

NAME OF COMMITTEE	Executive
DATE	24 April 2014
REPORT TITLE	Risk Based Verification Policy
Report of	Head of Customer Services and ICT
WARDS AFFECTED	All

Summary of report:

To advise Members of the new approach to verifying claims for Housing Benefit and Council Tax Reduction. There is a requirement that the Risk Based Verification Policy be approved by Members.

Financial Implications

There are no financial implications directly related to this report, however, this new approach to claim verification will improve processing times of benefit claims which will in turn reduce overpayments made to claimants that then need to be recovered.

RECOMMENDATIONS:

To recommend to Council the approval of the Risk Based Verification Policy (Appendix 1)

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1. BACKGROUND

- 1.1 South Hams District Council must adhere to Housing Benefit and Council Tax Reduction legislation. The regulations within the legislation do not specify what information and evidence they should obtain from a customer. However, it does require an authority to have information which allows an accurate assessment of a claimant's entitlement, both when a claim is made and renewed because of a change in circumstances.

- 1.2 In the early 1990s the Department for Works and Pensions (DWP) introduced a Verification Framework policy for administering Housing and Council Tax Benefit claims. The policy strongly recommended that Local Authorities should obtain a substantial amount of original documentary evidence and carry out numerous checks before making any payment. Although the policy was voluntary, South Hams along with virtually all other councils adopted the framework policy.
- 1.3 The Verification Framework policy has proved to be labour intensive, costly and caused significant delays in processing claims but although the scheme ended in 200, most councils including South Hams, continued to use the framework policy to determine the level of proof and verification required before deciding a claim.

2 ISSUES FOR CONSIDERATION

- 2.1 The DWP have now developed and approved a new Risk Based Verification policy which sets out the information and evidence required before assessing claims for Housing Benefit and Council Tax Reduction. Risk Based Verification is a method of applying different levels of checks according to the risk of fraud associated with those claims.
- 2.2 The Risk Based Verification policy (**Appendix 1 attached**) defines the risk categories and this information is system based so that claims are automatically allocated a risk category prior to payment. Claims are put into 1 of 3 categories – **Low, Medium or High.**

Low Risk

- Photocopies or original documentation to prove identity, National Insurance number and Student status.

Medium Risk

- Must have the same checks as low risk plus
- Photocopies or original documentation to prove every type of declared income and capital.

High Risk

- All high risk categorised cases must have original documentation to prove Identity, National Insurance number and Student status.
 - Original documentation only for proof of every type of declared income and capital
 - Verification plus which may include some cases having a credit reference check completed to determine if there are any discrepancies between the information provided by the customer and the information available via the credit reference check.
- 2.3 Once the category is identified, individual claims cannot be downgraded by the benefit processor to a lower risk group. They can however, exceptionally, be upgraded, with approval of the Senior Benefits Officer, if the processor has reasons to think this is appropriate. All cases which are upgraded will be recorded along with the reasons for doing so.

- 2.4 In adopting RBV there is still the obligation to get all the facts and make an accurate assessment but there is not the need to gather documentary evidence in all cases.
- 2.5 This in effect means being able to focus resources appropriately on those claims that pose the greatest risk and simplify and reduce the processing time for those that pose the least risk.
- 2.6 In line with the Department of Work and Pensions guidance around 55% of cases will be Low Risk, 25% Medium and 20% High.
- 2.7 The RBV policy will be reviewed annually in accordance with the DWP instructions but must not be changed in-year as this would complicate the audit process.
- 2.8 The introduction of RBV will bring about the following benefits including links to T18:
- Reduce outgoing post by up to 75% and post received by up to 30%. Thereby reducing postal costs, demands on the post and scanning team and decreasing administration duties within the benefits team.
 - Improve time taken to process claims by up to 50% reducing customer contact and improving customer satisfaction.
 - Identify up to 25% more fraud and error at the gateway. Thus moving the emphasis from fraud detection to fraud prevention.
 - RBV is system based and automatically categorises the level of risk thus transferring work to the frontline.
 - Reduction in the number of benefit and fraud administration staff.
- 2.9 The DWP are clear that Risk Based Verification is a voluntary scheme not a mandatory scheme. See DWP circular S11/2011 (Appendix 2).

3. LEGAL IMPLICATIONS

- 3.1 Although Risk Based Verification is a voluntary scheme there is a mandatory requirement to have the Risk Based Verification policy detailing the risk profiles, verification standards which will apply and the minimum number of claims to be checked (Appendix 1) approved by members. This is stated in the DWP circular S11/2011 (Appendix 2)
- 3.2 The councils legal obligation to verify information for Housing Benefit claims is defined in Housing Benefit Regulation 86 which 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 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”.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no financial implications directly related to this report, however, this new approach to claim verification will improve processing times of benefit claims which will in turn reduce overpayments made to claimants that then need to be recovered.

5. OTHER CONSIDERATIONS

Corporate engaged:	priorities	Economy, Community Life, Homes
Considerations of equality and human rights:		These are considered on a case by case basis when assessing entitlement to benefit
Biodiversity considerations:		There are no biodiversity issues relating to this report.
Sustainability considerations:		This change in approach will generate efficiencies through reduced workload and better targeting of resources.
Crime and disorder implications:		There are no crime and disorder implications
Background papers:		None
Appendices attached:		Appendix 1 – RBV Policy Appendix 2 – DWP Circular S11/2011

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Adherence to Legislation	Breach of Mandatory Regulations will result in loss of benefit administration subsidy	5	2	10	↑	% check of all assessed claims will be made to ensure compliance with the mandatory regulations.	Head of ICT & Customer Services

Direction of travel symbols ↓ ↑ ⇄