

REPORT TO:	AUDIT SUB COMMITTEE	AGENDA ITEM:11
DATE OF MEETING:	13th JULY 2020	CATEGORY: DELEGATED
REPORT FROM:	EXTERNAL AUDIT	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) kevin.stackhouse@south-derbys.gov.uk	DOC: u/ks/audit/EY/grants/grants cover report
SUBJECT:	ANNUAL REPORT OF AGREED UPON PROCEDURES 2018/19	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: AS 01

1.0 Recommendations

- 1.1 That the Auditor's Report for 2018/19 is considered and the future arrangements, together with management actions, for ensuring Housing Benefit claims are processed accurately, are approved.

2.0 Purpose of Report

- 2.1 For Ernst and Young LLP, as the Council's appointed auditors, to present their outcomes from their annual review of claims and returns which are subject to external certification by Auditors.

3.0 Detail

- 3.1 The Auditor's report summarises the findings from their certification of the Housing Benefits Subsidy Claim and the Pooling of Housing Capital Receipts Return on behalf of Government Departments.
- 3.2 The Auditor identified several processing errors from their work regarding Benefits Subsidy, which resulted in an amended Claim being submitted. These errors had been repeated from previous years and in some cases had increased in volume.
- 3.3 No issues were raised with the Housing Capital Receipts Return.

4.0 Financial Implications

- 4.1 The Fee of £17,500 for undertaking the work is contained within the Council's Budget of £18,500; this was also slightly lower than that charged in 2017/18 of £18,100.
- 4.2 The submission of the amended claim to the DWP showed that the Council had underclaimed subsidy of approximately £13,000 from a total claim of approximately £16 million.

5.0 Corporate Implications

Employment Implications

5.1 None

Legal Implications

5.2 None

Corporate Plan Implications

5.3 None

Risk Impact

- 5.4 Although the Council acts as an Agent for the DWP in processing claims for housing benefit, it is not reimbursed, though subsidy, for every £1 pound that it awards. In assessing entitlement, the regulations are detailed, open to interpretation and subject to claimants submitting the relevant details with their claim.
- 5.5 This unfortunately leads to genuine processing errors which can affect the amount of subsidy reclaimed from the DWP. The Council generally reclaims approximately 99.5% of payments made to claimants, but even a 0.5% shortfall equates to approximately £80,000, for which the Council is left with the cost.
- 5.6 This is not unique to South Derbyshire and affects all authorities. The Council budgets for the shortfall.
- 5.7 The Council can reclaim overpayments due to “claimant error” but this can take time and incurs an extra cost for the Council in doing so.
- 5.8 It should be noted that the number of claims for Housing Benefit continues to fall as working-age claimants are being transferred to Universal Credit (UC) – Housing Benefit being one of the six benefits within UC. This may reduce the amount of processing errors as the income and circumstances of the remaining group, i.e. those of pensionable age tends to be less volatile.

6.0 Community Impact

Consultation

6.1 None required.

Equality and Diversity Impact

6.2 None from the Audit of the Claims and Returns itself, although clearly the award of Benefit is supporting those residents on lower incomes.

Social Value Impact

6.3 None

Environmental Sustainability

6.4 None

7.0 **Background Papers**

None