

AUDIT SCRUTINY COMMITTEE

CHAIRMAN: Cllr Chris Clarence **Cllr EXECUTIVE PORTFOLIO-HOLDER:** Cllr Stuart Barker

DATE: 22 March 2018
REPORT OF: Nigel Piller – Housing Benefit & Council Tax Team Leader
SUBJECT: Risk Based Verification Policy

PART I – Report
PART II – Appendix 1

Recommendation

That the Audit Scrutiny Committee note the content of this report and agree the changes to the Risk Based Verification Policy detailed at Appendix 1.

Purpose

The purpose of this report is to ask members to approve the Risk Based Verification policy for the coming year.

Background

Housing Benefit Regulations require local authorities to obtain information which allows an accurate assessment of a claimant's entitlement to benefit to be made. However with the exception of a national insurance number and proof of identity, they do not specify what evidence is required in support of the claim. Consequently over the years, quality checking and fraud detection have led to a complex and burdensome process of verification.

In 2011 the Department for Work and Pensions (DWP) changed this requirement and now allows local authorities to carry out this verification using a risk based approach for new benefit claims.

Risk Based Verification is a method of applying different levels of checks to new Housing Benefit claims according to the risk associated with those claims. Claims are assessed prior to payment and put into 1 of 3 categories – **Low, Medium or High** and this determines the requirement to gather evidence. The risk category is determined by proprietary software using statistical information and experience gathered over many years about what type of claim represents what level of risk.

Teignbridge adopted this new approach with effect from June 2013 following approval of the policy by Audit Scrutiny Committee on 21 March 2013.

We have monitored the effectiveness of RBV since its introduction and can report as follows:

Current distribution of risk scores

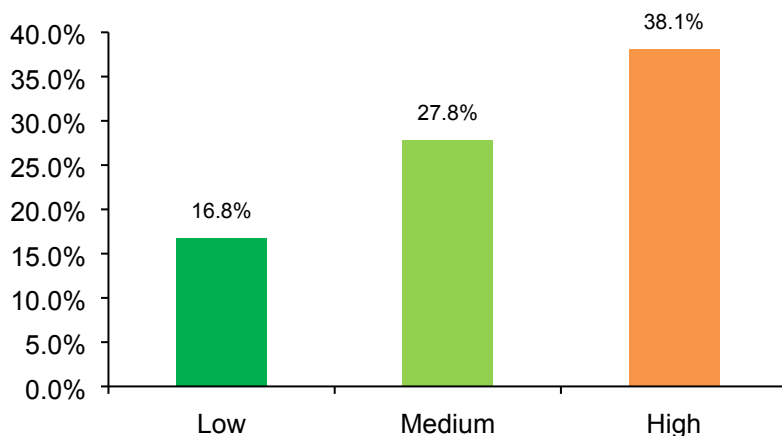
Low – 46%

Medium – 40%

High – 14%

These scores fall within the expected risk score tolerances.

Error Detection Rate



The RBV process also incorporates the functionality to randomly escalate **Low** or **High Risk** cases to **Medium Risk**. This is both a DWP requirement and ensures the veracity of the Risk Based Verification process is maintained “Performance monitoring will be undertaken on a monthly basis to ensure the effectiveness of the approach. This will include the percentage of cases presented in each risk category and the levels of fraud and error detected in each.

The monitoring will also identify and outline how much fraud and/or error has been detected in blind sample cases and we have established that we are detecting higher levels of fraud and error.

Performance

Over the period that RBV has been in place, there has been a 37%¹ improvement in processing times for new claims with cases now taking an average of just over 14.5 days² between receipt and decision date.

46% of new claims are returned as low risk which means more resources are targeted at the medium and high risk cases.

DWP Requirements

The DWP require any local authority adopting RBV to have in place an RBV policy. The DWP circular S11/2011 issues guidance on what should be contained in the

¹ Processing times for 2012/13 - 23.21 days

² Processing times for 2017/18 – 14.67 days

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policy and who should approve it. We drew up our RBV policy in accordance with these guidelines and the original policy was approved on 21 March 2013.

Changes for 2018-19

We are seeing much greater take up of digital and automated services and, in view of this, the policy has been reviewed and updated for 2018-19. The revised policy provides for verification of identity for low and medium risk cases to be achieved via the use of scanned images. This change has been approved by the following designated officers: Housing Benefits and Council Tax Team Leader, Revenue, Benefits and Fraud Manager and Chief Finance Officer, and is now submitted to Audit Scrutiny for approval for the year 2018-19.

Timescale

The policy need to be approved by 31 March 2018 in order to take effect in 2018-19.

Nigel Piller
Housing Benefit and Council Tax Team
Leader

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| Wards affected | All |
| Contact for any more information | Nigel Piller Ext 5527 or Tracey Hooper Ext 5266 |
| Background Papers (For Part I reports only) | Audit Scrutiny Report 21 March 2013 and DWP Circular S11/2011 |
| Key Decision | No |
| In Forward Plan | No |
| In O&S Work Programme | No |
| Community Impact Assessment attached: | Not required |
| Appendices attached: | Appendix 1 – RBV Policy, Part II |