

## REPORT TO CABINET

<b>Exempt</b>		Would any decisions proposed :		
<b>Any especially affected Wards</b>	Operational	(a) Be entirely within cabinet's powers to decide NO (b) Need to be recommendations to Council YES  (c) Be partly for recommendations to Council NO and partly within Cabinets powers –		
Lead Member: Cllr Adrian Lawrence E-mail: cllr.adrian.lawrence@west-norfolk.gov.uk		Other Cabinet Members consulted:  Other Members consulted: - Audit and Risk/Resources and Performance Panel		
Lead Officer: Jo Stanton E-mail: joanne.stanton@west-norfolk.gov.uk Direct Dial: 01553 616349		Other Officers consulted: -		
Financial Implications NO	Policy/Personnel Implications NO	Statutory Implications NO	Equal Impact Assessment YES If YES: Pre-screening only	Risk Management Implications NO
If not for publication, the paragraph(s) of Schedule 12A of the 1972 Local Government Act considered to justify that is paragraph 3				

Date of meeting: 12 January 2016

### **Housing Benefit and Council Tax Support Risk Based Verification: Policy Update**

#### **Summary**

The Council uses Risk Based Verification to assess the risk of fraud and error in new claims for Housing Benefit and Council Tax Support and determine the level of checking needed for each claim. The policy has been updated to extend Risk Based Verification to claims where a change in circumstances has been reported.

#### **Recommendation**

Members agree to adopt the updated Risk Based Verification policy so it covers new claims and changes in circumstances

#### **Reason for Decision**

To allow the Council to use Risk Based Verification on all claims to target resource and reduce fraud and error

## **1. Background**

- 1.1. Risk Based Verification (RBV) is used when processing all new claims to Housing Benefit and Council Tax Support. RBV allows the Council to focus its resource on the claims where there is a higher likelihood of fraud and error and to pay low risk claims more quickly.
- 1.2. The Council has already agreed to use (RBV) for new claims for Housing Benefit and Council Tax Support and adopted the RBV Policy at its meeting of 3 July 2012. RBV has been used for all new claims since April 2015 when the electronic new claim form was introduced.
- 1.3. As at November 2015 RBV has been used for new claims on over 3,500 occasions. 49% were scored as low risk, 22% as medium risk and 29% as high risk. The low risk claims are quickly put into payment allowing staff to focus on gathering evidence and verifying details for the medium and high risk claims where there is a greater chance of fraud and error.
- 1.4. RBV uses an integrated software module to analyse a benefit claim and produce a risk score predicting the likelihood of fraud or error in the claim. This risk score then decides the level of checking needed before benefit is paid. RBV analytical tools are based on many years of experience and statistical information about what type of claim represents what type of risk. Ongoing results are fed back into these tools so they are continually updated and refined.

## **2. The Updated Risk Based Verification Policy**

- 2.1 The RBV Policy is now updated to extend RBV to all claims where the customer has had a change in circumstance, prior to the introduction of the electronic change in circumstance form in 2016.
- 2.2 The updated policy is included at Appendix B. The changes are as follows:
  - Section 1, Paragraph 2: updated to include current position and Changes In Circumstance
  - Section 3, Paragraphs 1, 2 and 3: Updated to include Changes In Circumstance and to ensure all claims are subject to Risk Based Verification
  - Section 3, Low Risk and Medium Risk: Requirement for Team Leader approval for upgrading the risk score removed

## **3. Policy Implications**

- 3.1 This is an update of an existing Council Policy.

## **4. Financial Implications**

- 4.1 None – the software is already installed and integrated within the Revenues and Benefits system.

## **5. Statutory Implications**

- 5.1 RBV is a voluntary but the decision to use RBV for new claims and changes in circumstances must be agreed by full Council.

## **6. Equality Impact Assessment (EIA)**

- 6.1 The pre-screening EIA is attached at Appendix A

## **7. Risk Management Implications**

- 7.1 None

## **8. Declarations of Interest / Dispensations Granted**

- 8.1 None

## **9. Background Papers**

- 9.1 DWP Circular HB/CTB S11/2011
- 9.2 Cabinet Report 3 July 2012 – Housing and Council Tax Benefit: Risk Based Verification of New Claims

# Appendix A Pre-Screening Equality Impact Assessment

Borough Council of  
King's Lynn &  
West Norfolk



Name of policy	Risk Based Verification Policy				
Is this a new or existing policy/ service/function?	Existing				
Brief summary/description of the main aims of the policy/service/function being screened.  Please state if this policy/service rigidly constrained by statutory obligations	Risk Based Verification (RBV) allows the Council to risk score claims for Housing Benefit and Council Tax Support to determine the likelihood of fraud and error in that claim. RBV has already been agreed for all new claims and has been implemented from April 2015. The policy is now updated to extend RBV to all changes in circumstances.				
<b>Question</b>	<b>Answer</b>				
<b>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups according to their different protected characteristic, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</b>  Please tick the relevant box for each group.  NB. Equality neutral means no negative impact on any group.		Positive	Negative	Neutral	Unsure
	Age			✓	
	Disability			✓	
	Gender			✓	
	Gender Re-assignment			✓	
	Marriage/civil partnership			✓	
	Pregnancy & maternity			✓	
	Race			✓	
	Religion or belief			✓	
	Sexual orientation			✓	
	Other (eg low income)			✓	
<b>Question</b>	<b>Answer</b>	<b>Comments</b>			
<b>2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?</b>	No				
<b>3. Could this policy/service be perceived as impacting on communities differently?</b>	No				
<b>4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?</b>	No				
<b>5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions?</b> If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section	N/A	<b>Actions:</b>			
		<b>Actions agreed by EWG member:</b> .....			
<b>Assessment completed by:</b> <b>Name</b> Joanne Stanton					
<b>Job title</b> Revenues and Benefits Manager	<b>Date</b> 9 November 2015				

**Please Note: If there are any positive or negative impacts identified in question 1, or there any 'yes' responses to questions 2 – 4 a full impact assessment will be required.**

## Appendix B

### **RISK BASED VERIFICATION POLICY THE BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK (RESTRICTED) November 2015**

#### **1. Introduction**

The Verification Framework Policy was introduced by the Department of Work and Pensions as guidance in line with the Social Security Administration Act 1992 for administering Housing and Council Tax Support claims. It was abolished in 2006 but the Borough Council of King's Lynn & West Norfolk has continued to follow the robust good practice guidelines for verifying benefit claims.

The emphasis of this policy is to operate a targeted regime of Risk Based Verification, preventing fraud and error entering the benefits system. The Council has used Risk Based Verification for New Claims from April 2015 and this policy is updated to extend Risk Based Verification to Changes In Circumstance from February 2016.

#### **2. Background**

The regulations within Housing Benefit and Council Tax Support legislation do not specify what information and evidence should be gathered from a benefit customer making a new claim. They do require an authority to have information which allows an accurate assessment of a claimant's entitlement, both when a claim is first made and when the claim is reviewed.

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."*

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".*

### **3. Risk Based Verification**

Risk Based Verification uses computer software to risk score claims for Housing Benefit and Council Tax Support. The risk score determines the level of checks to be applied to those claims. This allows the authority to target activity toward checking those cases deemed to be at highest risk of fraud and error.

The purpose of Risk Based Verification is to increase the levels of fraud and error detected by focusing resource appropriately. All New Claims and Changes in Circumstance will be subject to Risk Based Verification. For the purposes of applying verification on a risk basis, each claim is ranked as either Low, Medium or High Risk. The table at *Appendix 1* shows the evidence requirements dependent on the risk grouping. Cases can have their Risk Score upgraded however a Risk Score cannot be downgraded. To comply with the Housing Benefit and Council Tax Support legislation verification of the National Insurance number and confirmation of identity must be completed irrelevant of the risk grouping.

Risk Based Verification has been used for New Claims from April 2015 and is now being rolled out to Changes in Circumstance. Therefore Risk Based Verification applies to both New Claims and Changes in Circumstance for Housing Benefit and Council Tax Support from February 2016.

#### **The Risk Groups are:**

##### **Low Risk**

Only essential checks will be made on Low Risk cases. These are proof of identity, production of a National Insurance Number and, if they are a student, formal confirmation.

A Low Risk case can be upgraded Medium Risk or High Risk case but the reasons must be recorded.

##### **Medium Risk**

Cases in this category must have the same checks as Low Risk cases plus for every type of income or capital declared documentation is required. The documentation can be photocopies and sight of original documents is not required.

A Medium Risk case can be upgraded to a High Risk case but the reasons must be recorded.

##### **High Risk**

All High Risk cases must have the same checks as Medium Risk cases and original documentation must be provided for each declared type of income or capital. All cases will also have a Credit Reference Check completed to determine if there are any discrepancies between the information provided by the customer on a claim form and the information available via the Credit Reference Check.

The need for any further checks by making a home visit will be assessed on a case by case basis at the discretion of the benefit assessor.

#### 4. Recording and Monitoring

Department of Work and Pensions guidance estimates the following spread of risk:

<b>Risk</b>	<b>Percentage of New Claims</b>
Low	55%
Medium	25%
High	20%

A baseline of fraud and error overpayments in the Borough Council of King's Lynn & West Norfolk will be established before the system is implemented to help monitor the change in fraud and error detection rates using RBV compared to the baseline.

Performance using RBV will be regularly monitored and reported to the Resources and Performance Panel on a six monthly basis.

All risk scores are recorded by the software and results are fed back to into the Risk Scoring matrix. The Risk Scoring matrix can be tailored to reflect local circumstances, for example employees of a certain employer could automatically be allocated a higher Risk Score.

All cases where the Risk Score is manually upgraded are recorded along with the reasons for the upgrade so that this information can be fed back into the Risk Score matrix.

This Policy has been produced in line with Department of Work and Pensions guidance on the use of Risk Based Verification in Circular S11/2011.

**Revenues and Benefits Manager** .....

**Audit Manager** .....

**Section 151 Officer** .....

**Date agreed by Members** 28 January 2016

## Appendix 1

Type of Evidence	Sub-category of evidence	Low Risk	Medium Risk	High Risk
<b>Identity and S19</b>	Identity	Originals or Photocopies	Originals or Photocopies	Originals required
	S19	Originals or Photocopies accepted	Originals or Photocopies accepted	Originals required
<b>Residency/Rent</b>	Private Tenants		Originals or Photocopies accepted	Originals required
	Social Landlords		Originals or Photocopies accepted	Originals required
	Public Sector			
	Registered		Originals or Photocopies accepted	Originals required
<b>Household Composition</b>	Partner ID/S19/Income/Capital	Originals or Photocopies accepted	Originals or Photocopies accepted	Originals required
	Dependants under 18		Originals or Photocopies accepted	Originals required
	Non-dependants – remunerative work		Originals or Photocopies accepted	Originals required
	Non-dependants – passported benefit			
	Non-dependant - student		Originals or Photocopies accepted	Originals required
	Non-dependant - not in remunerative work/other		Originals or Photocopies accepted	Originals required
<b>Income</b>	State Benefits			
	Earnings/SMP/SSP		Originals or Photocopies accepted	Originals required
	Self employed earnings		Originals or Photocopies accepted	Originals required
<b>Child Care Costs</b>			Originals or Photocopies accepted	Originals required
<b>Student Status</b>	Income also required	Originals or Photocopies accepted	Originals or Photocopies	Originals required
<b>Capital</b>	Below lower capital limit		Originals or Photocopies accepted if over £5500 for Working Age or over £9500 for Elderly - not required if under these amounts	Originals if over £5500 for Working Age or over £9500 for Elderly - not required if under these amounts
	Above lower capital limit		Originals or Photocopies	Originals required
	Property		Originals or Photocopies accepted	Originals required