

READING BOROUGH COUNCIL

REPORT OF DEPUTY CHIEF EXECUTIVE

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	24 JANUARY 2023		
TITLE:	HOUSING BENEFIT & COUNCIL TAX SUPPORT SCHEME - RISK BASED VERIFICATION POLICY 2023/24		
LEAD COUNCILLOR:	COUNCILLOR TERRY	PORTFOLIO:	CORPORATE AND CUSTOMER SERVICES
SERVICE:	FINANCE	WARDS:	BOROUGHWIDE
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report proposes the continued use of the Council's Risk Based Verification (RBV) process in 2023/24. Risk Based Verification was introduced by the Council in June 2010 following recommendation by the Department of Work and Pensions. The process enables the Council to streamline the processing of new claims for both Housing Benefit payments and Council Tax Support, thereby enabling customers to receive decisions sooner. The approach also helps mitigate risk and fraud entering the system.
- 1.2 All Local Authorities opting to apply risk-based verification are required to have in place a Policy detailing the risk profiles, verification standards which will apply and the minimum number of claims to be checked. The Policy must be reviewed annually but not changed in-year and it is considered good practice for the Policy to be examined by the authority's Audit and Governance Committee.
- 1.1 The Council's Risk Based Verification Policy principles remain unchanged from 2022/23.

2. RECOMMENDED ACTION

- 2.1 That the Committee agree:
- a) the Council's Risk Based Verification Policy as set out at Appendix 1; and
 - b) the continued use of a Risk Based Verification approach to evidence supporting claims for Housing Benefit and Council Tax Reduction Support in 2023/23.

**Appendix 1 Risk Based Verification Policy 2022/23 & Desk Aid (Appendix A)
(NOT FOR PUBLICATION By virtue of paragraph(s) 7 of Part 1 of Schedule 12A of the Local Government Act 1972.)**

3. POLICY CONTEXT

- 3.1 The Policy as attached at Appendix 1 sets out the arrangements for verifying the evidence needed to support claims for Housing Benefit and Local Council Tax Support. Its objective is twofold: firstly, to provide more efficient and effective processing of claims and thereby improve customer service, and secondly, to more accurately detect fraud and error at the time claims enter the benefits system.

- 3.2 In deciding benefit entitlement, the Council must adhere to the legal rules for Housing Benefit and Local Council Tax Support. The regulations do not specify the evidence and information that must be obtained in connection with claims but do specify that evidence must be reasonably required to provide for an accurate assessment of benefit entitlement.
- 3.3 Risk Based Verification is an automated process that sits alongside the Council's on-line application form. It risk scores new benefit claims and categorises them as either low, medium or high risk. This enables speedier processing of low risk claims and more intense verification activity to be targeted at claims presenting with a potentially higher risk of fraud and error.
- 3.4 Risk Based Verification is also used by the Department for Work and Pensions (DWP) and is applied to all Universal Credit claims.
- 3.5 The risk score is derived from a mathematical assessment based on historical intelligence and statistical information about which claim types represent risks.
- 3.6 Risk scoring means officers can focus resources on new claims with a higher risk of fraud and error by allowing a reduced level of verification on lower risk claims. RBV has been shown to be effective in identifying fraud and error whilst also improving customer service. It has an immediate impact on work processes allowing resources to be targeted more effectively and improving new claim processing times.
- 3.7 The continued use of Trust ID scanners by the Customer Services Team assists in identifying cases where queries or concerns exist over a customer's identity. Trust ID scanners carry out advanced-level checks on original identity documents, to assist in identifying fraudulent documents.

4. THE PROPOSAL

- 4.1 It is recommended that the Policy as set out at Appendix 1 is approved and that the Council continue with its current approach to RBV as per the guidance issued by the Department for Works and Pensions in November 2011 - HB/CTB Circular S11/2011.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 This Policy supports ensuring that Housing Benefit and Local Council Tax Support claims are processed quickly and efficiently enabling recipients to sustain their tenancies with the minimum impact on their requirement to provide evidence to support their claims
- 5.2 It also ensures a fair and consistent approach to claim processing whilst protecting the financial stability of the Council by safeguarding against fraud entering the system.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 The requirements for Local Authorities that have adopted a risk-based verification process state that the information held in the Policy, which includes the risk categories, should not be made public due to the sensitivity of its contents (HB/CTB Circular S11/2011).

7. EQUALITY IMPACT ASSESSMENT

7.1 The Risk Based Verification approach applies equally to all claimants; therefore, no equalities issues arise.

8. LEGAL IMPLICATIONS

8.1 HB/CTB Circular S11/2011 sets out the legal implications and best practice recommendations should an authority choose to implement a Risk Based Verification approach.

8.2 Housing Regulation 86 and Council Tax Benefit Regulation 72 of the Social Security Act 1992 sets out the minimum level of evidence required and HB/CTB Circular S11/2011 provides further guidance by advising:

- All Local Authorities opting to apply RBV will be required to have in place an RBV Policy detailing the risk profiles, verification standards which will apply and the minimum number of claims to be checked. They consider it to be good practice for the Policy to be examined by the authority's Audit and Risk Committee or similar appropriate body if they exist.
- The Policy must be submitted for Members' approval and sign-off along with a covering report confirming the Section 151 Officer's agreement. The information held in the Policy, which would include the risk categories, should not be made public due to the sensitivity of its contents.
- The Policy must allow Members, officers and external auditors to be clear about the levels of verification necessary. It must be reviewed annually but not changed in-year as this would complicate the audit process. It is also considered good practice for the Policy to be examined by the authority's Audit and Governance Committee. The Policy must be submitted for Members' approval and sign-off along with approval from the Section 151 Officer.

9. FINANCIAL IMPLICATIONS

9.1 The on-going costs for the software and support are £2.5k per annum which is met from within the service budget.

9.2 There are subsidy implications if the Council does not have an RBV policy and does not apply the standards within its HB claims as stipulated in its RBV Policy. Failure to do this will cause the expenditure to be treated as Local Authority error. The auditor will identify this error and if deemed necessary extrapolate the extent and, where appropriate, issue a qualifying letter. In determining the subsidy implications, the extrapolation of this error will be based on the RBV cases where the error occurred.

10. ENVIRONMENT AND CLIMATE CHANGE IMPLICATIONS

10.1 None arising.

11. BACKGROUND PAPERS

11.1 HB/CTB Circular S11/2011

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/633018/s11-2011.pdf