

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **AUDIT COMMITTEE**

DATE: **WEDNESDAY, 25 JUNE 2014**

REPORT BY: **CHIEF OFFICER, COMMUNITY AND ENTERPRISE**

SUBJECT: **IMPLEMENTATION OF A RISK BASED**
 VERIFICATION POLICY

1.00 PURPOSE OF REPORT

1.01 To advise Members of a proposal to introduce a Risk Based Verification (RBV) process for the administration of Housing Benefit and seek members views as to the proposed policy.

2.00 BACKGROUND

2.01 Following the publication of DWP circular HB/CTB S11/2011 in 2011, Local Authorities are able to implement a 'risk based' approach to verifying Housing and Council Tax Benefit claims.

2.02 RBV has been operating successfully in pilot authorities since 2009. Following the operation of these 'pilots' DWP extended this approach on a voluntary basis to all other local authorities from April 2012.

2.03 The current application process for Housing Benefit requires claimants to provide, Identification, proof of income / capital and proof of rent for verification purposes. In many cases not all proofs are received and the claimant is contacted for additional information, resulting in delays to the payment of Housing Benefit.

2.04 RBV is a method of applying different levels of verification checks to benefit claims according to the predicted risk associated with those claims. Local Authorities adopting RBV will still require all claimants to comply with relevant legislation and identified low risk claimants must as a minimum be able to provide National Insurance documentation and evidence of identity, with more extensive verification activity being required on those claims predicted to be at greater risk of fraud and error.

2.05 All Local Authorities opting to apply RBV are required to have in place a RBV Policy detailing the risk profiles and verification standards which will apply including the minimum number of claims to be checked. The Policy must be submitted for Members' approval and sign-off along with a covering report confirming the Section 151 Officer's agreement / recommendation.

2.06 The DWP recommend as good practise for an Authority to refer the RBV policy to Audit Committee for consideration.

3.00 CONSIDERATIONS

3.01 The current verification process requires a number of supporting documents (proof of income / capital and proof of rent) which in many cases could be considered excessive and if not available delays the payment of Housing Benefit. e.g. a claimant on JSA living in private rented accommodation will be required to provide proof of rent despite rent levels being fixed by Local Housing allowance.

3.02 RBV is a proven process agreed by DWP which allows a targeted approach to the verification of benefit claims with each application being assessed for the likelihood of fraud or error.

3.03 The introduction of RBV is supported by the use of software which is calibrated to comply with DWP guidelines. There is a risk propensity model embedded within the IT solution which identifies risk groups as

Low (Green) 52%
Medium (Amber) 27%
High (Red) 21%

A lower verification requirement for the 52% low risk group will result in faster processing times, due to the reduction in contact for additional information, which will also release staff resources to improve speed of payments to medium and high risk groups.

In RBV Authorities there has been an average reduction of 2 days (10%) in overall processing time. This speed of delivery could be valuable in gaining the support of private Landlords to make additional investment in the provision of homes for rent which is a key strategic priority for the authority. In addition there would also be improved customer service levels as there will be faster payment of Benefits

3.04 The RBV process will reduce the requirements to contact customers for additional information to comply with verification rules with a resultant reduction in postage and contact costs.

3.05 The identification of which claimant groups will be within these categories cannot be fully predicted due to the propensity model, however it would be expected that most claimants in receipt of passported benefits (Job Seekers Allowance, Pension credit etc) would be classified as "Green" low risk. High risk claimants are likely to be in work but with variable salaries.

- 3.06 The proposed policy (Appendix A) is formulated from the agreed policy guidelines provided by DWP and is based on the software suppliers criteria utilised in current RBV Authorities, which has been accepted by the DWP and Audit bodies.

If agreed the verification process for each group would be:-

- “Green” claimants are fast tracked due to reduced levels of verification evidence required.
- “Amber” claimants will be required to supply the same verification evidence as currently required.
- “Red” claimants will be required to provide all current verification evidence, but will also be contacted to confirm claim details. In many instances these customers would have been contacted for additional information previously.

4.00 RECOMMENDATIONS

- 4.01 That members consider and support the proposed RBV policy.

5.00 FINANCIAL IMPLICATIONS

- 5.01 There is an initial cost of £14,250 plus annual maintenance costs of £900 per annum.
- 5.02 There will be improved performance at no additional cost with projected annual savings of £30k from 2015/16 achieved through reduced postage and staff resource savings.

6.00 ANTI POVERTY IMPACT

- 6.01 The proposed scheme is specifically designed to fast track claimants who are in receipt of Benefits. With an overall decrease in the time to pay Housing Benefit all groups will benefit from faster payments.

7.00 ENVIRONMENTAL IMPACT

- 7.01 None.

8.00 EQUALITIES IMPACT

- 8.01 None.

9.00 PERSONNEL IMPLICATIONS

- 9.01 Limited training requirement. Any staff savings will be achieved through natural turnover.

10.00 CONSULTATION REQUIRED

10.01 None, although key stakeholder partners will be made aware of the plans.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

12.01 RBV policy.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

DWP circular HB/CTB S11/2011

Contact Officer: Ken A Jones
Telephone: 01352 702286
Email: ken.a.jones@flintshire.gov.uk