

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Chief Executive
to

Cabinet

on

19 September 2017

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Group Manager Benefits

Risk based Verification Policy
Policy and Resources Scrutiny Committee
Executive Councillor: Councillor Moring
A Part 1 Public Agenda Item

1. Purpose of Report

To introduce a policy for risk based verification within the benefits service.

2. Recommendation

That Cabinet agree the implementation of the Risk Based Verification Policy attached at Appendix 1.

3. Background

- 3.1 The Council's benefit service strives to prevent and detect fraud and error within both housing benefit and the local council tax support scheme. We continually look for new ways to improve and drive down fraud and error.
- 3.2 Certain circumstances within a household carry a higher risk of fraud and error. Currently we verify all new claims to the same level regardless of household composition or circumstances.
- 3.3 Failure to declare earnings and employment continues to be the main cause of fraud and claimant error overpayments of Housing Benefit. We have a large number of claimants who are regularly in and out of work, or on zero hour's contracts or self Employed. These claims are at the highest risk of receiving incorrect housing benefit payments.
- 3.4 The Government has launched a new scheme, Right Benefit Initiative, which aims to remove fraud and error from the housing benefit scheme. This will be achieved both through regular updates from HMRC and robust screening of high and medium risk claims.

4. Risk Based Verification

- 4.1 Adopting a risk based verification policy will allow the benefits team to fast track low risk claims, freeing up resource needed to introduce telephone and face to face interviews for claims identified as high risk. The policy must be in place before any such approach can be adopted.
- 4.2 Risk based verification is applied through the use of software provided by the Revenues and Benefits system provider. Parameters are built within the system detailing incomes and/or circumstances that are considered high, medium and low risk. When staff then input a claim the software will use these parameters to determine the risk level. This determines the level of evidence required for that claim.
- 4.3 For the purposes of applying verification on a risk basis, each claim is ranked into one of three categories; these categories are Low, Medium and High Risk.

Low Risk - The only checks to be made on cases classed as low risk are proof of identity, production of a National Insurance Number and, if they are a student, formal confirmation.

Medium Risk - Cases in this category must have the same checks as low risk plus for every type of income or capital declared, documentation proof is required. The documentation can be photocopies or scanned images through email as originals are not required in this instance.

High Risk - All high risk categorised cases must have the same checks as low risk and documentation provided for each declared type of income or capital; however the documents must be **original and verified** by trained staff.

- 4.4 This approach is in operation in many other Local Authorities and has proved to be effective.
- 4.5 There will be no negative impacts on the customer service centre as all interviews and contacts required will be undertaken by the Benefits Service. In fact the amount of scanning required should decrease as low risk cases will not be asked to submit evidence.
- 4.6 Benefit and internal audit staff have been involved in the development of this policy through workshops and meetings. We have also consulted with other Essex Authorities that already operate a risk based verification solution to learn from their experiences.
- 4.7 A formal audit of the system and policy is on the audit annual plan should the policy be adopted.

5. Other Options

We could continue to work as we are but this would not free up the additional resources required to do the additional checks.

We have considered recruiting additional resource but there is insufficient funding to make this viable, however, the automated approach being proposed is for a better solution.

6. Reasons for Recommendations

To improve performance in reducing fraud and error leading to additional Government funding through the Right Benefit initiative.

7. Corporate Implications

7.1 Contribution to Council's Vision & Corporate Priorities

7.2 Financial Implications

The financial implications will be positive when the policy is in operation. By signing up to the Right Benefit initiative we will receive £47k in set up funding. Post set up the additional funding received will depend on the level of reduction in housing benefit payments.

The adoption of this policy will allow staff to prioritise the higher risk claims and therefore will lead to reduced fraud and error and consequently improved Housing Benefit funding.

7.3 Legal Implications

The policy must be formally adopted by the Council for the risk based verification approach to be accepted by external auditors operating the subsidy audit.

7.4 People Implications

None

7.5 Property Implications

None

7.6 Consultation

None

7.7 Equalities and Diversity Implications

7.8 Risk Assessment

There are no identified risks in adopting the policy but a full risk assessment will be completed during the workshops to identify the risk criteria to be used as part of the scheme.

7.9 Value for Money

The policy will enable more efficient use of staff resources and should mean more Housing Benefit subsidy.

7.10 Community Safety Implications

None

7.11 Environmental Impact

None

8. Background Papers

DWP Guidance

9. Appendices

Appendix A - Risk Based Verification Policy