Body:	Audit & Governance Committee
Date:	26 September 2012
Subject:	Housing & Council Tax Benefit - Risk Based Verification
Report Of:	Bill McCafferty – Revenues & Benefits Manager
Ward(s)	All
Purpose	To consider implementation of Risk Based Verification in Housing Benefits & Council Tax Benefits
Recommendation:	That Risk Based Verification is implemented in Housing Benefit & Council Tax Benefit
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1.0   Background/Introduction

1.1   Local authorities have to take into account Housing Benefit regulation 86 and Council Tax Benefit regulation 72 when verifying claims. The former 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."

1.2   The Verification Framework policy was introduced by the Department for Work and Pensions as guidance for local authorities in administering benefits. It laid down advice on the levels of verification that should be adopted to comply with the regulations. The DWP abolished the policy in 2006, however the Council has followed the principles of the policy since then. Risk Based Verification (RBV) is a method of applying different levels of checks to benefit claims according to the risk associated with those claims. LAs will still be required to comply with relevant legislation (Social Security Administration Act 1992, section 1 relating to production of National Insurance numbers to provide evidence of identity) while making maximum use of intelligence to target more extensive verification activity on those claims shown to be at greater risk of fraud or error.

1.3   At present, the Benefits team will apply the same level of verification to a claim submitted by a pensioner as to a claim from someone who has a

history of committing benefit fraud.

2.0   Risk Based Verification (RBV)

2.1   RBV is a method of applying different levels of checks to benefit claims according to the risk associated with those claims. It allows more intense verification activity to be focussed on those claims more prone to fraud and error. Local Authorities will still be required to comply with relevant legislation (Social Security Administration Act 1992, section 1 relating to production of National Insurance numbers to provide evidence of identity) while making maximum use of intelligence to target more extensive verification activity on those claims shown to be at greater risk of fraud or error.

2.2   The Council intend to purchase an IT tool to enable it to place new claims into one of three categories, High, Medium and Low. The IT tool is highly complicated and relies on sophisticated and specialised data analytics along with a propensity model which assesses against a number of components based on millions of claim assessments to classify the claim into one of the three categories above.

2.3   The Department for Work and Pensions (DWP) practice RBV on aspects of claims in Jobcentre Plus and the Pension, Disability and Carers Service. RBV has been undertaken by several local authorities with good results. The DWP announced in HB/CTB circular S11/2011 that local authorities could adopt RBV if they so wished.

2.4   The DWP require authorities that wish to implement RBV to have in place a Verification Policy detailing the risk profiles and verification standards which will apply and the minimum number of claims to be checked. They consider it best practise for the policy to be examined by the authority's Audit and Risk Committee or similar appropriate body before adoption by Cabinet.

3.0   Benefits to the Council

3.1   RBV can offer substantial benefits to the Council and its customers in the following ways:
- Reduced costs - The overall time saved from a reduced level of verification can be represented as a tangible cost saving in addition to savings across postage, stationery, scanning & indexing and fewer customer contacts.
- Reduced processing times – RBV enables low risk claims to be fast tracked with reduced levels of verification.
- Improved customer satisfaction - Reducing unnecessary contact with claimants submitting low risk claims means a high percentage of claimants received benefits faster.
- Improved fraud and error detection rates - Amended processes and increased focus on high risk cases will restore fraud and error detection as the objective of verification.

4.0   Verification Policy

4.1   The attached draft Verification Policy (Appendix 1 & 1a) has been developed in discussion with the Benefits Operational Manager, the Senior Benefits Officers and the Fraud Manager and by researching policies from councils who have successfully implemented Risk Based Verification.

4.2   Performance using RBV will be monitored monthly by the Benefits Operational Manager to ensure its effectiveness. The Verification Policy will be reviewed annually and a report presented to the Audit & Governance Committee.

5.0   Consultation

5.1   Unison has been consulted on the proposal and has not raised any objections.

6.0   Resource Implications

6.1   Financial
The cost of the software is £12,000 pa. This will be funded from a vacant Benefit Assessment Officer post. Potential savings are identified in the CoActiva High Level Business Case (Appendix 2).

6.2   Staffing
Training in the use of the software will be provided.

7.0   Other Implications - Environmental, Human Rights, Community Safety, Youth, Anti-poverty.

7.1   None

8.0   Conclusion

8.1   The Committee is requested to endorse implementation of Risk Based Verification in Housing Benefits and Council Tax Benefits.

Bill McCafferty
Revenue & Benefits Manager

Background Papers:

The Background Papers used in compiling this report were as follows:

Department for Work & Pensions circular S11/11

Coactiva Business Case

(document reference)