



To: Executive Councillor for Finance and Resources:
Councillor George Owers

Report by: Alison Cole - Head of Revenues and Benefits

Relevant scrutiny committee: Strategy & Resources
23/3/2015
Resources
Scrutiny
Committee

Wards affected: All Wards

RISK BASED VERIFICATION REVIEW

Not a Key Decision

1. Executive summary

- 1.1 Following the publication of DWP circular HB/CTB S11/2011, Local Authorities are able to implement a 'risk based' approach to verifying Housing and Council Tax Benefit claims.
- 1.2 This approach was adopted by Strategy and Resources Committee on 9 July 2012 and implementation was from the start of the following financial year 1 April 2013.

2. Recommendations

The Executive Councillor is recommended to:

- 2.1 Agree the continued use of Risk Based Verification as a means to verify claims for Housing Benefit and Council Tax Reduction for both new claims and changes in circumstances.
- 2.2 Agree changes to levels of verification within the High and Medium Risk Bands detailed at 3.7 and 3.8.
- 2.3 Delegate an annual review and future amendments the RBV process to the Head of Revenues and Benefits.

3. Background

- 3.1 Cambridge City Council has been using Risk Based Verification for processing aspects of Housing Benefit and Council Tax Reduction since 1 April 2013, a method of applying different levels of verification checks to benefit claims according to the predicted risk (of Fraud and/or Error) associated with those claims.
- 3.2 The risk algorithms have been developed to identify the likelihood that fraud and error exists in a claim and is built using historical local

authority data and its performance validated across a number of local authorities.

- 3.3 This check is carried out when processing a new claim and for most changes of circumstances and places the claim in a High, Medium or Low risk band. Changes that are notified from DWP are not subject to RBV as verification has already been carried out by that department.
- 3.4 Changes in RBV provider from April 2015 will mean that during the following six months, this action will be able to be carried out at the point a new claim or a change is notified electronically. This will further reduce the amount of paperwork that is required by the applicant or claimant, improving the claiming process for them.
- 3.5 In the original policy, High Risk claims were referred for a Credit Reference Check (CRA). However, this approach has not proven to be effective with few referrals identifying errors or fraud. Therefore a five month trial of also visiting all high risk referrals was undertaken. This trial revealed that 25% of the High Risk claims that were visited identified an undisclosed change.
- 3.6 The new software will also allow the three risk groups to be further split so that in High Risk there will be 3 levels, in Medium Risk there will be four levels and in Low Risk, eight levels.
- 3.7 We are proposing that in High Risk, the top level will be visited prior to any claim being put into payment or an advantageous change in entitlement being processed. Claims in the next level will have an intervention review by telephone or by post carried out after one month and the third level in High Risk will have an intervention review carried out after three months.
- 3.8 We are further recommending that all Medium Risk claims may now supply photocopied evidence rather than original documentation, reducing the need to attend the Customer Service Centre. This will assist with the transfer of scanning and indexing service to an outsourced provider.
- 3.9 Risk groups cannot be downgraded at any time by an Assessment Officer, but they can be upgraded with approval from a Team Leader. Additionally, where a claim is in the Medium Risk group but an Officer feels that it is prudent to request original documentation this may be allowed with approval from a Team Leader. Reasons for upgrading a claim or asking for original documentation may include previous fraud, previous late notification of changes or where there is good reason to doubt the accuracy of the information provided.
- 3.10 The original policy was approved by Internal Audit and Section 151 Officer. Additionally, external auditors Ernst and Young have carried out a full Housing Benefit audit with no issues relating to the verification of new claims or changes in circumstances.

4 Implications

(a) Financial Implications

- 4.1 The software will support the verification of both Housing Benefit and Council Tax Reduction claims.

(b) Staffing Implications

- 4.2 None identified.

(c) Equality and Poverty Implications

- 4.3 RBV will apply to all claims for Housing Benefit and Council Tax Reduction. The risk algorithms used are based on all benefit claims and do not concentrate on any of the protected categories although it is recognised that many of our claimants are people with these protected categories.

(d) Environmental Implications

- 4.4 Nil.

(e) Procurement

- 4.5 Procurement of the new application is £11,500 per year (£9,500 for the 2015/16 as the E-Claiming software will not be available until the autumn). This will represent a saving of £3,000 per annum on the current software and will also provide greater efficiencies as there is better integration with the back office calculation software and the document management software.

(f) Consultation and communication

- 4.6 Consultation is not required. Policy documents relating to the administration of RBV should not be made public due to the sensitivity of its contents according to enabling DWP Circular S11/2011.

(g) Community Safety

- 4.7 Nil.

5 Background Papers

- 5.1 None

6 Appendices

Circular S11/2011 attached

7 Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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