



Grant Thornton

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4 December 2017

Dear Simon

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Certification work for Tewkesbury Borough Council for year ended 31 March 2017

We are required to certify the Housing Benefit subsidy claim submitted by Tewkesbury Borough Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies. Public Sector Audit Appointments (PSAA) took on the transitional responsibilities for HB COUNT issued by the Audit Commission in February 2015.

We have certified the Housing Benefit subsidy claim for the financial year 2016/17 relating to subsidy claimed of £19.1 million. Further details are set out in Appendix A.

Our approach requires that we review issues identified in the prior year and undertake further testing where appropriate, to determine the extent that they have continued into the 2016/17 period. Our testing in 2015/16 identified the following issues that required further testing in 2016/17

- LHA rates had been misapplied
- Claimant's earnings had been incorrectly calculated
- Rent allowance overpayments had been misclassified

In addition, our testing of claims relating to 2016/17 identified the following issues:

- LHA rates had been misapplied as previously reported in 2015/16
- Fuel allowance rates had not been updated and were incorrectly applied
- Non HRA overpayments had been misclassified for subsidy purposes.

Our further testing of LHA rates, fuel rates and the classification of Non HRA rates resulted in amendments to the claim of between £149 and £1,553. As the claim has been amended for these errors, there was no requirement to report these errors to the DWP.

Chartered Accountants

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With regards to the errors identified in the misclassification of overpayments in rent rebates, the extrapolated financial impact on the claim, as reported to the DWP, was not significant to the total subsidy receivable. The DWP may require the Council to undertake further work or provide assurances on the errors we have identified.

The indicative fee for 2016/17 for the Council was based on the final 2014/15 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year. The indicative scale fee set by PSA for the Council for 2016/17 was £9,110. This is set out in more detail in Appendix B. We will communicate our final 2016/17 fee to you in a future progress report once this has been determined.

Yours sincerely

Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2016/17

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing benefits subsidy claim	£19,130,659	Yes	£1,421	Yes	See below

Findings from certification of housing benefits subsidy claim

LHA Rates

Our initial testing identified two errors out of 14 cases where the incorrect Broad Rental Market Area (BRMA) rate had been applied to the claimant's entitlement. This issue was also noted in 2015/16 and required further testing. As the population was under 100 cases we carried out 100% testing.

Overall we tested 71 cases, 14 in the initial sample population and 57 in the further testing. The further testing identified another 12 errors of which 4 had no impact on subsidy. The total value of the errors was £650 which required an amendment to the claim. The number of errors is higher than last year and we will be required to undertake further testing in this area in 2017/18.

Claimant income

Our testing last year identified that claimant's earnings had been miscalculated leading to an overpayment of entitlement which required further testing in 2016/17.

We tested a sample of 40 cases with earned income, as a result of errors identified in the prior year, and from this a further two errors were identified. In both cases the error led to an underpayment of claimant's entitlement which has no impact on subsidy. However as this error can lead to an overpayment as well as an underpayment we will be required to undertake further testing in this area in 2017/18.

Fuel Allowance

We identified 9 errors in our initial sample where the incorrect fuel allowance rate had been applied. The national rate for fuel allowance is £17.23 in 2016/17 and testing identified that assessors were using the 2015/16 rate of £16.48. This error required us to undertake further testing and, as the population was under 100, we carried out 100% testing.

Further testing of 57 cases identified an additional 39 errors, all of which resulted in an overpayment of entitlement. The total value of the errors was £443 which again required an adjustment to the claim for this value. This is a new error in 2016/17 and will require further testing in 2017/18.

Misclassification of Non HRA Overpayments

Initial testing identified one case where Non HRA overpayments had been incorrectly classified as eligible error, when it should have been technical error, which required further testing. As the population was below 100, we were required to test 100% of the population.

Further testing of 57 cases we identified five cases where the overpayment had been incorrectly classified as eligible when it should have been a technical overpayment. The total value of the errors was £1,553 which required an amendment to the claim for this value. This was a new error in 2016/17 and will require us to undertake further testing in 2017/18.

Misclassification of Rent Allowance Overpayments

Our testing last year identified 10 cases where rent allowance overpayments had been incorrectly classified as LA error, when they should be classified as eligible error, which required further testing in 2016/17.

We tested a sample of 40 cases from the LA error population and from this a further 29 errors were noted. The nature of the population, and the variation in the errors, meant that even significant additional work would not allow us to make amendments to the claim form. The extrapolated value of these errors was £10,030 and the number of errors identified has increased from prior years. This will require us to undertake further testing in 2017/18.

Appendix B: Fees for 2016/17 certification work

Claim or return	2014/15 fee (£)	2016/17 indicative fee (£)	2016/17 actual fee (£)
Housing benefits subsidy claim (BEN01)	£12,700	£9,110	£TBC
Total	£12,700	£9,110	TBC