



BUSINESS OVERVIEW & SCRUTINY COMMITTEE

29 NOVEMBER 2016

REPORT TITLE	PROPOSAL TO IMPLEMENT RISK BASED VERIFICATION (RBV)
REPORT OF	JOE BLOTT – MANAGING DIRECTOR FOR DELIVERY

REPORT SUMMARY

This report sets out the preliminary details of a proposal to approve the adoption of Risk Based Verification in determining evidence requirements for the assessment of all new claims and reported change in circumstances in respect of Housing Benefit and Council Tax Support Scheme claims.

Risk Based Verification (RBV) is a method of applying different levels of checks to different circumstances depending on a risk profile given to each customer.

The higher the deemed risk, the more the resource requirement will be in order to establish that the claim is genuine. In essence this results in optimum use of resource, applying it where most needed and removing any unnecessary effort where the risks are low.

RECOMMENDATION/S

Members of the Business Overview & Scrutiny Committee are requested to give consideration to and support further progression of the proposal to adopt Risk Based Verification within the Benefits service by approving the introduction of Wirral's Risk Based Verification Policy (a copy of which is attached) and associated Operational Framework.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1. Wirral's Benefit Service, along with a number of others continues to operate within the requirements of the Department for Work and Pensions (DWP's) former 'verification framework' therefore claims are subject to full evidencing /verification. Whilst this is a well-established and acceptable way of working, it does increase the LA's administrative burden and is increasingly inconvenient to service users, particularly in today's environment where it is reasonably expected that service providers are able to optimise use of data sharing legislation /IT functionality. This being their experience of engaging with other public services as well as businesses in the commercial world; such as credit reference agencies and other financial institutions, the Police and Immigration Authorities.
- 1.2. In November 2011 the DWP relaxed their position on verification for Benefit assessment purposes and confirmed that Councils may adopt a risk based verification approach in undertaking their administration of Housing and Council Tax Benefit. The corresponding guidance being issued in Housing/Council Tax Benefit Subsidy Circular HB/CTB S11/2011. It is apparent that the majority of LA's were cautious in considering this alternative and noticeable that few moved to working on a risk test basis until relatively recently.
- 1.3. By adopting RBV, the following benefits could be achieved:
 - Reduction in the necessity for benefit claimants to contact the council through more expensive methods such as face to face
 - Improved customer satisfaction as a result of decreased need to produce original documents required to support a claim
 - Lower volumes of scanning and indexing within the Scanning and Indexing Team
 - Fewer requests for information made by the Housing Benefit Service to customers.
 - A more succinct and potentially speedier process

2.0 OTHER OPTIONS CONSIDERED

- 2.1. We could choose not to implement RBV and continue to apply the standards of the Verification Framework-but given the financial challenges faced through budgetary constraints and the likelihood of a continual eroding of the core Housing Benefit Administration Grant, this could lead to a deterioration in service standards.

- 2.2. Furthermore to continue present practice, requiring full evidencing in respect of all claims, services and service users would not benefit from the wider efficiencies outlined above.

3.0 BACKGROUND INFORMATION

- 3.1. Wirral's Housing Benefits service has, as is the case with Benefit services nationally, been operating against a backdrop of challenge , whilst operating within an environment of constant change. The ongoing programme of Welfare Reform continues to impact on service users who increasingly require a service response.
- 3.2. The service's response to these pressures has been to look incrementally at all existing practice and procedures with a view to eliminating any identified waste and inefficiency. This work initially being undertaken in partnership with the DWP's 'Performance Development Team' with whom the Benefits service engaged on a voluntary basis early this year.
- 3.3. Furthermore, existing IT platforms are under review to ensure they are fit for purpose and able to effectively support the achievement of wider transformation goals.
- 3.4. It is therefore concluded that by exploiting advances in technology and implementing a Risk Based Verification tool the authority is better placed to realise these goals and improve the service to customers. Working smarter in this way will help to avoid the risk of falling into backlog by managing increased workloads within existing resources and give scope to improve overall performance. The ongoing need to identify and eradicate error within the Benefits caseload will be supported through the application of RBV.

4.0 FINANCIAL IMPLICATIONS

- 4.1. In order to deliver the efficiencies outlined in this report, investment is required. Revenue costs, which will be financed through Transformation Funding, are anticipated to be in the region of £33K per annum for the duration of the contract. This will ensure the provision of specialist risk based verification software for use by the Benefits Service.
- 4.2. Whilst the policy of Risk Based Verification and electronic claiming will reduce service costs and support ongoing efficiency drives, fundamentally it has capacity to support the validation of council income through the Housing Benefit Subsidy audit. Thereby reducing the risk of benefit claw back by the DWP, which could result in financial loss, should auditors not find processes compliant and robust.

5.0 LEGAL IMPLICATIONS

- 5.1. Risk Based Verification (RBV) is a voluntary decision for councils to take but, if adopted, an RBV Policy must be in place that sets out the risk profiles, verification standards that will apply and the minimum number of claims to be checked.

- 5.2. The policy, which now has the agreement of the authority's section 151 Officer and Chief Internal Auditor, must be approved by Members.
- 5.3. Due to the nature of the content of the policy, it is not made publicly available. It is also expected that there is monthly monitoring of RBV to ensure its effectiveness and that the results are subsequently reported.
- 5.4. The use of Risk Based Verification and e-claims are supported by legislation, DWP circulars and guidance together with local policy.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1. There are no direct staffing implications associated with this proposal, but by adopting RBV the authority will be better able to maintain service delivery standards and meet its legislative obligations within the confines of ongoing budgetary constraints. The proposal should see reduced pressure on its front of house services through a reduced level of customer contact.

7.0 RELEVANT RISKS

- 7.1. DWP has laid out the procedure for local authorities to meet in their Risk Based Verification policy in circular HB/CTB S11/2011 to mitigate risk to the subsidy claim. This includes the requirement that the Risk Based Verification Policy should not be amended in-year.
- 7.2. Risk Based Verification has been piloted in other local authorities, and was rolled out nationally from November 2011. The verification levels proposed in Wirral's Risk Based Verification policy are common practice and are now in current use in a number of other local authorities who have not had their subsidy claims challenged during their annual audit.
- 7.3. Risk Based Verification works on the premise that the same level of fraud and error will be found using the existing standards of verification as will be identified under the Risk Based Verification system. It should be recognised that by reducing the level of evidence required against medium risk cases the level of fraud within the system is likely to increase. This risk is largely carried by the Department of Work and Pensions (DWP) who pay 100% subsidy to the local authority for Housing Benefit paid. There is a risk to the local authority if fraud is identified at a later point and overpayments raised as this could lead to a reduced subsidy rate.
- 7.4. This risk will be monitored by reviewing overpayments raised through various channels including fraud referrals and DWP/HMRC change notifications. Furthermore the Housing Benefit service matches its data with multiple databases including council tax, HMRC (earnings and private pensions), student finance, DWP benefits and capital which assist in the identification of undeclared income, capital and residency. The outcomes of these data matches will be reviewed to identify the extent of any new fraud entering the system as a result of the reduced verification standard within Risk Based Verification.

8.0 ENGAGEMENT/CONSULTATION

Consultation is not appropriate for the purposes of this proposal.

9.0 EQUALITY IMPLICATIONS

No because there is no relevance to equality.

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APPENDICES **Appendix 1 – Housing Benefit and Council Tax Support
– Draft Risk Based Verification Policy**

REFERENCE MATERIAL Housing Benefit Administration Circular HB/CTB
S11/2011

<https://www.gov.uk/government/collections/housing-benefit-for-local-authorities-circulars#subsidy-circulars-2011>

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
N/A	