



Duncan Whitfield
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Dear Duncan

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Certification work for Southwark Council for year ended 31 March 2017

We are required to certify the Housing Benefit subsidy claim submitted by Southwark 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 £204.8 million. Further details are set out in Appendix A.

We identified no new issues from our certification work in 2016/17 which we wish to highlight for your attention. However there were issues identified in the previous year which remain following the completion of our work in 2016-17.

In the previous year we identified an error in relation to the calculation of claimant's earned income within the Housing Benefit calculation. Given the nature of the population the Council were required to test 40 cases where the claimant's earned income is included within the Housing Benefit calculation for 2016-17. Testing identified two cases where the Council had either used the incorrect earnings within the benefit calculation, or was unable to support the earnings value included. The extrapolated financial impact on the claim, which we have reported to the DWP, was relatively insignificant to the total subsidy receivable.

We also identified an error in the previous year where the Council had used the incorrect State Retirement Pension within the Housing Benefit calculation. Given the nature of the population, the Council were required to test 40 cases where the claimant's State Retirement Pension is included within the Housing Benefit calculation for 2016-17. Testing identified three cases where the Council had underpaid benefit due to the Council incorrectly calculating the applicable State Retirement Pension. However as there is no entitlement to subsidy not claimed, these cases were not treated as errors for the purposes of the Claim Form, and were reported as Observations in our Qualification Letter.

As a result of the errors identified, the claim was qualified, and we reported our findings to the DWP. 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 PSAA for the Council for 2016/17 was £23,018. This is set out in more detail in Appendix B.

Yours sincerely

A handwritten signature in blue ink that reads "Grant Thornton UK LLP". The signature is written in a cursive style and is positioned on a light yellow rectangular background.

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 (BEN01)	£204,841,699	No	N/A	Yes	See below

Findings from certification of housing benefits subsidy claim

Claimant income

In the previous year we identified an error in relation to the calculation of the claimant's earned income within the Housing Benefit calculation. Given the nature of the population the Council were required to test 40 cases where the claimant's earned income is included within the Housing Benefit calculation for 2016-17. Testing identified two cases where the Council has not used the appropriate earnings within the benefit calculation. The errors were classified as:

- 1 case where the claimant was overpaid (total value £945)
- 1 case where the claimant was underpaid (total value £95)

State Retirement Pension

In the previous year we identified an error in relation to the calculation of the claimant's State Retirement Pension within the Housing Benefit calculation. Given the nature of the population the Council were required to test 40 cases where the claimant's State Retirement Pension is included within the Housing Benefit calculation for 2016-17. Testing identified three cases where the Council has not used the appropriate Pension within the benefit calculation. The errors were classified as:

- 3 cases where the claimant was underpaid (total value £230)

Recommended actions for officers

We recommend that the Council as part of its internal quality assurance process, should increase its focus or level of testing in respect of the areas where we identified errors from our testing.

Appendix B: Fees for 2016/17 certification work

Claim or return	2014/15 fee (£)	2016/17 indicative fee (£)	2016/17 actual fee (£)	Variance (£)	Explanation for variances
Housing Benefits Subsidy Claim (BEN01)	£28,773	£23,018	£23,018	N/A	Not Applicable