

To: Audit & Governance Committee
Date: 28 January 2026
Report of: Group Finance Director (Section 151 Officer)
Title of Report: 2024/2025 Housing Benefit Audit Report

Summary and recommendations	
Purpose of Report	To present the outcome of the 2024/2025 KPMG external review of Housing Benefit Expenditure.
Key decision:	No
Cabinet Member:	Councillor Chapman - Citizen Focused Services and Council Companies
Corporate Priority:	A Well-run Council
Policy Framework:	None

Recommendation(s): That the Audit and Governance Committee:
1. Note the report.

Information Exempt from Publication	
Not Applicable	

Appendix No.	Appendix Title	Exempt from Publication
Appendix 1	KPMG Auditors Report	No

Introduction and Background

1. Housing Benefit is a devolved responsibility under the Social Security Admin Act 1992 from the Secretary of State. As part of the devolved process the Department for Work and Pensions (DWP) expects the Local Authority to appoint an external auditor to undertake a process known as the Housing Benefit Assurance Process (HBAP). The Council has a contract with KPMG which has a three-year period expiring March 2026. The Council's Benefit Service is now going to procure a new HBAP contract for 3 years to take the service through the Local Government Reorganisation period.
2. The annual assurance process commences each April by the external auditors to review the prior year's housing benefit expenditure and subsidy claim. A series of checks are made to specific claim types, known as CAKE testing. If through these reviews an error is found on a claim where the adjustment identified is £50 higher or lower than the claim was paying, then further checks are made. These additional checks are known as 40+ workbook checking.
3. At the end of the process, a formal report is written by the external auditor (KPMG) and sent to the DWP. This reporting informs the DWP of the performance of the Council to give assurance that the public purse is correctly administered. The report will provide recommendations to the Council to improve its claim management in specific areas, thus reducing risk and loss to the Council for this expenditure.

Findings and Report Recommendations

4. As of 31st March 2025, the 2024-25 Housing Benefit Claim was made up of the following.

Type Of Housing Benefit Claim	Expenditure
Housing Revenue Account (Rent Rebate)	£13,181,484
Private Tenancies (Rent Allowance)	£22,789,019
Subsidy Additions	£382,612
Total	£36,350,115

5. The submission also included a value of overpayment error which is known as LA Error. These are claims where an overpayment has been created in the year due to the Council's Benefit Service making a mistake on a claim assessment or there was a delay in the application of a change being applied to the claim before the next payment of HB award.
6. The DWP stipulates in legalisation the values of the errors that are allowed within the Housing Benefit Claim, based upon the total expenditure levels. Where a local authority exceeds the total value of error by the upper threshold, the whole value of this cell is not paid by the DWP. This is an incentive to encourage Local Authorities to make correct decisions and to apply changes in a timely manner.

7. In the case where the lower threshold has been exceeded by not more than the upper threshold, then the Local Authority will receive 40% of the overpayment value. This is still a loss to the Council expenditure and relies on the collection of overpayments to minimise the loss.
8. In the case where the lower threshold has not been exceeded, then these payments are paid in full by the DWP at 100% rate.
9. In the case of the claim for 2024-25, this was;

Upper Threshold (0% subsidy)	Lower Threshold (40% subsidy)	OCC Performance
£182,833.00	£162,518.00	£158,110.00

10. The table shows that the Council's Benefit Service performance was under the lower threshold and there was a buffer of £4,408 before the DWP claim would be amended to the lower threshold and a difference of £24,723 before the claim would attract 0% subsidy of overpayments created in error by staff.
11. Of the initial testing, minor errors were found. As these were of a de-minimus level of less than £50, this resulted in no additional sample checking. These are reported as observations in the KPMG report.
12. There was only one area for which a recommendation was made, relating to data retention. A single claim was sample checked where the rent details showed that the rent has not increased for the last 5 years.
13. The Council's data retention approach for the migration of the benefit data between Capita Academy and Civica OPEN Revenues systems, meant that a decision was made to restrict the volume of data that was migrated to Civica OPEN Revenues. The result was that when this case was identified for a sample check, there was no evidence of the rental charge in relation to it. A recommendation was made to the Council to undertake a review of all HB claims in respect of privately rented properties and to have evidence of the rental charge in respect of each claim recorded for audit evidence. The Council's Benefit Service has already undertaken this process and sent 235 letters (out of a caseload of 3,963 or 6%) to those addresses which have not had a rent increase since the system migration and are missing evidence of rent in the claim data.
14. This recommendation has not had a financial implication to the Housing Benefit Claim. It will result in the Council having a specific 40+ workbook in the 2025/26 expenditure in next year's HBAP to ensure that the recommendation made has been applied and data retention issue resolved.
15. The Housing Benefit expenditure claim form for 2024/25, known as MPF720A, needed to have a minimal change applied as part of the reporting review. This change was for £24.86 in respect of the Council's Housing Benefit claim's expenditure of £36,350,115 i.e. 0.00007%.
16. As a result of the value of the change that had to be applied to the claim, the Council maintained the 100% subsidy rate for the overpayments created within 2024/25.

2025/2026 Current Position

17. The trend of this reported performance is also being maintained in the current year's Housing Benefit Claim expenditure of 2025/26. It is expected that the same reporting result will be achieved with the next HBAP audit review.
18. The Council proactively works with benefit claimants (through caseload claim reviews) and encourages correct reporting of changes. The staff, with the use of robotics apply changes to claims in a timely manner ensuring that loss to the council through Administrative Delay is significantly reduced. This is an area where the Council has made huge improvements over the last 5 years. By reducing the creation of overpayments, it supports both the public and the Council finances.
19. Training staff is embedded as part of the Council's Local Tax and Benefit Service. This has improved morale and technical knowledge of the staff.
20. Data cleansing is being undertaken in this year. The Council is currently migrating to a Civica Cloud platform for its Revenues and Benefits services. This will enable the staff to use the latest technology for claim management and data cleansing will form part of the migration.

Financial implications

21. There are no financial implications arising directly from this report.
22. The Council's Benefit Service is mindful of the expenditure loss to the Council through Temporary Accommodation and Supported Accommodation housing benefit claims where the full rental charge cannot be claimed back from the DWP. In the case of housing benefit paid out in respect of supported accommodation, subsidy can only be claimed where the accommodation provider is a Registered Housing Provider (RP). Unfortunately, in Oxford there are several providers who are not RPs resulting in a substantial annual loss to the Council.
23. The Council's Benefit Service in conjunction with other Local Authorities is working with the DWP and the Treasury to support changes to be made to current legislation. These rules impose a financial capping restriction on these claim types. Whilst the Government remains firm on its current subsidy legislation the current position of loss will remain and will place a financial burden on the Council.
24. The Council's Benefit Service is working with commissioning organisations, such as the County, NHS, Home Office and the Council's own housing department to ensure that any future or renewal of schemes in the city are minimalising loss to the council finances.
25. The value of the loss to the Council in respect of these claims for 2024/25 was;

Claim Type	Annual Expenditure	Loss to OCC
Temporary Accommodation	£1,368,033	£24,519
Supported Accommodation	£8,895,150	£2,577,955

Legal issues

26. The External audit process forms part of the process to ensure that Housing Benefit claim management and awards are in line with the current Social Security Administration Acts, Welfare Reform Act 2012 and secondary legislation as in force at the time of a HBAP review.
27. The most recent HBAP process will ensure that the Council correctly claims the value of £36m Benefit Expenditure from the DWP, reduces the risk of challenge to the Council's decision-making processes related to Housing Benefit and reduces the associated costs of the Council's Benefit Service. (EG 15 Jan 2026 13715)

Level of risk

28. This HBAP report is presented for information only and a risk assessment is not needed.

Equalities impact

29. This HBAP is presented for information only and an equalities impact assessment is not needed.

Carbon and Environmental Considerations

30. The HBAP is presented for information only and does not raise any environmental considerations.

Conclusion

31. This report is for information only and the HBAP does not pose a risk to the Council.

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Background Papers: None

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