

 <b>COTSWOLD</b> DISTRICT COUNCIL	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT COMMITTEE – 29 APRIL 2021</b>
Report Number	<b>AGENDA ITEM 7</b>
Subject	<b>KPMG LLP REPORTS – HOUSING BENEFIT SUBSIDY CERTIFICATION</b>
Wards affected	None
Accountable member	Cllr Mike Every, Deputy Leader and Cabinet Member for Finance Email: <a href="mailto:mike.every@cotswold.gov.uk">mike.every@cotswold.gov.uk</a>
Accountable officer	Jon Dearing. Group Manager : Resident Services Tel: 01285 623000 Email: <a href="mailto:jon.dearing@publicagroup.uk">jon.dearing@publicagroup.uk</a>
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Summary/Purpose	For the Audit Committee to note the outcome of the Housing Benefit Subsidy Grant Certification audit for 2019/2020
Annexes	None
Recommendation/s	<i>To note the outcome of the housing benefit subsidy certification work</i>
Corporate priorities	Delivering our services to the highest standards
Key Decision	No
Exempt	No
Consultees/ Consultation	The Deputy Leader and Cabinet Member for Finance, The Chief Executive, The Deputy Chief Executive, The Monitoring Officer, Group Manager for Resident Services

## **1. BACKGROUND**

- 1.1.** In financial years prior to 2018/19, the annual housing benefit subsidy audit formed part of the procurement process for external audit services. This procurement was carried out on behalf of local authorities by the Audit Commission.
- 1.2.** Since the demise of the Audit Commission, the Council has used PSAA Ltd (a company established and owned by the Local Government Association) to procure its external audit services.
- 1.3.** Due to changing legislation, the procurement for external audit services from 2018/19 onwards could not include the audit of the Housing Benefit Subsidy claim. Therefore, with effect from the 2018/19 financial year, the Council has been required to procure this specialist service directly and has procured the services of KPMG LLP to carry out the Housing Benefit subsidy claim audit for the 2018/19 and 2019/20 financial years.

## **2. MAIN POINTS**

- 2.1.** The Certification process aims to ensure that subsidy claims are fairly stated and provides assurance that the housing benefit scheme is being administered correctly.
- 2.2.** During 2019/2020 the Housing Benefit Team administered approximately 11,291 changes in circumstances, and paid out approximately £13,890,185 in Housing Benefit. The total subsidy claimed for by Cotswold District Council was £13,890,185. The Team also identified £422,019 of overpaid Housing Benefit recoverable from claimants. In the year, claimants repaid a total of £464,604, including recovery of debts from previous years.
- 2.3.** In the initial sample of Housing Benefit cases, KPMG LLP found an error in one case of £725 resulting in the subsidy claim being overstated. This error was due to an incorrect assessment of a household size and the incorrect application of the bedroom tax. Due to this one error a further check on 40 similar cases was carried out which did not identify any further discrepancies.
- 2.4.** The total amount of housing benefit paid that was subject to the bedroom tax was £6,214,722. The total value of the cases that were subject to sample checks was £299,392. Of this sample 0.24% (£725) was subject to error KPMG LLP were therefore required to extrapolate the impact of this error across the total value of housing benefit paid in respect of the bedroom tax. This resulted in an adjustment to the Council's subsidy of £14,915 and the adjustment will be deducted from future subsidy payments to the Council.
- 2.5.** The Council's Deputy Chief Executive has received and reviewed a copy of the Certification Letter which summarises the key findings from the work carried out by KPMG LLP on the Council's Housing Benefit Subsidy Claim for 2019/2020. There were no recommendations made by KPMG LLP in the Letter.

## **3. FINANCIAL IMPLICATIONS**

- 3.1.** The fees for the Housing Benefit Subsidy certification work will be in line with budget.  
The Council has overstated its Housing Benefit expenditure by £14,915. Government will reduce a future subsidy payment by this amount.

**4. LEGAL IMPLICATIONS**

- 4.1.** There are no legal implications in respect of this report.

**5. RISK ASSESSMENT**

- 5.1.** There are no risks associated with this report.

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