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8 January 2026

To: Subsidy Payments Team, Local Authority Partnership Engagement and Delivery Division, [lawelfare.lapaymentsandsubsidy@dpw.gov.uk](mailto:lawelfare.lapaymentsandsubsidy@dpw.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 Winchester City Council dated 19 August 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 Winchester 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.

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 that audit work, for the audit report, or for the opinions we have formed in respect of that audit.

### **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 no errors exceeded the deminimis threshold in value or volume. Consequently, we did not apply the larger sample size required under Step 2 for Band 2 when prior years errors are present.

We apportioned and stratified the total sample of 30 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	0	3	0	7
HRA Rent Rebate (Cell 055)	4	3	3	0	10
Rent Allowance (Cell 094)	4	3	6	0	13

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### 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 an error exceeding the thresholds for additional testing set out in HBAP Module 6 Approach and Testing Strategy, Step 4 – Evaluating the results of initial testing and performed additional testing as described in HBAP Module 6 Approach and Testing Strategy, Step 4.2 Additional testing. However, we investigated the population in rent allowance cases and found this was the only case with the error characteristic, so this is an isolated case. Therefore, no further testing needs to be carried out.

Cell 011 Non HRA Rent Rebate:

- No exceptions have been identified in respect of this testing.

Cell 055 HRA Rent Rebate:

- No exceptions have been identified in respect of this testing.

Cell 094 Rent Allowance:

- 1 case (total error value £121.22) where the housing benefit has been overpaid by £121.21 due to incorrect non-dependent deduction been applied because of an error in applying the wrong working hours element which led to a minimum non-dependent deduction been applied. This resulted in Cell 103 overstated by £121 and cell 113 understated by £121. Further details can be found in Appendix C.
- 1 case (total error value £3,714.49) where £3,714.49 of housing benefit has been misclassified due to expenditure misclassification as Housing Association (HA) as opposed to Local Housing Allowance (LHA). This resulted in cell 102 being overstated by £3,714 and cell 103 understated by £3,714. Further details can be found in Appendix B.

### 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.

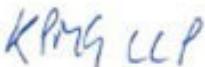
We found no errors from performing the testing set out in HBAP Modules 1, 2 and 5.

## **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 no errors with the following characteristics that are required to be considered in the following year:

### **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.

The logo for KPMG LLP, featuring the letters 'KPMG' in a stylized blue font above the letters 'LLP' in a smaller blue font.

### **KPMG LLP**

*Chartered Accountants*

15 Canada Square  
London  
E14 5GL

8 January 2026

Name for enquiries: Richard Hewes

Contact details: Richard.Hewes@kpmg.co.uk

#### *Attachments:*

Appendix A Exceptions/errors found

Appendix B Observations

Appendix C Amendments

Appendix D Other Matters

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

No exception errors to report.

### **Appendix B Observations**

#### **Cell 094 Rent Allowance- Expenditure Misclassification**

**Cell Total: £8,893,170**

**Cell Population: 1,359**

**Headline Total: £8,893,170**

Initial testing of a random sample of 13 cases identified:

One case (total error value £3,714.49) where the housing benefit has been overpaid by £3,714.49 due to expenditure misclassification as Housing Association (HA) as opposed to Local Housing Allowance (LHA). This resulted in overstated benefit of £3,714 in cell 102 and cell 103 understated by £3,714. This error, by its nature, does not affect the amount of subsidy claimed, because the misclassification of Housing Benefit is between cells of the same subsidy value, with the same method of entitlement calculation, which produce the same amount of qualifying expenditure, so does not require additional testing.

We are including this as an observation in our report for completeness and transparency purposes.

## **Appendix C Amendments**

**Cell 094 Rent Allowance- Misstated non-dependant earned income working hours element**

**Cell Total: £8,893,170**

**Cell Population: 1,359**

**Headline Total: £8,893,170**

Initial testing of a random sample of 13 cases identified:

One case (total error value £121.22) where the housing benefit has been overpaid by £121.21 due to incorrect non-dependant deduction having been applied because of an error in applying an incorrect working hours element which led to a minimum non-dependant deduction. This error impacts the amount of Housing Benefit payable to the claimant, resulting in an overpayment of £121.22. However, it does not affect the subsidy claimed as both cells carry the same subsidy value in this case.

Thus, Cell 103 is overstated by £121; Cell 113 is understated by £121.

When we investigated the population in rent allowance cases, we found this was the only case with the error characteristic, so this is an isolated case. Therefore, no further testing needs to be carried out.

This has been amended on the claim form dated 17 December 2025.

## **Appendix D Other Matters**

No other matters to report.