

RISK BASED VERIFICATION

Relevant Portfolio Holder	Cllr Geoff Denaro
Portfolio Holder Consulted	√
Relevant Head of Service	Section 151 Officer
Wards Affected	All Wards
Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 To advise Members of the new approach for verifying Housing Benefit and Council Tax Support Claims and approve the Risk Based Verification Policy.

2. RECOMMENDATIONS

- 2.1 **That Cabinet RECOMMEND that the Risk Based Verification Policy, attached at Appendix 1, be approved.**

3. KEY ISSUES

- 3.1 In the early 1990's the Department for Work and Pensions introduced a "verification framework policy" for administering Housing and Council Tax Benefit claims. This was a voluntary policy that strongly recommended that local Councils should obtain a substantial amount of documentary evidence, carry out numerous pre-payment checks and visits before making any payment.
- 3.2 The verification framework proved to be costly and caused significant delays in processing. It had to be applied to all claims and there was little scope for local discretion. Although it was abandoned in 2006 by Department for Work and Pensions, most Councils continued to use at least some of the guidelines set out in the framework.
- 3.3 In 2011, the Department for Work adopted a risk-based verification approach which was set out in the Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011.
- 3.4 Over the last four years this has been taken up by a large proportion of Councils, with great success. Most Councils have used risk-based verification as a means of reducing their costs through a reduction of staff. However, officers see far wider opportunities in adopting this approach, to reduce waste, reduce demand and free up resources to deal with more complex customer needs.

Financial Implications

- 3.5 There are no financial implications directly related to the proposals, however this new approach will:
- improve the processing times of benefits claims;
 - reduce overpayments of Housing Benefit and Council Tax Support;
 - release resources to spend more time dealing with complex cases; and
 - reduce the work in relation to the Subsidy Audit.
- 3.6 Any costs associated to enabling the necessary computer software to implement the process will be funded through reserves allocated for Council Tax Support and Housing Benefits administration but these are expected to be minimal.

Legal Implications

- 3.7 The Council is legally obligated to verify information for Housing Benefit Claims and Council Tax Support. Housing Benefit 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 award, or any questions 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.”

The Local Council Tax Support Regulations, agreed by the Council, also adopts the same framework for the validation and verification of claims.

- 3.8 Risk-Based Verification is a voluntary scheme, however there is a mandatory requirement to have the Risk Based Verification Policy, detailing the risk profiles, verification standards and the minimum number of claims to be checked, agreed by Council, as recommended by the Section 151 Officer.

Service/Operational Implications

- 3.9 As at 31st March 2015 there were 4998 Council Tax Support customers and 5181 Housing Benefit customers in Bromsgrove.
- 3.10 Ensuring the right amount is paid out (but no more) is crucial in ensuring fairness to both claimants and taxpayers. Combating fraud and reducing error is a key component in this.

- 3.11 Risk Based Verification is currently practised in Job Centre Plus and the Pension Service therefore the majority of Housing Benefit and Council Tax Support claims received in a Local Authority, may have been subject to some form of Risk Based Verification.
- 3.12 Where local authorities have introduced Risk Based Verification, results have been impressive. The percentage of fraud and error identified has increased, and in addition, there have been efficiencies in areas such as postage and processing times have improved.
- 3.13 Evidence and guidance suggests that in the region of 55% of cases will be low risk, 25% medium risk and 20% high risk. Implementation of this policy will enable resources to focus appropriately on those claims that are in the high risk category whilst reducing the processing time for those in the low risk bracket. It will enable greater flexibility to allow more officers to deal with low risk claims, and to provide improved online facilities. The capacity created within the team through reducing waste and failure-demand relating to the provision of evidence will be used to improve the system to meet our strategic purpose.

Customer / Equalities and Diversity Implications

- 3.14 The risk of each claim is determined by the IT software automatically based on the risk of fraud associated with the claim. It will be applied consistently across all claims.
- 3.15 Processing times for low risk claims will reduce thus improving the service to those customers. Those identified in the high risk category are also likely to have other complex needs and therefore home visits or engagement with other specialists may also be appropriate. Financial advice and support of other income-maximisation options may be explored.

4. RISK MANAGEMENT

- 4.1 Both internal and external auditors have been notified that the Council may be moving to Risk-Based Verification. Discussions will take place with them to ensure that future Housing Benefit audits will be based on this policy.

Department for Work and Pensions advised in January 2012 that “Auditors will carry out their audit against the terms of the risk-based verification policy. They will not audit or in any way assess the veracity of the policy, that is the job of the local authority itself, in particular the Section 151 Officer and Members who sign off the policy. If individual cases have been actioned correctly against the requirements of the policy, auditors will make no comment”.

CABINET

1st July 2015

5. **APPENDICES**

Appendix 1 - Risk Based Verification Policy

6. **BACKGROUND PAPERS**

Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011

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