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Dear David

Certification work for London Borough of Lewisham for year ended 31 March 2017

We are required to certify the Housing Benefit subsidy claim submitted by London Borough of Lewisham ('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 £225.4 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. The errors were consistent with issues we have found in previous years. The key recurring themes in the errors are:

- Incorrect inputting of claimant income, from income, tax credits or other sources across all benefit types. These errors have led to both underpayments and overpayments to claimants.
- Misclassifications within the subsidy claim not leading to under or over payments to claimants.

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.

Further details of the errors we found are at Appendix A.

The extrapolated financial impact on the claim, which we have reported to the DWP, was again relatively insignificant to the total subsidy receivable. The overall rate of errors continues to reduce compared to previous years, reflecting better quality control at the Council.

The Council's benefits team were engaged and cooperative during the course of our certification work, responding to all our queries in a timely manner. This helped us to

complete our work in advance of the Department's deadline of 30 November 2017. We would like to thank the team for all their support during this work.

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 £41,235. 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	£225,422,262	No		Yes	See below

Findings from certification of housing benefits subsidy claim

Errors were identified on the claim, which were consistent with those reported in the previous year. Overall the number of errors and types of errors continue to reduce compared with earlier years, reflecting improving quality control at the Council. Furthermore the financial impact of these errors was very small in the context of the overall claim.

These errors were reported more fully to the DWP in our qualification letter.

Rent rebates

We identified eight cases (out of 50 tested) where rent rebates were either under or overpaid due to errors in input of earnings.

We found a further three cases (out of 51 tested) which were either under or overpaid due to incorrect input of tax credits.

Rent rebates (classification)

Out of 47 cases tested, we identified five errors in the calculation of the LHA threshold leading to misclassifications in the subsidy claim.

We found a further two misclassifications between cells 12 and 13

HRA rent rebates

Out of 44 cases tested, we identified eight where claimants had either been under or overpaid due to incorrect calculation of earnings.

Rent allowances

We identified four cases (out of 40 tested) where assessed income had been input incorrectly, resulting in over or underpayments of benefit

We identified one overpayment due to incorrect input of tax credits, and a further error, which had no impact on benefit.

Other issues

We found five classification errors where overpayments were offset against benefit awards. As these had no impact on subsidy, no further work was undertaken and the errors were reported to DWP as observations.

The Council has a policy of disposing of records after six years. From our initial testing we identified two longstanding claimants where the original calculation of benefit award was no longer held at the Council. The DWP is aware of this issue as we have reported this matter in previous qualification letters and we reported it again in 2016/17.

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)	£39,980	£41,235	£41,235	£0	n/a