

**Cherwell District Council**

**Risk Based Verification Policy**

**Background**

It is estimated that the overall spend on Housing Benefit in 2019-2020 was £18,364 billion (statistics taken from GOV.UK Publications). Ensuring that the right help is awarded is crucial both to the customers and the taxpayers. Combating fraud and reducing error is a key component of this.

The Verification Framework Policy was introduced by the Department for Work and Pensions (DWP) as guidance, in line with the Social Security Administration Act 1992, for administering Housing and Council Tax Benefit claims. This policy recommended that local authorities should obtain substantial evidence before determining claims for benefit. Although voluntary it was adopted by most Councils (including Cherwell District Council) to ensure that the correct amount of benefit was paid, that subsidy was maximised, and that fraud was minimised.

In 2011, the DWP allowed a limited number of Councils to pilot a scheme to try to reduce the cost of the verification process and, at the same time, reduce fraud and error based on risk-based verification principles. It is an approach used by Job Centre Plus and underpins Universal Credit.

The pilots were successful and the DWP have confirmed that Councils can now adopt this approach for Housing Benefit and Council Tax Reduction claims. This is summarised in circular S11/2011.

Cherwell District Council currently administers 7,277 claims for Housing Benefit and Council Tax Reduction. This Risk Based Verification Policy has been developed to underpin a regime of preventing fraud and error from entering the system whilst continuing with live caseload intervention.

The policy considers that Cherwell District Council must adhere to Housing Benefit legislation and local Council Tax Reduction regulations. The regulations do not specify what information and evidence the Council should obtain from a customer. However, it does require an authority to have information which allows an accurate



**Cherwell**  
DISTRICT COUNCIL  
NORTH OXFORDSHIRE

assessment of a claimant's entitlement, both when a claim is made and renewed because of a change in circumstances.

The Council's legal obligation to verify information for Housing Benefit claims is defined in Housing Benefit Regulation 86 which 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.”*

Risk Based Verification was implemented for new Housing Benefit and Council Tax Reduction claims with effect from 1<sup>st</sup> November 2017.

### **What is Risk Based Verification (RBV)**

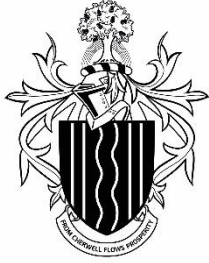
RBV is a method of applying different levels of checks to new claims for Housing Benefit and Council Tax Reduction dependent upon a complex risk profile given to each customer. The profile is determined by specific software using statistical information and experience about what type of claim represents what type of risk. The higher the risk, the greater the checks used to establish that the claim is genuine.

This approach allows the targeting of resources and is very effective in identifying higher levels of fraud and error, reducing the overall cost of verifying claims and improving processing times for some low risk claims.

In adopting RBV there is still an obligation to get all the facts and make an accurate assessment but there is not the need to gather documentary evidence in all cases.

### **Implementing Risk Based Verification at Cherwell District Council**

Pursuant to DWP circular S11/2011 Cherwell District Council (hereafter referred to as 'the Council') will apply RBV to new claims for HB and CTRS with effect from 1<sup>st</sup> November 2017. The Council will use an on-line application form offered by Capita and a solution offered by Xantura to carry out the risk scoring. Customers may also



# Cherwell

DISTRICT COUNCIL  
NORTH OXFORDSHIRE

apply on a hard copy form. The software will be integrated into the Academy Revenues and Benefits system to produce risk scores in real time.

Each new claim will be allocated a risk score – Low, Medium or High. The evidence requirements will differ based on the risk score assigned. The evidence requirements are contained at Appendix A of this policy. Circular S11/2011 confirms that local authorities have discretion to determine their own risk groups. Circular G1/2016 gives updated advice on the evidence standards required.

It should be noted that original documentation of a National Insurance Number and confirmation of identity must be provided in all cases regardless of the risk score, in order to comply with legislation. This verification is only required on the first claim and will not be requested again in support of any future claims.

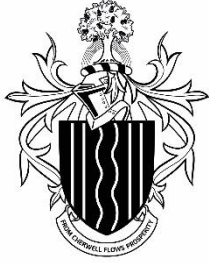
Due to the pandemic the Department for Work and Pensions gave advice regarding Housing Benefit verification, considering the social restrictions which may prevent claimants from providing supporting evidence in line with the RBV Policy. This was provided in Covid-19 LA Welfare Direct bulletin (CLAWD2/2020) which was issued on 30<sup>th</sup> March 2020. This allowed authorities to relax the requirement for original documents and accept scanned or photocopies, following the Trust and Protect principle. The Trust and Protect principle is used when it is not possible or practical for claimants to provide evidence to the local authority, thus enabling their claim to be processed on reduced verification. The required evidence will be requested at the earliest possible time, once social restrictions have been relaxed and it is possible for the claimant to provide the level of evidence required in the RBV policy.

## Low Risk

The claimant's identity will be verified in accordance with sections 1(1a) and 1(1b) of the Social Security Administration Act 1992. The evidence required will be original documents to prove identity and National Insurance Number, photocopies or original evidence of self-employed earnings and student income and status. A LAREV1 (valuation form) is also required for any other properties. A check on Searchlight or Verification of Earnings and Pensions (VEP) can be obtained to provide a breakdown of income declared on the claim form.

## Medium Risk

Cases in this group must have the same checks as low risk plus copies (emails will be accepted as copies), scans, or original documentation to prove all declared



income and capital. Verification of Earnings and Pensions (VEP) can also be used to obtain evidence of earnings. Please note: all evidence for identity must be original documentation.

## High Risk

All high-risk cases must have the same checks as low and medium groups, but the documentation must be original or obtained from VEP and/or Searchlight. In addition, further checks may be carried out which could include a telephone call, home visit or a credit check via the National Anti-Fraud Network (NAFN).

## Monitoring RBV

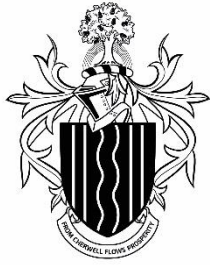
DWP suggest that around 55% of cases will be low risk, 25% medium risk and 20% high risk. For Cherwell District Council for the period 1<sup>st</sup> April 2020 to 31 December 2020 68% of cases were low risk, 21% were medium risk and 11% were high risk.

Once a risk group has been allocated, individual claims cannot be downgraded by an officer to a lower risk group. They can, however, be upgraded to a higher risk group with approval from a Senior Officer or a Team Leader, if the officer has good reason to think this is appropriate. All cases which are upgraded will be recorded along with the reason for doing so.

All risk scores are recorded by the RBV software and will show on the customer's account within the Academy system or within the notes if the score is taken from e-store. This will enable the Auditors to check the level of verification needed to support the assessment of each claim type for the purposes of subsidy so protecting the Council from financial risk.

Failure to apply the verification standards as stipulated in the RBV policy may have an impact on the subsidy claimed and could result in a loss of revenue for the council.

As suggested by the DWP there will be a robust baseline against which to record the impact of RBV. The baseline figure for the Council on the introduction of RBV was 2.4%. Following the introduction of RBV, the level of fraud and error identified is expected to increase as the resources are focussed on the high-risk group cases. The current baseline figure for the period 1<sup>st</sup> April 2020 to 31 December 2020 is 18%.



Xantura records all risk score requests and an audit log of requests is generated which the Council will use to ensure that the new claims process is being followed and reduced verification applied. There will be a blind sample of cases by Xantura where the risk group will be adjusted, and level of verification applied will be checked.

Xantura will provide monthly reports detailing the percentage of cases falling into each risk group, the fraud and error identified in each risk group and the level of fraud and error detected in the sample of blind cases.

### **Review of the policy**

The RBV policy will be reviewed annually and any changes will be referred to the Audit Committee for approval. In accordance with DWP guidance changes will not be made in-year as this would complicate the audit process.

### **Training and awareness**

Training will be provided to all staff within the Benefits and Council Tax Reduction team and to the Customer Services Team on the use of RBV, including refresher training and training for new entrants. This will ensure that the processes and procedures are agreed and understood. Discussions will take place with all internal and external stakeholders.

### **Business Continuity**

The Capita RBV solution is web-based and the ability to obtain a risk group in real time is dependent on an internet connection. In the event of the officers being unable to generate a risk score for any claim, the claim will be treated as medium risk and the appropriate level of verification will be applied.

### **Audit requirements**

External audit has been consulted on the implementation of RBV and on this policy. Auditors will carry out their duties against the terms of the RBV policy and, provided cases have been assessed correctly against the requirements of the policy, this shall meet audit requirements.



***Cherwell***  
DISTRICT COUNCIL  
NORTH OXFORDSHIRE

**Policy approval**

**This Policy has been produced in line with Department for Work and Pensions guidance on the use of Risk-Based Verification as detailed in HB/CTS circular S11/2011 and G1/2016.**

**This policy is approved by:**

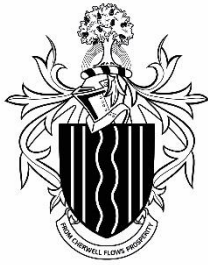
**Accounts, Audit and Risk Committee**

Date:

**(Section 151 Officer)**

Name:

Signed

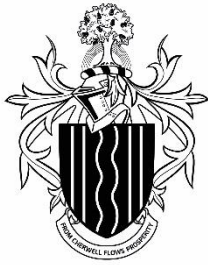


# Cherwell

DISTRICT COUNCIL  
NORTH OXFORDSHIRE

## Cherwell District Council RBV Evidence Checklist

Evidence Type	Subcategory	Low Risk	Medium Risk	High Risk
Identity & NINO	Claimant's ID/NINO	> Passported/qualifying benefits: Searchlight  Standard claims: 2 items of ID and 1 NINO originals	> Passported/qualifying benefits: Searchlight  Standard claims: 2 items of ID and 1 NINO originals	> Passported/qualifying benefits: Searchlight  Standard claims: 2 items of ID and 1 NINO originals
Residency & Rent	> Private Tenants		Originals or Photocopies;	Originals Required
	> Social Landlords		Originals, photocopies or electronic files from landlord.	Originals Required or electronic files from landlord
	> Registered		Originals or Photocopies	Originals Required
Household	> Partner's ID/ NINO	Originals or Searchlight where identity has been verified for a qualifying benefit	Originals or Searchlight where identity has been verified for a qualifying benefit	Originals or Searchlight where identity has been verified for a qualifying benefit
	> Dependents (responsibility for not ID of)		Originals or Photocopies or Searchlight check	Originals Required or searchlight check
	> Non-Dependent Working		Originals or Photocopies of wage slips, P45, P60 or VEP	Originals Required of wage slips, P45 or P60 or VEP



# Cherwell

DISTRICT COUNCIL  
NORTH OXFORDSHIRE

	> Non-Dependent (PB) Non-Dependent no income	>		>	Searchlight check P45 or statement	>	Searchlight Check P45 or statement
	> Non-Dependent Student	>		>	Originals or Photocopies	>	Originals Required
	> Non-Dependent Not Working					>	Originals Required
	> 2AR: Non-Dependents Not Working			>	Originals or Photocopies	>	Originals Required
Income	> State Benefits or Universal Credit	>	Searchlight	>	Searchlight Check or originals or photocopies of documents	>	Searchlight or original documents
	> Earnings, SSP, SMP & SPP	>		>	Originals, Photocopies of wage slips, P45, P60 or VEP	>	Originals Required of wage slips, P45, P60 or VEP
	> Self Employed	>	SE proforma or original or non-original accounts	>	SE proforma or original or non-original accounts	>	SE proforma or original accounts. Original receipts and invoices if required
Child Care Costs				>	Originals or Photocopies	>	Originals Required
Students	> (Income + Status Required)	>	Originals or photocopies	>	Originals or Photocopies	>	Originals Required
Capital	> Working Age > Working Age & > £6,000			>	Originals or Photocopies	>	Originals Required; must include last 2 months' transactions
	> Elderly > Elderly & > £10,000			>	Originals or Photocopies	>	Originals Required; must include last 2 months' transactions
	> Property	>	LAREV1	>	Originals, Photocopies or LAREV1	>	Originals Required and LAREV1

**Cases in High Risk Group may also be subject to additional checks in the form of a credit check via NAFN, a telephone call or home visit, unless the claim has been ended prior to the check being conducted**