



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 21 JULY 2022
Report Number	AGENDA ITEM 7
Subject	KPMG LLP REPORTS – HOUSING BENEFIT SUBSIDY CERTIFICATION
Wards affected	None
Accountable member	Cllr Mike Evely – Deputy Leader and Cabinet Member with responsibility for Finance Email: mike.evely@cotswold.gov.uk
Accountable officer	Mandy Fathers – Business Manager for Operations and Enabling Email: mandy.fathers@publicagroup.uk
Summary/Purpose	For the Audit Committee to note the outcome of the Housing Benefit Subsidy Grant Certification audit for 2020/2021
Annexes	None
Recommendation(s)	<i>To note the outcome of the housing benefit subsidy certification work</i>
Corporate priorities	<ul style="list-style-type: none">• Delivering our services to the highest standards
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Leader and Deputy Leader, Chief Executive and Deputy Chief Executive, Monitoring Officer, Interim Head of Legal Services, Finance Business Partner, Group Manager, Director of Finance (Publica)



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, 2019/20 and 2020/2021 financial years.

2. MAIN POINTS

- 2.1 The Certification process aims to ensure that subsidy claims are fairly stated and provided assurance that the housing benefit scheme is being administered correctly.
- 2.2 During 2020/2021, the Housing Benefit Team administered approximately 21,003 changes in circumstances, and paid out £12,159,948 in Housing Benefit. The total subsidy claimed for by Cotswold District Council was £12,159,948. The team also identified £329,525 of overpaid Housing Benefit recoverable from claimants. In the year, claimants repaid a total of £110,415, including recovery of debts from previous years.
- 2.3 In the initial sample of Housing Benefit cases, KPMG LLP found 15 claims where subsidy had either been overstated or understated. This is broken down as follows:

Type of Claim	Number of claims incorrect	Reason	Subsidy Impact (under/-over)	Subsidy Loss
Non HRA	8	Incorrect assessment of Local Housing Allowance (LHA) rate	£8,742.11 -£8,742.11	£0.00
Non HRA	1	Misclassification of Claimant Error Overpayment	-£2,249.90	£2,249.90
Non HRA	1	System migration issues	£-55.84	£55.84



Rent Allowance	1	Claim misclassified as Rent Allowance when should be Non HRA	£636.37	£0.00
Rent Allowance	2	System migration issues	-£1,011.03	£1,011.03
Modified Local Scheme	2	Incorrect assessment of War Widows pension	-£155.44	£155.44
Total Subsidy Loss to Local Authority				£3,472.21

- 2.4** The total loss equates to 0.02% of the total Housing Benefit spend.
- 2.5** It should also be highlighted that during 2020/2021 a complete Revenues and Benefits system conversion was undertaken which resulted in three of the errors highlighted above. The service also experienced a higher increase in its changes in circumstances than it would normally have expected. This was due to the Covid Pandemic and a higher than normal increase in claimants universal credit claims for instance.
- 2.6** The Council's Deputy Chief Executive has received and reviewed a copy of the Certification Letter, which summarises the key finding from the work carried out by KPMG LLP on the Council's Housing benefit Subsidy Claims for 2020/2021. There were no recommendations made by KPMG LLP in the Letter.

3. FINANCIAL IMPLICATIONS

- 3.1** Due to the additional testing required by KPMG LLP the fees for the Housing benefit Subsidy certification work were higher than was budgeted for. The increase cost was funded through savings on the external auditor's fees in 2021/22.
- 3.2** The Council overstated its Housing Benefit expenditure in the subsidy claim by £3,472.21. Government will reduce a future subsidy payment by this amount. This will result in an in-year budget pressure in the 2022/23 financial year.

4. LEGAL IMPLICATIONS

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

5. RISK ASSESSMENT

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