

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 18th July 2016

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WARD(S): All

PORTFOLIO: Councillor Munawar; Commissioner for Finance & Strategy

PART I **KEY DECISION**

RISK BASED VERIFICATION FRAMEWORK

1 Purpose of Report

- 1.1 To seek approval for the introduction of a Risk Based Verification Policy (RBV) for benefit claims.
- 1.2. Risk Based Verification (RBV) is an approach to evidence gathering, which local authorities can use for Housing Benefit (HB) [per DWP Circular S11/2011] and Council Tax Support (CTS). Its use however is entirely voluntary. It is a method of applying different levels of evidence verification to claims and reported changes of circumstances according to the potential risk associated with those claims.
- 1.3. DWP circular HB/CTB S11/2011 states ‘We consider it to be good practice for the Policy to be examined by the authority’s members. This report explains the regime in place to minimize the risk of fraud and error in the Housing Benefit and Council Tax Support caseloads.

2 Recommendation(s)/Proposed Action

The Cabinet is requested to resolve:

- (a) That the use of a Risk Based Verification Policy for benefit claims and the policy at Appendix 1 be noted and agreed.
- (b) That it be agreed that if the policy is approved all new claims will be assessed using Risk Based Verification with effect from 1 October 2016.

3 Slough Joint Wellbeing Strategy Priorities

This report supports the 5 Year Plan through using resources wisely by ensuring that Housing benefit claims can be assessed quickly and accurately giving time and resources to the high risk claims and ensuring that those claiming benefit are entitled making accurate and supported claims.

4 Other Implications

(a) Financial

- 4.1 Robust compliance procedures are in place to ensure that there is no financial risk to the Council resulting from the use of RBV to determine the level of evidence required to support claims and changes in circumstances.
- 4.2 Local authorities receive full grant subsidy from Government for the Housing Benefit paid out and benefit claims are audited on an annual basis by external auditors. Where official error overpayments are made as a result of errors in calculation or failing to act on information received from customers in a timely manner, authorities incur subsidy penalties if the value of those overpayments exceeds 0.48% of their total benefit expenditure. Applying a risk approach to evidence gathering speeds up claims processing and reduces risks associated with delayed processing. As additional checks are carried out at the point at which claims are made or changes report it also reduces the risk of fraud and error occurring.

(b) Legal

- 4.3 The risk based verification policy we are proposing to adopt complies with the recommendations from the Department of Work & Pensions (DWP) outlined in Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011. This Circular can be found at Appendix B. It should be noted that this policy will be the basis on which we are audited in the future. Providing we comply with this policy, we will be deemed to be verifying claims in the correct way. For this reason, the policy must be approved by the Council's Section 151 Officer. In the Circular, the DWP also require this policy to be approved by Elected Members.
- 4.4 The use of a risk based verification policy is discretionary. The risk based verification policy assists in the Council's compliance with its duties to assess benefit claims and its fiduciary duty to tax payers by identifying fraudulent claims. Government guidance is that the Council's policy should be reviewed by members.
- 4.5 Housing Benefit Regulation 86 states (CTB equivalent is 72);
"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."
- 4.6 Furthermore; Section 1 of the Social Security (Administration) Act 1992 dictates a National Insurance number must either be stated or enough information provided to trace or allocate one. This legislation applies to both customers and their partners.

(1A) No person whose entitlement to any benefit depends on his making a claim shall be entitled to the benefit unless subsection (1B) below is satisfied in relation both to the person making the claim and to any other person in respect of whom he is claiming benefit.

(1B) this subsection is satisfied in relation to a person if–

(a) The claim is accompanied by–

(i) a statement of the person's national insurance number and information or evidence establishing that that number has been allocated to the person; or

(ii) information or evidence enabling the national insurance number that has been allocated to the person to be ascertained; or

(b) the person makes an application for a national insurance number to be allocated to him which is accompanied by information or evidence enabling such a number to be so allocated.

Risk Management

Risk	Mitigating action	Opportunities
Legal – that the implementation of the RBV is not in line with the legislation	The arvato implementation team will monitor the implementation and the allocation of risk groups to ensure that this is not the case. The implementation will be overseen by the Partnership Development and Client monitoring team, and milestones will be reported to the arvato Operational Board.	
Property	None	
Human Rights	None	
Health and Safety	None	
Employment Issues	None	
Equalities Issues- as detailed in the report	This will be monitored once the process is live	
Community Support	None	
Communications	None	
Community Safety	None	
Financial – the major financial risk is a poor implementation which will affect the benefits subsidy claim	The External auditors as detailed in the report will be kept informed of the implementation and asked to ensure that the authority is not placed at risk.	
Timetable for delivery- The project plan sets an implementation date of 1 st October 2016. There are a number of organisations involved	The Project will be carefully managed by the arvato service delivery team, the Partnership Development and Client monitoring team, and milestones will be reported to the arvato	

in the implementation arvato service delivery, arvato IT and the external software provider, which increases the risk of slippage.	Operational Board.	
Project Capacity – that sufficient resources are not available to ensure that the project is implemented to deadline.	The arvato implementation team has committed to the implementation date as has the external software provider.	
Other	None	

(c) Human Rights Act and Other Legal Implications

There are no human rights or other legal implications arising from this report.

(d) Equalities Impact Assessment

Risk Based Verification will apply to all New Claims for Housing Benefit and Council Tax Support. A mathematical model is used to determine the Risk score for any claim. This model does not take into account any of the protected characteristics dealt with by the Equalities Act.

The course of action to be taken in respect of the risk score is governed by this policy. As such there should not be any equalities impact.

It is possible that people with certain protected characteristics, may be over represented or under represented in any of the risk groups. As such monitoring will be carried out to ascertain whether this is the case.

Where it is intended to carry out visits as outlined in the policy these will be undertaken by trained visiting officers. These officers are used to carrying out visits to the vulnerable, elderly and disabled, as these groups of claimants are often unable to access Council Services in any other way. They are also able to carry out visits to people whose first language is not English, by making use of Language Line and Google Translate services. Interpreters are also available to use in the case of deaf customers.

5 Supporting Information

- 5.1 Until 2006 the standards by which local authorities' verified evidence gathered to support new benefit claims and reported changes were covered by the Department for Work and Pensions (DWP) guidance called 'the Verification Framework'. Whilst there is no longer a requirement to adhere to these standards there is a responsibility incumbent on authorities to ensure that they have sufficient information to determine initial and continuing entitlement to benefit. This requirement is also extended to the Council's Local Council Tax Support scheme.

- 5.2 Local authorities must also comply with Section 1 of the Social Security Administration Act 1992, which specifies that claimants must supply a national insurance number for themselves and any partner, or provide enough information for one to be traced or allocated.
- 5.3 These requirements are fundamental to the proper administration of Housing Benefit and Council Tax Support and shall be adhered to at all times. The Benefits Service has robust systems and procedure in place to ensure compliance with the regulations and will continue to meet legislative requirements while making maximum use of intelligence to target more extensive verification activity on those claims that the Risk Based Verification process highlights as being potentially at greater risk of fraud or error.
- 5.4 Risk Based Verification is technology that changes the evidence requirements as it risk assesses new claims at the point of claiming. Claims will be categorised as low, medium or high. Levels of verification against each risk category are detailed in the restricted Risk Based Verification Policy at Appendix A. Classification of claims allows resources from low risk cases to be channelled towards high risk cases and reduce fraud and error from entering the system at the gateway.
- 5.5 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.
- 5.6 RBV in respect of new claim processing was first introduced by the council in July 2011 as a pilot site testing the approach. The council did not continue with this verification after the pilot as the service was outsourced to arvato and it was not specified as a requirement.
- 5.7 The RBV Software that arvato will implement on behalf of Slough Borough Council is integrated with the benefit processing software and an online electronic claim form. When a customer submits an online claim / application it is risk scored and an email issued confirming the level of evidence required.
- 5.8 The DWP has confirmed that RBV, properly applied will meet audit requirements. We shall maintain dialogue with the external auditors to ensure that we are not placing the Council at risk through the adoption of this policy. Internal Audit processes will be amended to incorporate the application of RBV.
- 5.9 The RBV policy will be reviewed annually and any changes will be referred to Cabinet for approval. In accordance with DWP guidance changes to the policy will not be made in-year as this would complicate the audit process.
- 5.10 In order to support the policy a Trust ID scanner has been implemented in Landmark Place for the use of MyCouncil staff who receive the evidence of customers identity. Identity documents will be scanned and verified. In addition a National Fraud Initiative(NFI) search checker facility is being evaluated at present with a view to implementation.

6 Comments of Other Committees

This report and documents have not been considered by any other Committees.

7 **Conclusion**

The Cabinet is requested to consider and agree the following

- (a) note and agree the use of a Risk Based Verification Policy for benefit claims and the policy at Appendix 1.
- (b) agree that if the policy is approved all new claims will be assessed using Risk Based Verification with effect from 1 October 2016.

8 **Appendices Attached**

‘A’ Risk Based Verification Policy (contains exempt information, Part II)

9 **Background Papers**

DWP Circular S11/2011