

David Austin
Head of Corporate Resources
London Borough of Lewisham
Laurence House
Catford
London SE6 4RU

8 January 2019

Dear David

Certification work for the London Borough of Lewisham for the year ended 31 March 2018

We are required to certify the Housing Benefit subsidy claim submitted by the 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 2017/18 relating to subsidy claimed of £217.3 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. 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 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 2017/18 for the Council was based on the final 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 £30,370. 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 2017/18

Claim or return	Value of amended claim	Amended?	Amendment value	Qualified?	Comments
Housing benefits subsidy claim	£217,326,582	Yes	£1,513	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 financial impact of these errors was small in the context of the overall claim.

Non Housing Revenue Account (HRA) Rent Rebates

The following errors were identified from our testing of Non HRA Rent Rebates:

- We identified 6 cases (out of 50 tested) where Non HRA rent rebates were either under or overpaid due to errors in the calculation and input of earnings.
- We identified 2 cases (out of 52 tested) where Non HRA rent rebates were either under or overpaid due to incorrect input of tax credits.
- We identified 3 cases (out of 45 tested) where the Council incorrectly applied the Local Housing Allowance threshold leading to misclassifications in the subsidy claim.
- We identified 1 case (out of 46 tested) where the Council had incorrectly classified expenditure between Short Term Leased and Self Contained Licensed Accommodation.

Housing Revenue Account (HRA) Rent Rebates

The following errors were identified from our testing of HRA Rent Rebates:

- We identified 10 cases (out of 44 tested) where HRA rent rebates were either under or overpaid due to errors in the calculation and input of earnings.
- We identified 2 cases (out of 46 tested) where the overpayment had been incorrectly classified as an eligible overpayment when it should have been classified as a Local Authority Error overpayment.

Rent Allowances

The following errors were identified from our testing of Rent Allowances:

- We identified 4 cases (out of 44 tested) where Rent Allowances were either under or overpaid due to incorrect input of tax credits.
- We identified 9 cases (out of 46 tested) where Rent Allowances were either under or overpaid due to errors in the calculation and input of earnings.
- We identified 5 cases (out of 40 tested) where Rent Allowances were either under or overpaid due to the Council failing to apply the revised Assessed Income amount from the correct start date.

Other Issues

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. We reported it again in 2017/18.

Recommended actions for officers

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

Appendix B: Fees for 2017/18 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)	£30,370	£30,370	£30,370	£Nil	N/A