

 Finance and Audit Scrutiny Committee 26th June 2018		Agenda Item No. <h1 style="text-align: center;">8</h1>
Title	Housing Benefits and Council Tax Reduction - Risk Based Verification Review	
For further information about this report please contact	Stuart Brimsted/Andrea Wyatt	
Wards of the District directly affected	None	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	Yes - The DWP recommend that policies should not be publicised as claimants could use this to their advantage when making claims.	
Date and meeting when issue was last considered and relevant minute number	Finance and Audit Scrutiny Committee: 27 th June 2017.	
Background Papers	Yes - DWP Circular S11/2011 (<i>appendix 1</i>) and Housing Benefit and Local Council Tax Reduction Verification Policy (<i>appendix 2</i>)	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes
Equality Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	08/06/2018	Chris Elliott/Andrew Jones
Head of Service	08/06/2018	Mike Snow
CMT	08/06/2018	Andrew Jones
Section 151 Officer	08/06/2018	Mike Snow
Monitoring Officer	08/06/2018	Mike Snow
Finance	08/06/2018	Mike Snow
Portfolio Holder(s)	08/06/2018	Peter Whiting
Consultation & Community Engagement		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. Summary

Following Executive's agreement on 3rd September 2014, Risk Based Verification (RBV) was applied to all new electronic claims for Housing Benefit (HB) and Council Tax Reduction (CTR) from 2nd July 2015 onwards and to all paper claims from 4th November 2015 onwards. Members agreement regarding RBV was required by DWP Circular S11/2011 (*appendix 1 paragraph 14*) which states "*The Policy must be submitted for Members' approval and sign-off along with a covering report confirming the Section 151 Officer's (section 85 for Scotland) agreement/recommendation*" and furthermore also stipulated (*paragraph 15*) that the policy "*must be reviewed annually*". On 27th June 2017 Finance and Audit Scrutiny Committee agreed to the continuing use of RBV.

2. Recommendation

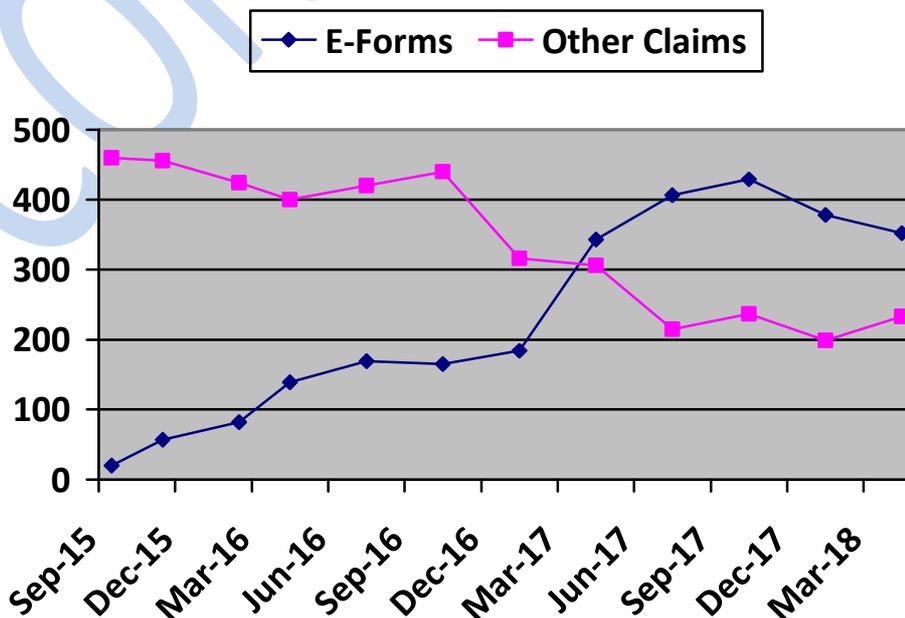
2.1 It is recommended that the Finance and Audit Scrutiny Committee agree to reaffirm the policy for the use of RBV in assessing new Housing Benefit and Council Tax Reduction claims and change in circumstances.

3. Reasons for the recommendation

3.1 Online electronic claims were made available to customers from 2nd July 2015. All such forms had the RBV process applied to them upon submission. The e-forms are quicker to complete and process than paper claim forms because:

- They react to answers given ensuring that as the form is progressed only questions relevant to that customer are posed.
- The form tells the customer what evidence is required to verify their claim, which they can also attach to the form, submitting both simultaneously.
- The form is received directly into the Benefit Department system ready for processing.

Timeline showing E-Form Submissions vs Other Form Submissions



Submission of electronic online new claims versus other claims rose steadily from the 2nd July 2015 launch. In December 2015 e-forms comprised 11% of the 513 claims submitted in the preceding 3 months. By April 2016 it was 26% and by January 2017 37% of the 500 claims submitted in the preceding 3 months were e-forms. E-Forms overtook other applications in the 3 months to April 2017, rising to 53% of the 649 forms in that period. This proportionate increase continued during the following 12 months and has stabilised around 65% of all claims submitted.

- 3.2 The progressive increase in e-forms indicates customer's willingness and adaptability to self-serve via online services, as part of the Council's Digital Transformation programme. The increase has resulted from advertising their availability to all existing benefit customers and Landlords and training with council staff. Some local authorities have determined to hasten this shift to online self-serving by only accepting new claims to Housing Benefit and or Council Tax Reduction via online electronic forms. Claims for Universal Credit can only be made online, and therefore as this rolls out across the District, it is expected that most working age customers will become more used to dealing with all of their claims digitally. However at this time there are no plans to withdraw paper claims.
- 3.3 As of 4th November 2015 all new claims, whether e-form or paper became subject to Risk Based Verification (RBV) which is designed to assist in preventing fraud and error from entering the system at the outset. Claims are classified as High, Medium or Low with the level of risk reflecting the level of verification the claim, via submitted evidence, requires before the claim may be assessed and benefit awarded (Refer to the Housing Benefit and Local Council Tax Reduction Verification Policy - *appendix 2*). Medium Risk claims require the same level of verification as claims did prior to the introduction of RBV.
- 3.4 Over the last 12 months other sources of verification have become available, for example Real Time Information and Wider Use of Real Time Information. These have increased access to a customers current and past earnings, occupational pension and personal pension information held by Her Majesty's Revenue and Customs. In July 2018 this is being expanded such that Verify Earnings and Pensions (VEP) Alerts are received when the claimant or partner change their earnings or pension such that their HB entitlement will change.
- 3.5 Also claim assessment processes have changed as a result of the increased use of e-forms. Customer contacts with the Benefit Department and frontline services have been reduced as customers are less often querying claims being processed and physically attending to provide evidence. E-form customers generally elect to be contacted and provide information via e-mail additionally saving the time and cost of sending post.
- 3.6 Furthermore in October 2018 the working age Housing Benefit case load is due to transition to Universal Credit (UC), which is replacing Housing Benefit. UC data is provided by the DWP and will not require the RBV process.
- 3.7 For these reasons RBV and its continued effectiveness in reducing fraud and error at the outset of the claim process, as well as its contribution in reducing assessment times is due to be reviewed. Should the review conclusion be that RBV is no longer delivering these intended aims then it will only be contractually required until the end of November 2018.

3.8 RBV as in the previous year remains undeployed for changes in circumstance. This is because the volume of reported changes far exceeds submitted new claims. Further checks on 25% of High Risk cases would impact negatively on available resources. Its non-deployment for these reasons will form part of the RBV review.

4. Policy framework

4.1 This project is consistent with the Fit For the Future programme in that it is expected to improve the service we offer and deliver value for money whilst providing savings across different departments within the Council. E-forms are part of the Digital transformation programme.

4.2 Fit for the Future (FFF)

The Council’s FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects. This report shows the way forward for implementing a significant part of one of the Council’s Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council’s FFF Strategy

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels
Impacts of Proposal		
RBV assists in HB/CTR claims being processed and through that maintains tenancies and access to housing.	RBV is designed to significantly reduce fraud and error at the new claim stage, and more broadly abuse of the system.	No impact.
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<u>Intended outcomes:</u> All staff are properly	<u>Intended outcomes:</u> Focusing on our	<u>Intended outcomes:</u> Better return/use of our

<p>trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours</p>	<p>customers' needs Continuously improve our processes Increase the digital provision of services</p>	<p>assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money</p>
Impacts of Proposal		
<p>RBV and e-forms reduce HB claim process complexity for staff.</p>	<p>RBV reduces the threshold of customer evidence required, so fewer customer contacts with LA. RBV and e-forms allow straight forward digital access to HB and CTR.</p>	<p>N/A</p>

5. Budgetary framework

5.1 The ongoing maintenance for the Risk Based Verification module costs £18, 880 per annum. The Benefits Service have sufficient funding within the current budgets to continue the use of this module and thereby support the ongoing requirement to carry out risk based verification. Additionally, as the quantity of Universal Credit claims increases in the area for working age customers in the future, the Benefits Service establishment will be reviewed.

6.0 Risks

- 6.1 If there is no ongoing policy in place to support the use of RBV, the DWP could reclaim a significant amount of subsidy from the authority.
- 6.2 CallCredit who monitor the number of High, Medium and Low risk cases of new claims are satisfied that our RBV process is working as it should. A proportion of cases remain subject to random sampling and therefore whilst an individual claim may be low risk, it may still be determined as high risk to ensure that the process is working. The system has a management reporting tool which enables the monitoring of cases and whilst assessors can increase the risk level allocated to a claim if necessary they are unable to reduce the risk level.

7. Alternative option(s) considered

7.1 We could insist that all customers continue to provide original documents to support all information completed on their Benefit and Reduction claim form.

8. Background

8.1 DWP circular S11/2011 (*appendix 1*) provided permission for authorities to adopt a risk based verification approach in the assessment of Benefit claims following a number of successful pilots. This approach has been found to be successful in preventing fraud and error from entering the benefits system, it helps to make financial savings whilst at the same time improving the service for our customers.