

Our ref: HB/BCC/PJ/1617

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Dear Clive

Certification work for Birmingham City Council for year ended 31 March 2017

We are required to certify the Housing Benefit subsidy claim submitted by Birmingham City 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 £550 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 a number of errors from the extended testing that we carried out on this year's subsidy return which recurred from 2015/16. There were three new areas where we identified errors and one area where we found no further areas and will not have to carry out specific testing in the coming year. The extrapolated financial impact on the claim, which we have reported to the DWP, was again relatively insignificant 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 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 £22,200. This is set out in more detail in Appendix B.

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	£550,373,735	Yes	£102,214	Yes	See below

Findings from certification of housing benefits subsidy claim

Cell 011 (Rent Rebates – Non HRA)

Testing of the initial sample identified the following types of errors:

- Miscalculation of claimants earned income
- LHA parameters used in the benefit claim did not match the correct number of bedrooms stated on the tenancy agreement
- Where the Authority had incorrectly applied the 'No netting Off' indicator

The extrapolations of each error type above were relatively insignificant to the total subsidy received and have been reported to the DWP in our qualification letter.

Cell 055 (Rent Rebates)

Testing of the initial sample identified no errors.

However, as a result of the 15/16 qualification letter, the Authority performed additional testing on cases with personal deduction on self-employed earnings. We identified a number of cases where benefit had been overpaid due to incorrect application of self-employed personal use deductions.

The extrapolation for this error type was relatively insignificant to the total subsidy received and has been reported to the DWP in our qualification letter.

Cell 094 (Rent Allowances)

Testing of the initial sample identified one error where the Authority had incorrectly recorded the claimants earned income frequency as weekly instead of monthly leading to an overpayment of subsidy. The Authority then undertook 100% of all rent allowance cases with earned income and all affected claims have been amended for within the 16/17 claim form.

As a result of the 15/16 qualification letter, additional testing was performed and the following types of errors were identified:

- Incorrect application of the bedroom tax percentages
- Miscalculation of claimants earned income
- Overstatement of prior year overpayments

The extrapolations of each error type above were relatively insignificant to the total subsidy received and have been reported to the DWP in our qualification letter.

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)	£26,600	£22,200	£22,200	£0	N/A
Total	£26,600	£22,200	£22,200	£0	