



Our ref: RDP/ JAM/ CCDC

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Dear Bob,

Certification work for Cannock Chase District Council for the year ended 31 March 2018

We are required to certify the Housing Benefit subsidy claim submitted by Cannock Chase District 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 Ltd (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 2017/18 relating to subsidy claimed of £24,285,715. Further details are set out in Appendix A.

We identified several issues from our certification work which we wish to highlight for your attention. There were a number of errors from the extended testing that we carried out on this year's subsidy return, which recurred from 2016/17, there were also two new areas where we identified errors. In addition to our qualifications, we also reported three observations. The extrapolated financial impact on the claim, which we have reported to the DWP, was relatively insignificant compared to the total subsidy receivable.

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

The indicative fee for 2017/18 for the Council was based on the actual 2015/16 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 PSAA for the Council for 2017/18 was £12,807. Due to the additional work required to address the issues we identified, we have agreed an additional fee of £3,676, subject to confirmation from PSAA. This is set out in more detail in Appendix B.

Yours sincerely

A handwritten signature in blue ink that reads "Grant Thornton UK LLP".

Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2017/18

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing benefits subsidy claim	£24,287,622	Yes	(£1,907)	Yes	See below

Findings from certification of housing benefits subsidy claim**Earnings**

We identified errors in relation to HRA Rent Rebates and Rent Allowances whereby assessors had miscalculated claimant earned income over a period leading to an overpayment of housing benefit. We identified:

- 6 errors in respect of HRA rent rebates, leading to an extrapolated overpayment of £3,165; and
- 15 errors in respect of rent allowances, leading to an extrapolated overpayment of £14,115

Tax Credits

We identified errors in relation to HRA Rent Rebates and Rent Allowances whereby assessors had incorrectly applied child tax credits and working tax credits over a period leading to an overpayment of housing benefit. We identified:

- 6 errors in respect of HRA rent rebates, leading to an extrapolated overpayment of £636; and
- 9 errors in respect of rent allowances, leading to an extrapolated overpayment of £2,718

Change of Address

We identified errors in relation to Rent Allowances whereby assessors had failed to correctly apply a change of address leading to an overpayment of housing benefit. We identified:

- 3 errors in respect of rent allowances, leading to an extrapolated overpayment of £1,790

Modified Schemes

We identified errors in the calculation of modified scheme benefits, consistent with prior year findings these were attributable to system related issues or expenditure misclassifications. The Local Authority tested 100% of modified scheme cases due to low number of claimants, the required adjustment in relation to HRA Rent Rebates and Rent Allowances was trivial however as extrapolations were undertaken against the relevant cells, no adjustment was processed.

Statutory Maternity Pay

Our initial testing identified an error in relation to Rent Allowances whereby assessors had incorrectly calculated statutory maternity pay leading to an overpayment of benefit. The Local Authority tested 100% of the sub population, the required adjustment was £479 however as extrapolations were undertaken against the relevant cells, no adjustment was processed.

Severe Disability Premium

Our initial testing identified an error in relation to HRA Rent Rebates whereby assessors had incorrectly applied severe disability premium leading to an overpayment of benefit. The Local Authority tested 100% of the sub population, the required adjustment was £6,206 however as extrapolations were undertaken against the relevant cells, no adjustment was processed.

Benefit Paid to Benefit Granted

The Authority uses the Civica benefit software. The software supplier provides a method for the Authority to reconcile benefit granted per the benefit software to benefit paid per the benefit software.

The Local Authority did not adjust the claim form prior to submission to recognise their actual position covering the 2017/18 financial year. The Local Authority recognised the lower amount for subsidy purposes.

Rent Rebates – Pensions – No effect on Subsidy

Testing identified two cases where the pension income had been incorrectly calculated. These both resulted in an underpayment of benefit.

As there is no eligibility to subsidy for benefit, which has not been paid, the three underpayments identified did not affect subsidy.

Rent Allowances – Overpayment Recovery

Testing of the initial sample identified an issue where benefit had been overpaid as a result of a Civica related issue with regards to the recovery of benefit. The Local Authority were advised to run a system report that identifies all cases affected by this issue and the total adjustment to be made to the claim.

As we undertook extrapolations against Cell 094, the claim form was not amended and therefore this will be processed in subsidy year 2018/19. The report was ran by the Local Authority and if the claim form were to be amended, the adjustment to Cell 094 would be £511 (understated).

Rent Allowances – Offset

Testing of the initial sample identified an issue where benefit had been overpaid as a result of a Civica related issue with regards to offsetting of transactions. The Local Authority were advised to run a system report that will identifies all cases affected by this issue and the total adjustment that needs to be made to the claim.

A judgement was made by the Local Authority that the adjustment would be made in 2018/19. This was based on resource constraints and the resultant level of checking that would be required by running the utility, as confirmed through the report being ran in the test system. As we undertook extrapolations against Cell 094, the claim form was not amended.

Refer below for details of what the adjustments would be in they were to be processed.

Impact Cell	Original Cell Total	Adjustment	Revised Cell Total
Cell 094	£13,654,156	-£67,925	£13,586,231
Cell 121	£338,548	£67,925	£406,473

Appendix B: Fees for 201718 certification work

Claim or return	2015/16 fee (£)	2017/18 indicative fee (£)	2017/18 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£11,592	£12,807	£16,483	£3,676	Fee variation as explained above.
Total	£11,592	£12,807	£16,483	£3,676	