

**Meeting date:** 13 March 2023

**Report to:** Audit Committee

**Report title:** HOUSING BENEFIT SUBSIDY CLAIM 2021/22

**Report from:** Acting Chief Executive

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**Wards affected:**

- All Wards |  Bickenhill |  Blythe |  Castle Bromwich |  Chelmsley Wood |  
 Dorridge/Hockley Heath |  Elmdon |  Kingshurst/Fordbridge |  Knowle |  
 Lyndon |  Meriden |  Olton |  Shirley East |  Shirley South |  
 Shirley West |  Silhill |  Smith's Wood |  St Alphege
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**Public/private report:** Public

**Exempt by virtue of paragraph:**

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**1. Executive Summary**

- 1.1 To update Audit Committee on the report of the 2021/22 housing benefit subsidy claim.

**2. Decision(s) Recommended**

- 2.1 To note the issues highlighted and the subsequent actions taken.

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**3. Matters for Consideration**

- 3.1 Grant Thornton have certified the housing benefit subsidy claim submitted by the Council for the financial year 2021/22 relating to subsidy claimed of £34.5 million.
- 3.2 Housing benefit entitlement is a means tested calculation based on national legislation and guidance. The legislation and guidance is applied to each individual claim. During 2021/22 we had an average housing benefit caseload of 6,572 and processed in excess of 16,900 changes in circumstances.
- 3.3 Due to the high number of changes processed it is not feasible to check each change. However, following the outcome of previous housing benefit subsidy audits a range of additional checks have been introduced including an increase in the number of cases checked with earned income (this was identified as an area with a high error rate).
- 3.4 As a result of the increased checks the error rate for the housing benefit subsidy audit reduced from 34% for 16/17 to 5% for 17/18, 7% in 18/19, 6% in 19/20 and 5% in 20/21.
- 3.5 For the 2021/22 housing benefit subsidy claim, Grant Thornton have tested 222 cases and identified 4 errors – producing an error rate of 2%. The errors identified fall into two categories:
- Incorrect input/calculation of earnings in rent allowances;
  - Incorrect input of a New State Pension

Errors relating to earnings have been identified in previous audits and reported to the Department of Work and Pensions for the previous 7 years.

- 3.6 Following errors identified during previous audits a total of 3 sub-populations of data were tested as part of the 2021/22 audit. This is known as CAKE testing (Cumulative Assurance Knowledge and Experience). Of the 3 data sets tested, 2 of these returned no errors for 2021/22 and are now considered closed by Grant Thornton. This has improved from 2020/21 where 6 sub-populations of data were tested.
- 3.7 Grant Thornton have advised that there are no amendments to be made to the subsidy claim for 2021/22.

**ACTIONS TAKEN**

- 3.8 The calculation of earnings as part of a housing benefit means test is a complex calculation.
- 3.9 Since May 2018 an alert is received when a claimant's earnings or pension has changed. This is known as the Verify Earnings and Pensions (VEP) alert system. Unlike previous systems VEP alerts do not automatically populate our back-office system so earnings are input manually increasing the risk of errors
- 3.10 As a result of the errors identified as part of the audit in 2018/19, the number of

checks for earned income cases was increased. The aim being to carry out 100% checks of all new claims with earned income and from January 2020 100% checks of changes relating to earned income.

- 3.11 A total of 1,415 checks have been undertaken by the benefits team during 2021/22 for both new claims with earned income and changes relating to earned income.
- 3.12 The 100% check of earnings cases only applies to cases where a change has occurred since January 2020. Of the 3 errors relating to earned income identified as part of the 2021/22 audit 2 of these cases were assessed prior to January 2020 so were therefore not included in the 100% quality check. 1 case was assessed after January 2020 and had been omitted from the checking process in error.
- 3.13 The quality checking process has now been reviewed and a process has been implemented to ensure that any quality checks that identify an error are closely monitored until corrected.
- 3.14 Work has continued throughout 2022/23 to fully train all members of the benefits team on all aspects of benefit processing. This training has now been completed. We do, however, still have 2 full time benefit assessor vacancies on the team and recruiting experienced staff into these posts has been a challenge.
- 3.15 The timescales for the external audit for the 2021/22 claim have had an impact on capacity for the benefits team. The usual deadline for the certified claim to be sent to the Department of Work and Pensions (DWP) is 30 November. This is the date that we had been working towards and had resourced for. Due to delays by Grant Thornton in starting the audit this resulted in audit work coinciding with an already busy period as the team prepared for annual billing. Despite this all work was completed and the certified claim submitted on 1 February 2022, in advance of the extended deadline granted by the DWP.

**4. What options have been considered and what is the evidence telling us about them?**

4.1 N/A

**5. Reasons for recommending preferred option**

5.1 N/A

**6. Implications and Considerations**

6.1 State how the proposals in this report contribute to the priorities in the [Council Plan](#):

Priority:	Contribution:
People and Communities: 1. Improving outcomes for children and young people in Solihull.	Ensuring benefit claims are assessed and paid correctly to support vulnerable residents of Solihull and those on a low income.

Priority:	Contribution:
2. Good quality, responsive, and dignified care and support for Adults in Solihull when they need it. 3. Take action to improve life chances and health outcomes in our most disadvantaged communities. 4. Enable communities to thrive.	
<b>Economy:</b> 5. Develop and promote the borough's economy, with a focus on revitalising our town and local centres. 6. Maximising the opportunities of UK Central and HS2. 7. Increase the supply of affordable and social housing that is environmentally sustainable.	N/A
<b>Environment:</b> 8. Enhance our natural environment, improve air quality and reduce net carbon emissions.	N/A
9. Promote employee wellbeing	N/A

## 6.2 Consultation and Scrutiny:

6.2.1 N/A

## 6.3 Financial implications:

6.3.1 When errors are identified in the testing of the subsidy claim it can result in a reduction in the amount of subsidy to be paid to the Council by the Department for Work and Pensions

## 6.4 Legal implications:

6.4.1 N/A

## 6.5 Risk implications, including Risk Appetite:

6.5.1 Risk register has been reviewed and updated accordingly. The risk appetite for housing benefit subsidy is low as the assessments are based on government

legislation.

6.6 Equality implications:

6.6.1 N/A

6.7 Linkages to our work with the West Midlands Combined Authority (WMCA), Local Enterprise Partnership or the Birmingham & Solihull Integrated Care System (ICS):

6.7.1 N/A

**7. List of appendices referred to**

7.1 Grant Thornton letter dated 15 February 2023 as shown in Appendix A.

**8. Background papers used to compile this report**

8.1 N/A

**9. List of Other Relevant Documents**

9.1 N/A