Title of paper:	Housing Benefit – Risk-Based Verification	
Director(s)/ Corporate Director(s):	Glen O'Connell – Corporate Director of Resilience. Geoff Walker – Director of Strategic Finance.	**Wards affected: All**
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Other colleagues who have provided input:		
Recommendation(s):		
1	To note the adoption of a risk-based approach to the verification of new claims for Housing Benefit	

1   REASONS FOR RECOMMENDATIONS

1.1   It is recommended that Audit Committee note Section 3 of the 2016/17 Risk-Based Verification Policy signed by Geoff Walker, Director of Strategic Finance, which explains the revised verification standards to be applied to new claims for Housing Benefit.

2   BACKGROUND

2.1   Risk-Based Verification (RBV) allows for more intensive verification activity to be focussed on claims more prone to fraud and error. It will help overcome many of the problems and issues arising from existing verification methods used to assess a new claim for Housing Benefit and Council Tax Support/reduction. The current method is labour intensive, slow and inflexible and leads to delays in the award of benefit.

2.2   The Department for Work and Pensions together with a range of partners using multi-agency data has undertaken work to classify claims as **low**, **medium** or **high** risk, depending on a range of outcome indicators. Using complex algorithms an output is created that predicts the likelihood of one of the indicators being triggered in the life-cycle of a claim. A range of 48 predictors are used to produce the ranking.

2.3   This approach will enable Benefit Officers to focus their efforts on those high risk cases, requiring full verification, whilst relaxing verification requirements on medium and low risk applications.

2.4   Some of the key benefits of RBV are that processing times for new claims will be improved; the resource being deployed into other value added activities. Customer satisfaction will be improved by determining and paying benefit quicker. Fraud and error will be identified before it enters the system, reducing overpayments and the need for lengthy fraud investigations.

2.5   In the early 1990's the Department for Work and Pensions introduced a "verification framework policy" for the administration of Housing and Council Tax Benefit claims. This voluntary policy was supported with funding if LA's adopted the approach. The Verification Framework Policy (VF) required councils to obtain full and detailed documentary evidence of identity, income, capital and household members in addition to undertaking pre and post-payment residency checks.

2.6   VF once adopted allowed no flexibility in approach, whilst this delivered consistency in approach, VF proved to be both costly and caused significant delays in processing. Although VF was abandoned in 2006 by Department for Work and Pensions, most Council's including Nottingham have continued to use at least some of the guidelines set out in the framework.

2.7   In 2011, the Department for Work and Pensions allowed a limited number of Councils to pilot a different type approach to verification based on risk-scoring principles, as outlined above. The pilots proved to have been a success and the Department for Work and Pensions confirmed that all Councils could consider the process. (Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011)
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Legislation

2.8   The Council must adhere both to Housing Benefit legislation and the associated Case Law from the High Court and equivalent and above. The regulations themselves do not specify what information and evidence should be obtained before a claim for Housing Benefit can be paid. However, the law does enable each authority to obtain the information it needs to allow an accurate assessment of each claimant's entitlement to Housing Benefit.

Housing Benefit Regulation 86 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."
Section 1 of the Social Security (Administration) Act 1992 requires each claimant to provide a valid national Insurance number or sufficient information to trace or allocate one. This legislation applies to both claimants and their partners as appropriate.
(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.

2.9   An IT solution (Xantura/Northgate), using the outcome predictors described in the Policy Summary will be utilised to obtain the risk category.

From Go-Live (To be agreed) each new Housing Benefit/Council Tax Support claim will be ranked into one of three risk categories;

• Low

• Medium

• High

Claimants in each risk group will be required to provide varying degrees of supporting evidence and documentation before their claim can be processed. A national insurance number and proof of identity **must** be provided in all three risk categories.

Low Risk
It is anticipated that around 55% of all new claims will be deemed to be low risk. Low risk claims will normally be paid based on the information provided on the claim form subject to verification of identity**.**

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Medium Risk
Around 25% of new claims will deemed to be medium risk. Additional information and evidence will normally be required for this group of claims.
The medium risk evidence requirements mimic the current approach to verification standards.

High Risk
The remaining 20% of claims will be deemed to be high risk. As well as a full verification check, an additional check will be carried out on this risk of claim. Additional checks may include one or more of: home visits, telephone checks, credit reference checks.

Audit requirements

2.10   Both Internal Audit and Public Sector Audit have been notified and consulted on the adoption of this RBV Policy as this will influence future operational audits and also that of the main Housing Benefit Subsidy Claim.

Revenues & Benefits will report periodically to The Audit Committee at regular intervals post-implementation.

Recording, Monitoring and Performance Reporting

2.11   Detailed records of risk scores will be maintained and reviewed to ensure on-going compliance with Regulations.

Cases cannot be downgraded at any time by a Benefits Officer, but they may be increased through approval of their Team Leader. All cases upgraded will be recorded, reasons may include previous fraudulent claims, late notification of changes

in circumstances, or where there is good reason to doubt the veracity of the information provided.

The IT solution incorporates "blind-sampling", whereby 5% of low risk cases will be returned as high-risk, requiring full verification.

Prior to go-live a baseline of fraud and error in the existing HB caseload will be established. This will enable monitoring of the impact of RBV to be closely monitored and gauged. In addition, a suite of complementary indicators will be captured to map customer experience, this will include:-

- Speed of Processing New Claims.
- % of New Claims determined.
- % of New Claims Inferred.
- % of New Claims paid within 14-days.
- Time taken from last Information Received Date to Decision Date.
- Cases in Pending rates.
- Customer service – Volumes of face to face and telephone contacts and average waiting times.

Review

The RBV policy will be reviewed annually and any changes will be referred to the Section 151 officer for approval. In accordance with DWP guidance, changes to the policy will not be made in-year as this would complicate the audit procedures.

3   BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING EXEMPT OR CONFIDENTIAL INFORMATION

3.1   None.

4   PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

4.1   DWP Circular S11/2011
         Housing Benefit Regulation 2006
         Social Security (Administration Act 1992
         Department for Work & Pensions Verification Framework