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To: Subsidy Payments Team, Local Authority Partnership Engagement and Delivery Division, [lawelfare.lapaymentsandsubsidy@dwp.gov.uk](mailto:lawelfare.lapaymentsandsubsidy@dwp.gov.uk)

Attn: Section 151 Officer

**Housing Benefit (Subsidy) Assurance Process 2025 Module 6 DWP Reporting Framework Instruction (Applicable to England only) Reporting accountants' report for the Housing Benefit Subsidy claim form MPF720A, year ended 31 March 2025**

**Purpose of this Agreed-upon Procedures Report and Restriction on Use and Distribution**

This report is produced in accordance with the terms of our engagement letter with Oxford City Council dated 01 July 2025 and the standardised engagement terms in Appendix 2 of Housing Benefit (Subsidy) Assurance Process ("HBAP") Module 1 issued by the Department for Work and Pensions ("DWP") for the purpose of reporting to the Section 151 Officer of Oxford City 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 the Housing Benefit Subsidy on form MPF720A dated 28 April 2025 for the year ended 31 March 2025 and may not be suitable for another purpose.

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 the DWP, we acknowledge that the Local Authority and/or the 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 the DWP as described in the DWP HBAP reporting framework instruction for the financial year ending March 2025 (the “HBAP reporting framework instruction”).

This report should not therefore be regarded as suitable to be used or relied on by any other party for any purpose or in any context. Any party other than the Local Authority and the 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.

### **Local Authority’s Responsibilities**

The Section 151 Officer of the Local Authority has responsibilities under the Income-related Benefits (Subsidy to Authorities) Order 1998. The Section 151 Officer is 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 the DWP: Housing Benefit (Subsidy) Assurance Process for financial year ending March 2025 Module 1: DWP reporting framework instruction.

The Section 151 Officer of the Local Authority and the DWP have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Section 151 Officer is responsible for the completion of the MPF720A and is the signatory on the Local Authority’s certificate on claim form MPF720A.

### **Our Responsibilities**

For the purpose of the HBAP engagement we have been provided with a signed copy of form MPF720A for the year ended 31 March 2025 dated 28 April 2025 by the Section 151 Officer.

We conducted our engagement in accordance with HBAP Modules 1 and 6 for the financial year ending March 2025 issued by the DWP, which highlight the terms under which DWP has agreed to engage with reporting accountants.

Our engagement was carried out in accordance with the DWP’s HBAP reporting framework instruction and in accordance with International Standard on Related Services 4400 (Revised), *Agreed-upon Procedures Engagements* (“ISRS 4400”) issued by the International Auditing and Assurance Standards Board. The purpose of the engagement is to perform the specific test requirements determined by the DWP on the defined sample basis, as set out in the HBAP Modules of the HBAP reporting framework instruction, on the Local Authority’s form MPF720A dated 28 April 2025, and to report the factual findings, which are the factual results of those procedures, to the Local Authority and the DWP. We make no representation regarding the appropriateness of the agreed-upon procedures.

The results of the agreed-upon procedures are reported in Appendices A, B, C and D, which form an integral part of this report.

The procedures specified in DWP's HBAP reporting framework instruction do not constitute an examination made in accordance with generally accepted auditing or review standards or an assurance engagement performed in accordance with any standards applicable to assurance, 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 an opinion or an assurance conclusion. 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 or an assurance engagement performed in accordance with any standards applicable to assurance, other matters might have come to our attention that would have been reported. This report relates only to the Local Authority's claim for Housing Benefit Subsidy on form MPF720A and does not extend to any financial statements of the Local Authority, taken as a whole.

### **Professional Ethics and Quality Control**

We have complied with the ethical requirements in the ICAEW Code of Ethics issued by the Institute of Chartered Accountants in England and Wales. For the purpose of this engagement, there are no independence requirements with which we are obliged to comply.

The firm applies International Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Summary of HBAP report**

#### **Summary of Initial sample selection**

We selected an initial sample of items for testing as described in HBAP Module 6 Approach and Testing Strategy, Step 2 – Initial testing – Module 3 workbook testing (“Step 2”) and Step 3 – Prior year errors Module 3 (“Step 3”), using the banding table in Appendix 2 of HBAP Module 6 Approach and Testing Strategy.

The HBAP band for the Local Authority per Appendix 2 of HBAP Module 6 Approach and Testing Strategy is Band 2.

The prior year HBAP Agreed-upon-procedures report on the Housing Benefit Subsidy on form MPF720A for the year ended 31 March 2024 outlined that there were errors above the de-minimis in value or volume. Therefore, we applied the larger sample size of prior year errors set out in Step 2 for Band 2.

We apportioned and stratified the total sample of 40 cases as follows:

Headline cell	Number of Temporary accommodation and Supported accommodation cases	Number of passported cases	Number of non-passported caseload	Number of cases with prior year error characteristics	Total number of cases selected in initial sample
Non HRA Rent Rebate (Cell 011)	4	2	7	1	13
HRA Rent Rebate (Cell 055)	0	2	11	11	13
Rent Allowance (Cell 094)	4	2	8	14	14

### Summary of Initial Testing

In accordance with HBAP modules, an initial sample of cases were selected and tested for all general expenditure cells. We have re-performed a sample of the Local Authority's testing and confirm the tests we have carried out concur with the Local Authority's results. The findings are detailed below:

We found errors that do not exceed the thresholds for additional testing set out in HBAP Module 6 Approach and Testing Strategy, Step 4 – Evaluating the results of initial testing.

#### Cell 011 Non HRA Rent Rebate:

- One case where the incorrect eligible rent was used in the Housing Benefit calculation. The impact of this error was to understate cell 014 by £0.10. As this error was below the de-minimis amount of £50, no further testing is required. Please see Appendix B for further details.

#### Cell 055 HRA Rent Rebate:

- One case where an amount for Carer's Allowance was left in the Housing Benefit calculation when there was only an underlying entitlement to Carer's Allowance. This error had no impact on the amount of Housing Benefit awarded. This error will either have no impact, or it will result in an understatement of Housing Benefit. Please see Appendix B for further details.
- One case where an incorrect amount of Working Tax Credit and Child Tax Credit was used in the Housing Benefit calculation. The impact of this error was to understate cell 061 by £0.01. As this error was below the de-minimis amount of £50, no further testing is required. Please see Appendix B for further details.

#### Cell 094 Rent Allowance:

- One case where incorrect amounts for Assessed Income Figure and Savings Credit were used in the Housing Benefit calculation. The impact of this error was to understate cell 102 by £3.36. As this error was below the de-minimis amount of £50, no further testing is required. Please see Appendix B for further details.
- One case (same case as above) where an incorrect amount of earned income for a non-dependant was used in the Housing Benefit calculation. This error had no

impact on the amount of Housing Benefit awarded. As this error was below the de-minimis amount of £50, no further testing is required. Please see Appendix B for further details.

- One case where an overpayment had been incorrectly classified as Eligible rather than as Administrative Delay. The impact of this error was to overstate cell 114 by £24.86, with a corresponding understatement of cell 113. As this error was below the de-minimis amount of £50, no further testing is required. Please see Appendix B for further details.
- One case (same case as above) where the eligible rent cannot be verified. The customer's rent has not been increased for at least 5 years (system conversion in 2020 means information prior to this date is unavailable) and evidence to support the last increase has been archived and is no longer available. All other documentation and evidence in relation to this claim is available. In this instance, the customer was housed in a registered social landlord property, however benefit was paid direct to the customer rather than the housing association, therefore this information cannot be obtained directly from the housing association. In addition, this claim has been subsequently terminated due to the customer moving home, therefore the Local Authority has been unable to write out to the customer to request this information directly. The Local Authority has provided details of the eligible rent for a similar property in the same area which is much higher than the eligible rent on this claim. The impact of this error, therefore, is an assumed underpayment of Housing Benefit. Further guidance was sought from DWP however, and they have confirmed that as evidence cannot be retrieved from any source, additional testing has been triggered. Please see Appendix B for further details.

## **Completion of Modules**

The Specific Test Requirements set out in Module 1 Appendix 3 have been completed, the results from testing required are detailed below.

We found no errors from performing the testing set out in HBAP Modules 1, 2 and 5.

## **Summary of errors identified to be considered in the stratified sample selection in the next audit period.**

In line with the requirements of HBAP Modules we have identified 1 error that is required to be considered in the following year:

- Cell 102 Evidence of Rent Liability.

## **Procedures and Factual Findings**

For the Local Authority's claim for Housing Benefit Subsidy on form MPF720A dated 28 April 2025 for the year ended 31 March 2025 we have completed the specific test requirements detailed in the DWP's HBAP reporting framework instruction and have identified the results set out in Appendices A, B, C and D.

**KPMG LLP**

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[Date]

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*Attachments:*

Appendix A Exceptions/errors found

Appendix B Observations

Appendix C Amendments

Appendix D Other Matters

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

No exceptions/errors to report in 2024/25.

## Appendix B Observations

### **Cell 011 Non-HRA Rent Rebate: Incorrect eligible rent**

**Cell Total: £1,381,850**

**Cell Population: 465**

Initial testing of 14 Non-HRA Rent Rebate cases identified 1 case where an incorrect amount of eligible rent had been used in the Housing Benefit calculation. The impact of this error was to understate cell 014 by £0.10.

As there is no eligibility to subsidy for benefit which has not been paid, the underpayment that has been identified does not affect subsidy and has not, therefore, been classified as an error for subsidy extrapolation purposes.

This error is below the de-minimis amount of £50 and therefore does not trigger any additional testing.

### **Cell 055 Rent Rebate: Carer's Allowance**

**Cell Total: £12,285,571**

**Cell Population: 2,367**

Initial testing of 13 Rent Rebate cases identified 1 case where an amount for Carer's Allowance was left in the Housing Benefit calculation, where the customer only had an underlying entitlement to it. This error had no impact on the amount of Housing Benefit awarded.

As there is no eligibility to subsidy for benefit which has not been paid, the nil impact that has been identified does not affect subsidy and has not, therefore, been classified as an error for subsidy extrapolation purposes.

This error is below the de-minimis amount of £50 and therefore does not trigger any additional testing.

### **Cell 055 Rent Rebate: Working and Child Tax Credits**

**Cell Total: £12,285,571**

**Cell Population: 2,367**

Initial testing of 13 Rent Rebate cases identified 1 case where an incorrect amount of Working Tax Credit and Child Tax Credit were used in the Housing Benefit calculation. The impact of this error was to understate cell 061 by £0.01.

As there is no eligibility to subsidy for benefit which has not been paid, the underpayment that has been identified does not affect subsidy and has not, therefore, been classified as an error for subsidy extrapolation purposes.

This error is below the de-minimis amount of £50 and therefore does not trigger any additional testing.

**Cell 094 Rent Allowance: Assessed Income Figure and Savings Credit****Cell Total: £26,865,490****Cell Population: 3,076**

Initial Testing of 14 Rent Allowance cases identified 1 case where incorrect amounts of Assessed Income Figure and Savings Credit were used in the Housing Benefit calculation. The impact of this error was to understate cell 102 by £3.36.

As there is no eligibility to subsidy for benefit which has not been paid, the underpayment that has been identified does not affect subsidy and has not, therefore, been classified as an error for subsidy extrapolation purposes.

This error is below the de-minimis amount of £50 and therefore does not trigger any additional testing.

**Cell 094 Rent Allowance: Non-Dependant's Earned Income****Cell Total: £26,865,490****Cell Population: 3,076**

Initial Testing of 14 Rent Allowance cases identified 1 case where an incorrect amount of earned income for a Non-Dependant was used in the Housing Benefit calculation. This error had no impact on the amount of Housing Benefit awarded.

As there is no eligibility to subsidy for benefit which has not been paid, the underpayment that has been identified does not affect subsidy and has not, therefore, been classified as an error for subsidy extrapolation purposes.

This error is below the de-minimis amount of £50 and therefore does not trigger any additional testing.

**Cell 094 Rent Allowance: Classification of Eligible Errors****Cell Total: £26,865,490****Cell Population: 3,076**

Initial Testing of 14 Rent Allowance cases identified 1 case where an overpayment had been misclassified as eligible instead of administrative delay. The impact of this error was to overstate cell 114 by £24.86 with a corresponding understatement of cell 113.

This error is below the de-minimis amount of £50 and therefore does not trigger any additional testing.

**Cell 102 Rent Allowance: Evidence of Rental Liability****Cell Total: £13,678,600****Cell Population: 1,771**

Initial Testing of 14 Rent Allowance cases identified 1 case where the Local Authority did not hold evidence of the customer's rental liability.

The customer's rent has not been increased for at least 5 years (system conversion in 2020 means information prior to this date is unavailable) and evidence to support the last increase has been archived and is no longer available. All other documentation and evidence in relation to this claim is available. In this instance, the customer was housed in

a registered social landlord property, however benefit was paid direct to the customer rather than the housing association, therefore this information cannot be obtained directly from the housing association. In addition, this claim has been subsequently terminated due to the customer moving home, therefore the Local Authority has been unable to write out to the customer to request this information directly. The Local Authority has provided details of the eligible rent for a similar property in the same area which is much higher than the eligible rent on this claim. The impact of this error, therefore, is an assumed underpayment of Housing Benefit. Further guidance was sought from DWP however, and they have confirmed that as evidence cannot be retrieved from any source, additional testing has been triggered.

Following the advice from the DWP, an additional random sample of 40 cases were selected from cell 102 to confirm if evidence of rental liabilities were held by the Local Authority. The additional testing identified no further cases no evidence of rental liability was held.

The impact of the error identified in the initial testing is an assumed underpayment and no further errors were identified in the additional testing. As there is no eligibility to subsidy for benefit which has not been paid, this case does not affect subsidy and has not, therefore, been classified as an error for subsidy purposes. This matter is reported for transparency and completeness.

## **Appendix C Amendments**

Not Applicable.

## **Appendix D Other Matters**

Not Applicable.