

Merton Council

Standards and General Purposes Committee

15 March 2018

Supplementary Agenda

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Certification of claims and returns annual report 2016-17

Merton Council

February 2018

Ernst & Young LLP



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Merton Council
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February 2018
Ref: ACR/2017

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Dear Members

Certification of claims and returns annual report 2016-17 Merton Council

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on Merton Council's 2016-17 claims and returns.

Scope of work

The Council administers the national housing benefits scheme for the Department of Work and Pensions (DWP) and claims subsidy on amounts paid out. DWP requires appropriately qualified auditors to certify the Council's claims for subsidy.

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to the Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. DWP prescribes instructions which we adhere to and form the basis of the work included in this report.

In addition, the Council also engaged us as reporting accountants in relation to the Teacher's Pension return, outside the PSAA's regime.

Summary

Section 1 of this report outlines the results of our 2016-17 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £87.56m. We met the submission deadline, issued a qualification letter and include details in Section 1. We found errors which the Council corrected but with only a marginal effect on the grant due.

We provided a separate report to the Council in relation to the Teachers' Pension return with a total value of contributions paid of £13.76m. We did not identify any significant issues from this work that need to be brought to the attention of Members.

We summarise fees for certification and other returns work in section 3. The housing benefits subsidy claim fees for 2016-17 were set by PSAA and published on its website (www.psaa.co.uk).



We welcome the opportunity to discuss the contents of this report with you at the 15 March Standards and General Purposes Committee.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'S. Patel'.

Suresh Patel
Associate Partner
Ernst & Young LLP
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1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£87,555,548
Amended/Not amended	Amended – subsidy reduced by £315 to 87,555,233.
Qualification letter	Yes
Fee – 2016-17	£30,555
Fee – 2015-16	£41,242

Recommendations from 2015-16	Findings in 2016-17
None	Our findings are set out below. No recommendations have been made.

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the audit of previous year's claims. Our initial testing identified errors in the calculation of benefit awarded.

Extended and other testing identified errors which the Council amended. They had a small net impact on the claim. We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid.

These are the main issues we reported which all related to the award of rent allowance:

We identified a case where the non-dependent deduction used in the calculation of benefit entitlement had been incorrectly calculated based on the information provided by the claimant. This resulted in an underpayment. As errors in assessing the level of non-dependent deduction could result in overpayments an additional random sample of 40 cases was tested. This identified a further 5 cases where non-dependent deduction had been incorrectly calculated. 3 of those cases led to an overpayment of benefit. The total value of the actual errors detected was £661. The impact of the extrapolated errors on the claim would be to increase related overpayments by £45,466.

We identified one case where an incorrect start date was used in the assessment of self-employed income used to determine benefit entitlement based on the evidence provided by the claimant. This resulted in an overpayment of benefit. As the error has resulted in an overpayment, an additional random sample of 40 cases was tested. This identified a further 4 cases where an incorrect start date was used in the assessment of self-employed income. 2 of those cases led to an overpayment of benefit. The total value of the actual errors detected was £1,298. The net impact of the extrapolated errors on the claim would be to increase related overpayments by £53,335.

We identified three cases with an incorrect calculation of self-employed income used to determine benefit entitlement based on the evidence provided by the claimant. All 3 cases resulted in an underpayment of benefit. As errors in calculating self-employed income could result in overpayments an additional random sample of 40 cases was tested. This identified a further 23 cases where self-employed income had been calculated incorrectly. 2 of those cases led to an overpayment of benefit. The total value of the actual errors detected was £1,344. The net impact of the extrapolated errors on the claim would be to increase related overpayments by £55,191.

We identified one case with an incorrect calculation of student loan income used to determine benefit entitlement based on the evidence provided by the claimant. This resulted in a benefit overpayment. As the error has resulted in an overpayment, an additional random sample of 40 cases was tested. This identified a further 15 cases where student loan income has been calculated incorrectly. 8 of those cases led to an overpayment of benefit. The total value of the actual errors detected was £2,212. The net impact of the extrapolated errors on the claim would be to increase related overpayments by £6,214.

We identified one case where the weekly rent liability used to determine benefit entitlement was incorrect based on the evidence provided by the claimant. The claim had been submitted on-line and the weekly rent liability used in the determination of benefit entitlement had not been checked against evidence by the Council. We concluded, based on our review of arrangements, that it was the on-line nature of the submission that had resulted in the failure to check the weekly rent liability. The error resulted in an overpayment of benefit. As the error has resulted in an overpayment, an additional random sample of 40 cases was tested. This identified a further 3 cases where the weekly rent liability was incorrect. All of these cases resulted in an underpayment of benefit. The total value of the actual errors detected was £659. The net impact of the extrapolated error on the claim would be to increase related overpayments by £26,620.

We made no amendments to the claim in respect of our extrapolated findings.

Due to the complex nature of the claim a certain number of errors are inevitable. The issues above have been reported in the qualification letter where applicable and have been discussed with officers. The Council is aware of the need to keep error rates as low as possible, particularly in relation to the assessment of claimant income in the determination of benefit entitlement. The need to ensure accurate calculation of self-employed income was raised as part of our 2015/16 annual certification report. The level of error caused by incorrect assessment of claimant income has remained broadly consistent between 2015/16 and 2016/17.

2. Other assurance work

During 2016-17 the Council also engaged us as reporting accountants in relation to its Teachers' Pensions scheme.

We provided a separate report to the Council in relation to the return which had a total value of contributions paid of £13.764 million.. We did not identify any significant issues from this work that need to be brought to the attention of Members.

3. 2016-17 certification fees

PSAA determine a scale fee each year for the certification of the housing benefits subsidy claim and we agree a fee for the Teachers' Pension return with the Director of Corporate Services.

Claim or return	2016-17	2016-17	2015-16
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	30,555	30,555	41,242
Teachers' Pension	8,500	8,500	8,500

4. Looking forward

2017/18

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to PSAA by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2017/18 is £41,242. This was set by PSAA and is based on final 2015/16 certification fees.

Details of individual indicative fees are available at the following web address:

<https://www.psa.co.uk/audit-fees/201718-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

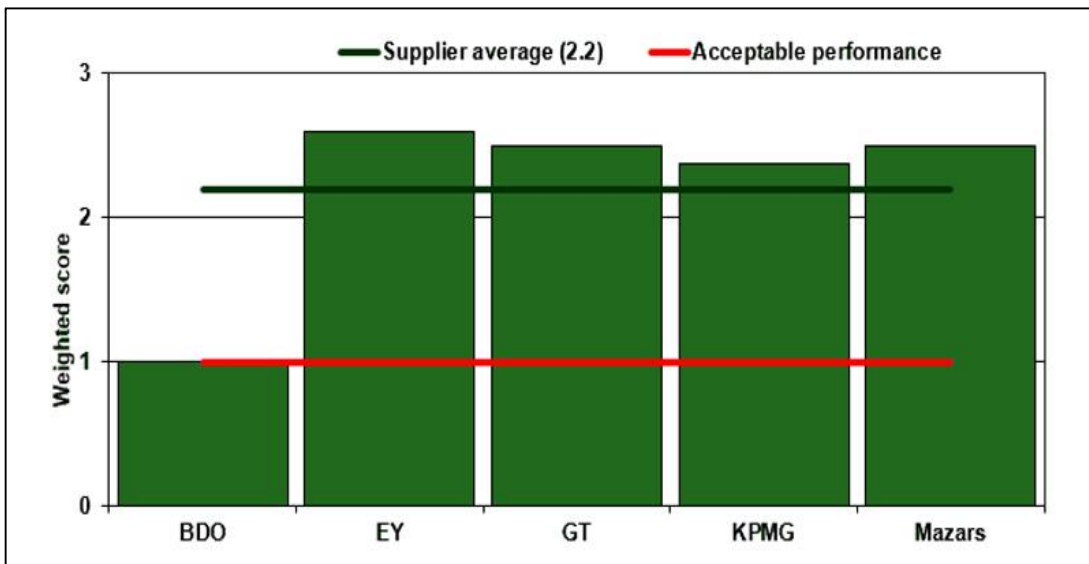
We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Director of Corporate Services before seeking any such variation.

2018/19

From 2018/19, the Council will be responsible for appointing their own reporting accountant to undertake the certification of the housing benefit subsidy claim in accordance with the Housing Benefit Assurance Process (HBAP) requirements that are being established by the DWP. DWP's HBAP guidance is under consultation and is expected to be published sometime in 2018.

We would be pleased to undertake this work for you, and can provide a competitive quotation for this work.

We currently provide HB subsidy certification to 106 clients, through our specialist Government & Public Sector team. We provide a quality service, and are proud that in the PSAA's latest Annual Regulatory and Compliance Report (July 2017) we score the highest of all providers, with an average score of 2.6 (out of 3).



As PSAA have appointed us as your statutory auditor we can provide a comprehensive assurance service, making efficiencies for you and building on the knowledge and relationship we have established with your Housing Benefits service.

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Committee: Standards and General Purposes Committee

Date: 15 March 2018

Agenda Item

Wards: Abbey, Cannon Hill

Subject: Review of Polling Places

Lead officer: Caroline Holland, Director of Corporate Services

Lead member: Councillor Mark Allison

Contact officer: Andrew Robertson, Head of Electoral Services

Recommendations:

- A. That the Standards and General Purposes Committee recommends that the council agrees that the Salvation Army Hall replaces Merton Hall as a polling place for polling district QC in Abbey Ward.
 - B. That the General Purposes Committee recommends that the council agrees that Merton Park Baptist Church replaces Joseph Hood Primary School as a polling place for polling district SA in Cannon Hill Ward.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 In Abbey Ward, a new polling place is required because the Merton Hall will soon be mothballed, pending redevelopment works, making this polling place unavailable for the May 2018 elections.
- 1.2 In Cannon Hill ward, the Merton Park Baptist Church has recently volunteered its premises for use as a polling station, as an alternative to the Joseph Hood Primary School.

2 DETAILS

Abbey ward;

- 2.1 In Abbey ward the long standing polling station for polling district QC has been the Merton Hall. This building is now going to be mothballed, pending re-development works and will be unavailable for the local elections on 3 May. Once the redevelopment is complete the building will retain a community hall, and it is hoped that this hall will be available to hire for the next scheduled elections in 2020.
- 2.2 For the May elections the most viable alternative venue for residents in QC polling district is the Salvation Army Hall, 109 Kingston Road, which is located approximately opposite Merton Hall. The Hall is already used as a double polling station for polling district QA but is comfortably large enough to accommodate another polling station.
- 2.3 Being located nearby, it is expected that the switch to the Salvation Army Hall will minimise any disruption for electors located in QC polling district. Voters

who usually visit the Merton Hall in order to vote will simply have to cross the road at the zebra crossing directly outside the Merton Hall and walk 50 metres in order to reach their new polling station.

- 2.4 In a further measure to allay any confusion that may be experienced by electors, signage will be displayed on the Merton Hall directing voters to the Salvation Army Hall. Once inside the hall, the QA and QC polling stations can then be easily separated by using polling booths or chairs as a partition.

Cannon Hill Ward

- 2.5 In 2016, the longstanding polling place for polling district SA in Cannon Hill ward was the Merton Adult College in Whatley Avenue. However, in late 2016 this building was mothballed pending future development, meaning that on health and safety grounds it was unsafe to use as a polling station for the General election on 8 June 2017.
- 2.6 Therefore it was proposed that the adjacent St Joseph's Primary School was used as an alternative venue. This proposal was accepted by councillors and group leaders. Regrettably the school was required to close for the day to accommodate polling.
- 2.7 In November 2017 the council agreed that St Joseph's Primary School be used as a polling station until further notice until the permanent future of the Merton Adult College building is determined.
- 2.8 In a recent development, the proprietors of the Merton Park Baptist Church, Bushey Road, SW20 8TE, have volunteered their premises for use as a polling station, to prevent the closure of the school. Electoral Services have visited the church and have adjudged it as being suitable for use as a polling station. The church has a large hall, disabled access, kitchen, toilets and parking, and is located about 200 metres from the school.
- 2.9 To allay any confusion that may be experienced by electors, signage will also be displayed on the Primary School directing voters to the Merton Baptist Church.

3 ALTERNATIVE OPTIONS

ABBAY WARD

- 3.1 Unfortunately there are not any known alternative options to the Merton Hall within polling district QC. It was hoped that the St John's Ambulance Hall, 122-124 Kingston Road, would be available to hire, however the building is undergoing renovation after Easter and the owners cannot guarantee that the works will be finished in time for the elections on 3 May. The White Hart pub and Merton Manor Club, both on Kingston Road, are closed until further notice.

- 3.2 Further afield, alternative options have also been considered in polling districts QA and QD. In polling district QA, the YMCA John Innes Youth Centre, 61 Kingston Road, and the ATC Hall, 192 Merton Road, were both approached regarding their availability to hire, but both have a daily booking which they were unable or unwilling to cancel on account of the election. Pelham Primary School is also located in polling district QA, but would have to close if it was used as a polling station. This was the reason why in 2014 the polling place for polling district QA was changed to the Salvation Army Hall. Located in polling district QD, The St John the Divine Church, High Path, was also considered, but was judged as being too far away from those electors living to the west of polling district QC. Electors would also have to cross Morden Road to reach the Church, which is a busier road than Kingston Road.

Cannon Hill Ward

- 3.3 The main alternative to using the Merton Baptist Church is the St Joseph's Primary School. The school is located adjacent to the previous longstanding polling station for polling district SA, and worked well as a polling station for the General election in 2017. However, as already established, the school is required to close for the day when used as a polling station.
- 3.4 The Council generally only uses schools as polling stations when there are no other suitable alternatives in the polling district or local area. The Merton Park Baptist Church is a suitable alternative to the school, benefitting from all the required facilities, and is located only 200 metres away.

4 CONSULTATION UNDERTAKEN AND OUTCOMES

ABBHEY WARD

- 4.1 All councillors for Abbey ward have been consulted and are in agreement with the proposal to designate the Salvation Army Hall as the polling station for polling district QC. The Conservative group have also been consulted and are in agreement that the Salvation Army Hall is the best option for QC residents. The group endorses the proposal to make this change.
- 4.2 It is the view of the Returning Officer that the Standards and General Purposes Committee recommends that the council agrees the designation of the Salvation Army Hall for polling district QC in Abbey ward.

Cannon Hill Ward

- 4.3 All councillors for Cannon Hill ward have been consulted and are in agreement with the proposal to designate the Merton Park Baptist Church as the polling station for polling district SA. The Conservative group have also been consulted and are in agreement that the Merton Baptist Church hall is

the best option for SA residents. The group endorses the proposal to make this change.

- 4.4 It is the view of the Returning Officer that the General Purposes Committee recommends that the council agrees the designation of the Merton Park Baptist Church for polling district SA in Cannon Hill ward until further notice.

5 TIMETABLE

- 5.1 The Standards and General Purposes meeting on 15 March 2018 should make the decision on these proposals so that all polling districts have a designated polling place for the elections on 3 May 2018.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 Provision for the hire of buildings for use as polling places is included within the budget for the elections to be held on 3 May 2018.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1 The Council has a duty under the Representation of the People Act 1983 (RPA 1983) to divide its area into polling districts for parliamentary and local government elections, to designate a polling place for each polling district, and to keep these under review. The Local Authorities (Functions and Responsibilities) (England) Regulations 2000¹ list section 18 of the RPA1983 as one of the functions that are not to be the responsibility of an authority's executive. This function has not been specifically delegated by the Council.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1 Under section 149 of the Equality Act 2010 it is the duty of a public authority in the exercise of its functions to have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;
 - Advance equality of opportunity between people who share a protected characteristic and those who do not;
 - Foster good relations between people who share a protected characteristic and those who do not.

Having due regard for advancing equality involves:

- Removing or minimising disadvantages suffered by people due to their protected characteristics;
- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people;
- Encouraging people from protected groups to participate in public life or

¹ SI 2000/2853

in other activities where their participation is disproportionately low.

8.2 In providing services and access to them the Council is required by law to make reasonable adjustments in order to avoid discriminating against disabled persons. When considering what adjustments should be considered as reasonable the council is required to have regard to the relevant code of practice. The following are some of the factors to be taken into account when considering what is reasonable:

- Whether taking any particular steps would be effective in overcoming the substantial disadvantage that disabled people face in accessing the services in question;
- The extent to which it is practicable for the service provider to take the steps;
- The financial and other costs of making the adjustment;
- The extent of any disruption which taking the steps would cause;
- The extent of the service provider's financial and other resources;
- The amount of any resources already spent on making adjustments; and
- The availability of financial and other assistance.

8.3 The right to free elections forms part of Article 3 of Protocol 1 of the Human Rights Act 1998. Any resident is entitled to vote, if qualified by age and nationality, and if not subject to any other legal incapacity.

8.4 As indicated above, the principles have been followed of seeking to ensure that all electors have such reasonable facilities for voting as are practicable in the circumstances, and seeking to ensure that so far as is reasonable and practicable every polling place is accessible to electors who are disabled. There is a commitment to ensure that all polling places are accessible.

8.5 The aim of enhancing community cohesion and engagement would be expected to be achieved by the principles in 8.1 and 8.2 through promoting democratic engagement by seeking to make voting in person as easy as possible for residents of all communities.

9 CRIME AND DISORDER IMPLICATIONS

9.1 Integrity plans are maintained for elections. These involve working closely with Merton Police on operational matters, together with liaising with the Metropolitan Police Service officer specifically delegated with responsibility for potential election offences.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1 In reviewing polling places, the reasonable facilities for staff at polling stations during elections have been considered. The physical fabric of possible polling places has also been considered to reflect the need for members of the public to visit their polling station.

11 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- a) Map of Abbey ward with location of Salvation Army Hall, and Merton Hall.
- b) Photographs of the Salvation Army Hall.
- c) Map of Cannon Hill Ward with location of Merton Park Baptist Church and St Joseph's Primary School.
- d) Photographs of Merton Park Baptist Church.

12 BACKGROUND PAPERS

- Reports on polling stations made by Electoral Services staff, by presiding officers and polling station inspectors at past elections.



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