
SUBJECT:	Risk Based Verification Policy
REPORT OF:	Jim Burness – Director of Resources
RESPONSIBLE OFFICER	Nicola Ellis – Head of Customer Services
REPORT AUTHOR	Nicola Ellis – Head of Customer Services Nicola.ellis@southbucks.gov.uk
WARD/S AFFECTED	All

1. Purpose of Report

To approve the policy for Risk Based Verification to be used for the assessment of Housing Benefit and Council Tax Support.

The report was considered by the Resources PAG on 10 September and the Portfolio Holder agreed to approve the Risk Based Verification Policy subject to sign off by the Audit Committee.

RECOMMENDATION

That the Risk Based Verification Policy shown at confidential Appendix A be approved and signed off by Chairman of the Audit Committee and S151 Officer (Director of Resources) on 24 September 2015.

2. Reasons for Recommendation

- 2.1 If the policy is approved, assessment of claims for Housing Benefit and Council Tax Support can be assessed using the new process. This will improve processing times and allow more focus to be given to claims which may contain fraud and error.

3. Background

- 3.1 Housing Benefit regulations require local authorities to obtain information which allows an accurate assessment of a claimant's entitlement to benefit to be made. However with the exception of a national insurance number and proof of identity, they do not specify what evidence is required in support of the claim. Consequently over the years, quality checking and fraud detection have led to a complex and burdensome process of verification.
- 3.2 In 2011, the Department for Work and Pensions allowed a limited number of Council's to pilot a different type of scheme to try to reduce fraud and error, based on Risk Based Verification principles. The success of the pilots resulted in the Department extending the approach to all other local

authorities on a voluntary basis. The benefits service at South Bucks District Council is now looking to introduce Risk Based Verification.

4. Risk Based Verification (RBV)

- 4.1 Risk Based Verification is a method of applying different levels of checks to new Housing Benefit and Council Tax Support claims according to the risk associated with those claims. RBV has been used by the Department for Work and Pensions for a number of years and has been introduced in around 120 local authorities (figure as at early 2015).
- 4.2 In adopting RBV there is still the obligation to obtain all the facts and make an accurate assessment but there is not the need to gather full documentary evidence in all cases.
- 4.3 Claims are assessed prior to payment and put into one of three categories – **Low Risk**, **Medium Risk** or **High Risk** and this determines the requirement to gather proof. The risk category is determined by software using statistical information and experience gathered over many years about what type of claims represents what type of risk.
- 4.4 **Low Risk** – It is anticipated that around 52% of all new claims will be deemed to be low risk. Low risk claims will normally be paid based on the information provided on the claim form.

These claims are more likely to be non-working claimants with low capital, lower Council Tax Band and living in Housing Association property. Mostly receiving Jobseekers Allowance, Income Support or Employment Support Allowance

Medium Risk - Around 27% of claims will be deemed to be medium risk. Additional information and evidence will normally be required for this group of claims.

These claims are typically couples aged 45-64 with children aged up to 10, working and with capital over £6,000. Mostly they are not receiving DWP passporting benefits.

High Risk – The remaining 21% of claims will be deemed to be high risk. As well as a full verification check, additional checks will also be carried out on this type of claim. This may involve telephone checks, visits, credit reference agency checks etc.

These claims are typically couples aged 35-54. Many not working or working part time with some 'other' income. A large number would have over £6,000 in capital. Mostly they are not receiving passporting benefits and are claiming Council Tax Support or Housing Benefit and Council Tax Support with a bias to having a previous claim.

*Note – the descriptions of typical risk group type are very generalised and for illustrative purposes only

Once the category is identified, individual claims cannot be downgraded by an assessor to a lower risk group. They can however, exceptionally be upgraded with the approval of a senior officer if the assessor has reasons to think this is appropriate. All cases which are upgraded will be recorded along with the reasons for doing so.

- 4.5 Claimants in each risk group will be required to provide differing levels of information and documentation before their claim can be processed. The table within the policy at Appendix A shows the requirements in more detail.
- 4.6 The Councils current caseload for Housing Benefit and Council Tax Support is shown below with an estimate of the numbers in each risk group.

Current Caseload	Estimated Low Risk	Estimated Medium Risk	Estimated High Risk
3250	1690	878	682

5. Benefits of the introduction of Risk Based Verification

- 5.1 The introduction of Risk Based Verification provides the following benefits to customers and the Council.
- Improved claim processing times, especially for those claims assessed as low risk
 - More focused customer contact
 - Reduction in both incoming and outgoing post and associated scanning and indexing
 - Improved opportunities to identify fraud and error.

6. Monitoring and Performance Reporting

- 6.1 The supplier of the IT solution will automatically select 5% of cases that will be deemed to be a 'blind sample'. This blind sample will, without the knowledge of the assessor present this randomly selected group of claims as having a higher level of risk than that calculated by the risk model itself.
- 6.2 Our supplier will provide monthly performance reports so that we can ensure the effectiveness of the approach. The report will include the percentage of cases presented in each risk category and the levels of fraud and error detected in each. The report will also outline how much fraud and error has been detected in blind sample cases.
- 6.3 Client side monitoring of the contract will also ensure that all staff follow the Risk Based Verification procedures to ensure that the policy is suitably adhered to.

- 6.4 The Council's external auditors, Ernst and Young, have been consulted on the implementation of Risk Based Verification and will carry out their duties against the terms of the policy and, provided cases have been assessed correctly against the requirements of this policy, this shall meet audit requirements.
- 6.5 The RBV policy will be reviewed annually and any changes will be referred to the Audit Committee for approval. In accordance with DWP guidance changes to the policy will not be made in-year as this would complicate the audit process.

7. Options considered

- 7.1 The only alternative option was to leave the method of assessment as it is currently.

8. Corporate Implications

8.1 Financial

- There are no major financial implications arising from the introduction of RBV. The cost of implementation including upfront software costs and licences are being met by Northgate.
- Although the South Bucks benefits service is currently contracted out at a fixed cost there will also be small financial benefits realised by the Council through reductions in the use of associated services.
- The introduction of Risk Based Verification is likely to reduce the level of overpayments made and in turn the action required to recover.

8.2 Legal

- Regulation 86 of the Housing Benefit Regulations 2006 states;

'a person who makes a claim, or a person to whom housing benefit has been awarded, shall furnish such certificates, documents, information and evidence in connection with the claim or the award, or any question arising out of the claim or the award, as may reasonably be required by the relevant authority in order to determine that person's entitlement to, or continuing entitlement to housing benefit and shall do so within one month of being required to do so or such longer period as the relevant authority may consider reasonable.'
- Whilst adopting a Risk Based Verification policy is not a legal requirement it complies with the recommendations from the Department for Work and

Pensions (DWP) outlined in the Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011.

8.3 Equalities

- The Policy applies equally to all claimants, therefore no equalities issues arise.

9 Links to Council Policy Objectives

- 9.1 The introduction of Risk Based Verification works towards the Councils objective of providing great value services with more efficient ways of working.

10 Next Steps

- 10.1 If the policy is approved all new claims will be assessed using Risk Based Verification with effect from 1 October 2015.

Background Papers:	DWP Circular S11/2011
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