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Dear Jayne

Certification work for Redditch Borough Council for year ended 31 March 2019

We have been appointed by the Council to certify the Housing Benefit subsidy claim submitted by Redditch 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.

We have certified the Housing Benefit subsidy claim for the financial year 2018/19 relating to subsidy claimed of £18 million. Further details are set out in Appendix A.

We identified a number of issues from our certification work which we wish to highlight for your attention. There were nine lots of additional testing arising from the findings from the previous year. We also found errors in two new areas and completed additional testing in one. The other area the Council is waiting for an update from their software provider, so we did not undertake additional work.

Officers again completed the initial testing using the standard workbooks. We are pleased to be able to report that the workbook completion was good quality, and we agreed with the testing conclusions reached. We received very good support from officers throughout our audit.

Sample testing found the following issues included in the subsidy claim:

- Earnings incorrectly entered
- Childcare costs incorrectly entered
- Misclassification of overpaid benefit
- Incorrect rent figure used
- State Retirement Pension uplift incorrectly applied

The nature of these errors is very similar to the previous year.

As a result of the errors identified, the claim was amended and qualified, and we reported our findings to the Department for Work and Pensions (DWP). The DWP may require the Council to undertake further work or provide assurances on the errors we have identified.

The fee of £24,000 agreed for 2018/19 for the Council was based on the final 2016/17 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year. We are not proposing to vary the fee from this.

Yours sincerely

Grant Thornton UK LLP

Appendix A

Findings from certification of housing benefits subsidy claim

Table A - Details of amendments and qualifications

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing benefits subsidy claim	£18,044,580	Yes	(£8,487)	Yes	See below

Findings from certification of housing benefits subsidy claim

Workbook completion

DWP provides workbooks to all audit suppliers to complete in order to ensure consistency and high quality in documentation. Many councils now complete these workbooks using Quality Assessment Officers or Supervisors who have not initially been involved in assessing claims. Auditors then re-perform some of the work that officers have completed. This reduces the cost of the work compared to auditors doing it all and gives officers better information on any training needs or quality issues regarding the initial claim assessments.

We again provided support and guidance to officers on workbook completion to help improve the quality of workbook completion. We are pleased to be able to report that the workbook completion was again of high quality, and we agreed with the testing conclusions reached. As officers had previous experience of completing the workbooks, we were also able to reduce the level of re-performance we carried out.

Initial testing

Our initial testing of 60 cases identified nine errors. These mainly related to incorrect entry of earnings and incorrect uplift of the State Retirement Pension. The nature of the errors meant that we had to conduct testing in one additional area, not covered by the testing arising from prior year errors. We tested all of the cases with the same characteristics as the case in error, totalling a further 50 cases, and did not find any further errors.

Testing arising from prior year errors

Where testing identifies errors in one year, DWP requires us to undertake further testing in the subsequent year. The testing focuses on cases with the same characteristics as the original error. This year, because of errors in previous years, we had to carry out testing in nine areas (eight last year). We found additional errors in all nine areas. This means that, in 2019/20, the amount of testing required will be similar to this year.

Amount of testing and errors found

The table below shows the number of cases tested and the number of errors found in recent years.

	Cases tested	Errors found	% error rate
Year			
2016-17	409	28	7
2017-18	458	35	8
2018-19	489	63	13

The table shows a significant increase in both the number of errors found, and the error rate. Sample testing found errors in five areas. Additional testing arising from prior year errors, relating to the incorrect input of earnings found 20 errors, and additional testing from prior year years of childcare costs found 9 errors. Errors were also found in the testing of the classification of overpayments and allowable rent.

Other items reported to DWP

Initial testing identified three cases where the Statement Retirement Pension income uplift was incorrectly applied. The Council has not carried out additional testing for this error and instead has contacted the software supplier to run an appropriate report to establish the exact total error value across all cases as opposed to extrapolating the initial testing results. The report from the supplier was not received by the end of November 2019. It is anticipated that the software fix will correct these errors in the 2019/20 benefit year.