

# **Cherwell District Council**

## **Accounts Audit and Risk Committee**

**13 March 2019**

<p><b>Housing Benefit and Council Tax Reduction Risk Based Verification Policy</b></p>
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### **Report of the Executive Director: Finance and Governance (Interim)**

This report is public

#### **Purpose of report**

To provide members of this Committee with an update on the Risk Based Verification (RBV) module which was agreed by members of the Accounts Audit and Risk Committee in June 2017 and was introduced for Housing Benefit and Council Tax Reduction new claims from November 2017, and to seek approval for some minor changes to the RBV policy.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To note the contents of this report.
- 1.2 To approve changes to the RBV policy for 2019-2020

#### **2.0 Introduction**

- 2.1 Risk Based Verification is a method of applying different checks to new claims for Housing Benefit and Council Tax Reduction according to the risk associated with these claims. The aim is to reduce the burden on customers to provide excessive evidence and enable low risk claims to be assessed and put into payment more quickly. Efforts can then be concentrated on those claims with a high risk category where there is an increased chance of fraud and error.
- 2.2 This report is to provide the committee with an update on RBV and to seek member approval for some small changes to the Policy relating to the way verification can be obtained due to a new work stream received from HMRC called Verification of Earnings and Pensions (VEP). VEP's provide up to date information of earnings and pensions via alerts, identifying changes to the information held by the authority on a Housing Benefit and Council Tax Reduction claim, thus helping to prevent fraud and error.

## **3.0 Report Details**

### **Risk Based Verification**

- 3.1 Historically, the standards of verification applied by Councils to Housing Benefit claims have been governed by the Department for Work and Pensions (DWP) verification framework. This policy recommended that Councils should obtain substantial evidence before determining claims for benefit. Most Councils adopted this framework to ensure that the correct amount of benefit was paid, that subsidy was maximised and that fraud and error was minimised. The verification framework has proved to be costly and there is little scope for local discretion. This one size fits all approach was resource intensive and made even simple and straight forward verification time-consuming for the customer, creating potential delays in administering support to those in need.
- 3.2 Following a number of pilots the DWP now allows local authorities to carry out this verification using a risk based approach for claims. Circular S11/2011 confirms the requirements for local authorities that adopt Risk Based Verification (RBV) including adopting a RBV policy that has been approved by the Section 151 Officer and by members of Accounts Audit and Risk Committee. The Policy must allow officers and external auditors to be clear about the levels of verification required. Circular G1/2016 gives updated advice on the evidence standards required. The policy must be reviewed annually but cannot be amended in-year as this would complicate the subsidy audit process. The DWP is also planning to adopt the RBV approach for administering claims for Universal Credit so, by introducing this now customers will be familiar with the process so easing them into the change to Universal Credit.
- 3.3 The RBV module was available in June 2017 and was introduced in line with an online application form for Housing Benefit and Council Tax Reduction new claims in November 2017. The delay was due to technical difficulties with the online claim form which was not available until November 2017. The online application offers our customers the option of applying for help online and to have immediate confirmation of the verification required to complete their claim. For customers who cannot apply online the Customer Services Team continue to offer hard copy forms and/or appointments to assist with the online application. This has also helped to prepare our customers for Universal Credit which is an online process.
- 3.4 It is anticipated that around 55% of all new claims will be deemed to be low risk and will normally be paid on the information provided by the claimant (subject to verification of identity on the first claim made). 25% are expected to be medium risk and will be subject to normal verification processes. 20% will be high risk and will be subject to much higher levels of verification including a credit check via National Anti-Fraud Network (NAFN).

### **Impact of RBV**

- 3.5 The impact of the introduction of RBV is being monitored to show the impact on performance indicators and service delivery. The table below shows a summary of the number of new claims for Housing Benefit and Council Tax Reduction received in the period 1<sup>st</sup> April 2018 to 30<sup>th</sup> November 2018 and the risk scores allocated to each claim. A further 354 new claims were received but due to some technical issues and claims for Council Tax Reduction where a claim for

Housing Benefit has already been received a risk score could not be called. These claims were assessed based on medium risk.

Month	Total number of new claims	% that were High Risk	% that were Medium Risk	% that were Low Risk
April 2018	137	37(27%)	56 (40.90%)	44(32.10%)
May 2018	194	35 (18%)	98 (50.50%)	61 (31.40%)
June 2018	176	26(14.80%)	62(35.20%)	88(50%)
July 2018	146	26(17.80%)	56(38.40%)	64(43.80%)
August 2018	179	45 (22.10%)	57 (31.80%)	77 (43%)
September 2018	202	78 (38.60%)	54 (26.70%)	70 (34.70%)
October 2018	187	40 (21.40%)	57 (30.50%)	90 (48.10%)
November 2018	234	50 (21.40%)	55 (23.50%)	129 (55.10%)

## RBV Policy

- 3.6 An RBV policy was approved by both members and the S151 officer in June 2017. This policy must be reviewed each year but cannot be amended in-year as this would complicate the subsidy audit process.
- 3.7 The Policy for Cherwell District Council has now been reviewed (copy at Appendix One of this report) and some minor amendments have been made as follows:  
The policy has been updated to reflect that evidence of earnings and pensions can be obtained via a DWP alert called Verification of Earnings and Pensions (VEP). A VEP alert reflects a difference in a customer's earnings or pension based on the information held on a Housing Benefit and or Council Tax Reduction claim.

## 4.0 Conclusion and Reasons for Recommendations

- 4.1 Risk Based Verification is a new approach to verifying new claims for Housing Benefit and Council Tax Reduction. There is a requirement that the Risk Based Verification Policy be approved by members of Accounts, Audit and Risk Committee.
- 4.2 Members are now requested to note the contents of this report and to endorse some small changes to the RBV policy.

## **5.0 Consultation**

- 5.1 Consultation was carried out with officers and the original policy was agreed by members and S151 Officer. Although no formal consultation took place with members of the public or stakeholders the change was fully communicated and the updated policy will be placed on the website.

## **6.0 Alternative Options and Reasons for Rejection**

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: As RBV is a voluntary scheme the alternative would be to not adopt the scheme and for the verification procedure to remain "as is". This has been rejected as it is anticipated that it will become increasingly difficult to meet service demands based on current resources if the verification requirements remain as substantial and costly.

## **7.0 Implications**

### **Financial and Resource Implications**

- 7.1 There are no financial implications directly related to this information report.

Comments checked by:

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### **Legal Implications**

- 7.2 There are no legal implications directly related to this information report.

Comments checked by:

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### **Equality Implications**

Risk Based Verification Policy will apply to all new claims for Housing Benefit and Council Tax Reduction. The mathematical model used to determine the Risk Score does not take into account any of the protected characteristics within the Equalities Act. As such there should not be any equalities impact. However an equalities impact assessment will be carried out.

## **8.0 Decision Information**

## Key Decision

**Financial Threshold Met:** Not applicable

**Community Impact Threshold Met:** Not applicable

## Wards Affected

All

## Links to Corporate Plan and Policy Framework

This links to the Council's priorities of a district of opportunity and sound budgets and a customer focused council

## Lead Councillor

Councillor Tony Illott Lead member for Financial Management and Governance

## Document Information

Appendix No	Title
One	Risk based Verification Policy
Background Papers	
None	
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