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Ref: SMBC/HBEL/2022-23

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The Section 151 Officer of Blaby District Council

**Independent Reporting Accountants' agreed-upon procedures report in connection with Housing Benefit Subsidy claim form MPF720A for the year ended 31 March 2022**

**Scope and purpose**

We have performed the procedures below, which were agreed to by Blaby District Council (the "Engaging Party", "You" or "the Local Authority")) and the DWP (together, the "Acknowledging Parties"), in relation to Form MPF720A ("Subject Matter") for which the procedures have been performed for the financial year ending 31 March 2022, and should not be used or relied upon for any other purpose.

This report is produced in accordance with the terms of our engagement letter with Blaby District Council dated 20/05/2023 and the Standardised Engagement Terms in Appendix 2 of Housing Benefit Assurance Process (HBAP) Module 1 for the financial year ending 31 March 2022 issued by the Department for Work and Pensions (DWP) for the purpose of reporting to the Section 151 Officer of Blaby District Council (the 'Local Authority') and the DWP.

Our report is prepared solely for the confidential use of the Local Authority and the DWP and solely for the purpose of facilitating the claim for Housing Benefit subsidy on form MPF720A dated 28th April 2022.

This report should not be copied, referred to or disclosed, in whole (save as otherwise permitted by the Standardised Engagement Terms) or in part, without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the local authority and DWP, we acknowledge that the Local Authority and/or DWP may be required to disclose this report to parties demonstrating a statutory right to see it.

This report is designed to meet the agreed requirements of the Local Authority and DWP as described in the DWP HBAP reporting framework instruction for the financial year ending 31 March 2022. The Local Authority is responsible for the Subject Matter on which the agreed-upon-procedures are performed. The sufficiency of these procedures is solely the responsibility of the Acknowledging Parties.

This report should not therefore be regarded as suitable to be used or relied by any other party for any purpose or in any context. Any party other than Blaby District Council and DWP which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so entirely at its own risk. To the fullest extent permitted by law, we accept no responsibility or liability in respect of our work or this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by the reliance of anyone other than the addressees on our work or this report.

### **Respective responsibilities of the local authority and the Reporting Accountant**

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements having regard to HBAP Modules 1 and 6 which highlight the terms under which DWP has agreed to engage with Reporting Accountants. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with Blaby District Council and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness, or the sufficiency of the agreed-upon procedures described below either for the purpose for which this Report has been requested or for any other purpose.

As Section 151 Officer of the Local Authority, you have responsibilities under the Income-related Benefits (Subsidy to Authorities) Order 1998. You are also responsible for ensuring that the Local Authority maintains accounting records which disclose with reasonable accuracy, at any time, the financial position of the Local Authority. It is also the Section 151 Officer's responsibility to extract relevant financial information from the Local Authority's accounting records, obtain relevant information held by any officer of the local authority and complete the attached form MPF720A in accordance with the relevant framework set out by DWP.

### **Our independence and quality control**

In performing the Agreed-Upon Procedures engagement, we complied with the ethical requirements in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA). We are not required to be independent for the purpose of this engagement; however, we complied with the independence requirements of the IESBA Code that apply to assurance engagements other than financial audit or review engagements. We are the independent auditor of the Local Authority and therefore we also complied with the independence requirements of the FRC's Revised Ethical Standard 2019 apply in context of the financial statement audit for the Authority only. For the avoidance of doubt, we are not required to be independent of DWP.

EY applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Our approach**

For the purpose of the HBAP engagement we have been provided with a signed copy of form MPF720A 2021-22 from the section 151 officers verifiable email address and dated 26th April 2022 by the Section 151 Officer. The Section 151 Officer remains solely responsible for the completion of form MPF720A and is the signatory on the local authority's certificate on claim form MPF720A.

Our engagement was carried out in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements having regard to HBAP Modules 1 and 6. The purpose of the engagement is to perform the specific test requirements determined by DWP on the defined sample basis as set out in HBAP Modules 2, 5 and 6 of the HBAP reporting framework instruction on the Local Authority's form MPF720A dated 26<sup>th</sup> April 2022, and to report the results of those procedures to the Local Authority and the DWP.

We have performed the procedures as referenced below, which were agreed with Blaby District Council and DWP, on Form MPF720A:

Procedures as set out in:

- HBAP Module 6 - Step 2 - Initial testing – Module 3 workbook testing
- HBAP Module 2 - Upating checklist for the financial year ending March 2022
- HBAP Module 5 - Software diagnostic tool
- HBAP Module 6 - Step 3 - CAKE from prior year Module 3

The results of these procedures are set out below:

### **Summary of Initial Testing**

In accordance with the HBAP modules, an initial sample of cases was completed for all general expenditure cells. We have completed the initial sample testing and the following outlines the results identified:

#### **Cell 011: Non HRA Rent Rebate**

No Claims were found to be in error.

#### **Cell 094: Rent Allowance**

No claims were found to be in error.

### **Modified Schemes**

In 2019/20 & 2020/21 errors were identified and reported in the HBAP report relating to the incorrect calculation of war pension income. Testing of 100% of modified scheme cases in cell 214/225 was undertaken, which identified that all three cases were in error, resulting in an understatement of cell 214. We comment further in Appendix C

### **Completion of Modules**

The Specific Test Requirements set out in Module 1 Appendix 3 have been completed, including testing required by Modules 2 and 5 as detailed below.

#### **Completion of Module 2**

Testing of the module 2 confirmed that all relevant parameters had been correctly updated.

#### **Completion of Module 5**

We have completed the questionnaire for the appropriate software supplier and no issues were identified.

### **Summary of testing arising from Cumulative Assurance Knowledge and Experience**

In line with the requirements of HBAP Modules we have undertaken CAKE testing based upon the preceding HBAP report. Where appropriate the Local Authority has completed testing of the sub-populations for:

Non HRA Rent Rebates Cell 011 – incorrect rent assessment: Having completed testing this matter is closed

### Summary paragraph

For the form MPF720A dated 26 April 2022 for the year ended 31 March 2022 we have completed the specific test requirements detailed in the DWP reporting framework instruction (HBAP) and have identified the results set out in Appendix A, B, C and D.

### Inherent limitations

The procedures specified in DWP's HBAP Reporting framework instruction does not constitute either an audit or a review made in accordance with International Standards on Auditing (UK) or International Standards on Review Engagements (UK) or International Standards on Assurance Engagements, the objective of which would be the expression of assurance on the contents of the Local Authority's claim for Housing Benefit subsidy on form MPF720A. Accordingly, we do not express such assurance. Had we performed additional procedures, or had we performed an audit or review of the Local Authority's claim for Housing Benefit subsidy on Form MPF720A in accordance with generally accepted auditing or review standards, other matters might have come to our attention that would have been reported to you. This report relates only to the Local Authority's form MPF720A and does not extend to any financial statements of the Local Authority, taken as a whole.

The Local Authority is responsible for the source documents that are described in the specified procedures and related findings section. We were not engaged to perform, and we have not performed, any procedures other than those previously listed. We have not performed procedures to test the accuracy or completeness of the information provided to us except as indicated in our procedures. Furthermore, we have not performed any procedures with respect to the preparation or verification of any of the source documents. We have no responsibility for the verification of any underlying information upon which we relied in forming our findings.

Furthermore, we undertake no responsibility to update this Report for events and circumstances occurring after the Report is issued.

### *Restrictions on the performance of the procedures*

This engagement will not be treated as having any effect on our separate duties and responsibilities as the external auditor of the Local Authority's financial statements. Our audit work on the financial statements of the Local Authority is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. Our audit report on the Local Authority's financial statements is made solely to the Local Authority's members, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work was undertaken so that we might state to the Local Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Local Authority and the Local Authority's members, as a body, for our audit work, for our audit reports, or for the opinions we have formed in respect of that audit.

Firm of accountants: Ernst & Young LLP  
Office: Birmingham

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07392 106 793

Signature: *Hayley Clark*

Date: *24/03/2025*



## **Appendix A Exceptions/errors found**

There are no errors to report.

## **Appendix B Observations**

Cell 011: Incorrect assessment of eligible rent

Cell 011: Non HRA Rent Rebate total expenditure

Cell Total: £181,365

Cell Population: 96 cases

In previous years, we reported that the Local Authority had incorrectly assessed eligible rent. During our initial testing in 2021/22 we identified no errors of this nature.

However, given the nature of the population and the errors found in the previous year, additional testing of 100% of cases in cell 011 was undertaken to test the accuracy of the eligible rent.

The additional testing did not identify any errors.

This matter is therefore closed

## **Appendix C Amendments**

### **Cell 214/225 Incorrect application of War Pension income**

#### **Cell 214/225: Modified Schemes total expenditure**

**Cell Total: £3,775**

**Cell Population: 4 cases**

In 2019/20 and 2020/21 errors were identified and reported in the HBAP report relating to both the calculation of war pension income and its annual uprating.

Our initial testing of one case (Cell 214 Value £550.26) identified that the war pension income had been uprated from the incorrect date in 2021/22 resulting in an overstatement of Cell 214/225 by 26p and a corresponding understatement in Cells 094 & 102.

Whilst the above issues do not affect the benefit paid to the claimant, it can affect subsidy claimable due to different subsidy arrangements for affected cells.

As a result of the above issues the Authority tested the remaining two cases in Cell 214/225. This identified errors in both cases as follows:

- One case (Cell 214 value £2,518.54) where the amount included as war pension income was understated. This resulted in an understatement of Cell 214/225 by £1,340.33 and corresponding overstatement in Cell 094/102
- Two cases (cell 214 value £2,978.35) where the war pension income had been uprated from the incorrect date. In one case it resulted in an understatement of £0.13 in Cell 214/225 and corresponding overstatement in Cell 094/102, in the second case there was no impact;

Due to issues with the testing performed by the Authority we reperformed all above cases, therefore can rely on the results. As the whole subpopulation has been tested, an amendment to the claim could be made as follows:

Cell 094 reduces by £1,340

Cell 102 reduces by £1,340

Cells 214 & 225c increase by £1,340

The revised claim dated 14 March 2025 has been amended to reflect the above.

## **Appendix D Additional issues**

### Local Scheme Policy

Under testing of Modified schemes, we are required to confirm whether the Local Authority has in place a Local Scheme Policy approved by Full Council. The Local Authority was unable to provide this but supplied confirmation from its Section 151 Officer that it was its policy to disregard qualifying War Pensions when calculating housing benefits.