level of mobility and changes of school placements during the year.
- 4.5. Following the last Children Services' Inspection more robust arrangements were introduced re improved focus of support for these vulnerable learners and improve their education outcomes. For the 2016/17 financial year these criteria were that school had to upload to a VS database:
- a) relevant progress/attainment data for each Child in Care
  - b) a current Personal Education Plan (PEP) judged by HOPE staff as good or better (this must have included that PPG funding showed impact on educational achievement)
  - c) attendance data on the VS database.

##### **Underspend**

4.6. As the delivery expectation has been made clear, more schools are taking longer to meet the conditions of the grant. The full funding for 2016/17 was forecasted to be allocated; however there were some specific circumstances which have meant that an element of funding has not been spent as planned. These include:

- Proposed restructure of the Virtual School , Some proposed projects to support Looked After Children and delay in SLAs meant specific pieces of work couldn't start in the original proposed timescales
- Larger proportion of education settings did not meet the compliance criteria - less grant was pass-ported to the settings
- Some places on activity commissioned with this funding were not taken up
- Incorrect allocation of activity by academic rather than financial year.

4.7. Nationally, VSHs have been reporting to the DfE for some time that spending all of the LAC PPG within the financial year is unrealistic, particularly as the final allocation amounts are notified very late in the financial year (December 2016 for the 2016/17 financial year). The National Association of Virtual School Headteachers (NAVSH) is lobbying the DfE to allow the carry forward of unspent monies from the LAC PPG from one financial year to the next, as schools are permitted to do. Representation was made to the EFA in relation to the ability to carry forward this fund and the request was declined.

## **Going Forward**

4.8. Key points for consideration:

- timely meetings for decisions on how funds will be targeted to achieve the desired outcomes;
- robust information provided to aid decision making;
- progress and take up promptly monitored;
- funds reallocated where it is evidenced by December (period 9) via monitoring processes in place that progress is slower than intended; and
- agree an escalation process with sufficient time for positive action to ensue.

## **5. Note 2 – Year 7 literacy and numeracy Catch Up Pupil Premium - £1,500**

### **Grant Conditions**

5.1. The year 7 literacy and numeracy catch-up premium grant is paid to Secondary schools to support year 7 pupils who do not reach the governments expected standard in reading and maths by the time they leave primary school. Schools have flexibility in how they use the funds but the government advises to use it only for programmes they can be certain will be effective, such as tuition programmes and summer schools.

### **Allocation**

5.2. In 2015/16 schools received £500 for each pupil who did not achieve at least level 4 in reading and/or mathematics at key stage 2. In 2016/17 schools received broadly the same amount (give or take a small movement for changes in cohort size) regardless of whether they have more or less pupils not meeting the expected standard, thus per pupil figure no longer transparent.

### **Overpaid**

5.3. The LA allocation is based on the number of pupils recorded on the October school census for secondary schools and for Alternative Provision the January 16 Alternative Provision census. In the 2016/17 claim only 1 eligible pupil / setting was identified as opposed to the 4 assumed in the early census. Any overpayment of grant must be repaid by the LA to the EFA.

## **6. Note 3 - Green Deal Community Grant Funding - £3,290,155**

### **Grant Conditions**

6.1. Green Deal Community capital funding from the Department for Energy and Climate Change (DECC), now Department for Business, Energy and Industrial Strategy (BEIS) -

£80 million of capital funding available for ambitious and innovative street/area based energy efficiency proposals of a minimum value of £1 million.

6.2. Local authorities can carry forward funding (subject to approval) but it must all be expended by the award end date. Claw back arrangements are in place for funds not fully spent or underspent within the period.

### **Allocation**

6.3. In July 2014 the Council was awarded £7,292,200 broken down as follows:

1. £5.29m grant for supporting the then national Green Deal programme for installation of a community based street by street installation programme of energy efficiency measures. Green Deal aimed to reach as many households as possible and funding can also be used to support households who choose to self-finance measures.
2. £2m grant for energy efficiency improvement in the private rented sector, a particular hard sector to install sector energy efficiency measures in due to the tenant / landlord split on who receives the energy cost benefits of the installation, as compared to the capital expenditure

The grant was the largest in the Country and was awarded from 2014 to March 2016 with claw back arrangements.

### **Underspend**

6.4. The following are some of the key changes that influenced the delivery of the project:

- The government's flagship programme, Green Deal was abandoned in July 2015 which had consequential impacts on the market due to a change of policy, direction and commitment.
- Warm Up Bristol was set up in 2014 as a 4 year city wide retrofitting offer for private domestic householders. The scheme launched in October 2014 and was originally due to have all funding allocated by March 2015. This was extended on 3 separate occasions to 30/09/2015, then 31/03/2016 and finally 30/09/2016 with a small number of jobs also allowed to complete by a deadline of 29th November 2017, following liquidation of an installer company (October 2015).

6.5. There were discussions with BEIS about the delivery progress and likely underspend, there were also proposals presented in order to extend the delivery period and / or retain the under spend for use in a capital revolving loan (as per Cabinet report that was approved in October 2016); these alternatives were not supported and a refund was requested of the unspent grant.

6.6. Due to the scale of this refund Internal Audit were commissioned to undertake a more in depth review and report, which is due to conclude shortly.