

Report to Portfolio Holder for Housing, Health and Well-Being

Subject: Risk Based Verification Policy

Date: 27th May 2021

Author: Housing and Welfare Support Manager

Wards Affected:

All

Purpose

To obtain approval to cease Risk Based Verification process and cancel the accompanying policy document which applies to all new claims for Housing Benefit and Council Tax Reduction to enable assessment of risk and claim verification to be undertaken on a case by case basis for all new claims.

Key Decision

This is not a key decision.

Recommendation(s)

That the Portfolio Holder for Housing, Health and Well-Being:

- 1) Approves the cancelation of the Risk Based Verification Policy and process with immediate effect.

1 Background

- 1.1 Risk Based Verification is a process, undertaken using software, which categorises new benefit claims into low, medium or high risk claims. The categorisation of the claim then determines the level of checks and verifications to be undertaken on that particular claim. The higher the risk of fraud or error, the greater the level of verification and checks required. There is always a requirement to comply with relevant legislation (Social Security Administration Act 1992, section 1 relating to production of National Insurance numbers to provide evidence of identity) when

assessing new claims, however utilising the RBV process, categorises the risk of fraud or error per claim which enables maximum use of intelligence to target more extensive verification activity on those claims shown to be at greater risk of fraud or error.

- 1.2 The Department for Works and Pensions guidance outlined in circular S11/2011 allowed authorities to implement Risk Based Verification processes similar to those practiced on aspects of claims in Jobcentre Plus, as long as there is a Risk Based Verification Policy in place. This policy should detail the risk profiles, verification standards which would apply to each risk level (low, medium and high) and the minimum number of claims to be checked per annum.
- 1.4 On the 19 June 2012, the Portfolio Holder for Finance and Performance authorised the implementation of a Risk Based Verification Policy to be introduced in Gedling to be used in the assessment of benefit claims. This policy states that this would only apply to new claims for Housing Benefit and Council Tax Reduction.
- 1.5 The Council operates third party Risk Based Verification software from a company called Trans Union to undertake the RBV process. The software utilises complex algorithms to determine the relevant risk score from each new claim, These risk scores have been applied to all new claims received since April 2013. Depending on the risk score, different levels of verification on a claim will be undertaken.
- 1.6 Trans Union have now served the Council the appropriate notice to terminate the service from 1 October 2021. With the national rollout of Universal Credit in 2018, the total number of new claims being submitted for Housing Benefit has dramatically decreased meaning that Trans Union no longer feel the software is cost effective and viable enough to maintain.
- 1.7 The table below shows the Council's decrease in new claims for Housing Benefit and Council Tax Reduction over the last 5 financial years to date. The significant decrease occurring in those claimants seeking assistance towards their rent via Housing Benefit as these claims are now subject to Universal Credit regulations. There has been an upturn in Council Tax Reduction claims during 2020/21 but this is solely attributed to the Covid-19 outbreak and it is projected that once this subsides the number of new claims will again reduce in line with previous years.

Financial Year	Housing Benefit claims received	Council Tax Reduction claims received
2016/17	1717	2134
2017/18	1628	1978
2018/19	1274	1910
2019/20	410	1635

2020/21 to date	322	2202
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- 1.8 The Council currently operates Civica OpenRevenues software to accept and process new claims for Housing Benefit and Council Tax Reduction. The risk based verification software Trans Union, integrates into the Civica OpenRevenues software to ensure the risk score generated is transferred onto each independent claim correctly, ensuring the relevant verification process can be undertaken based upon that risk calculated. The Council has been in contact with Civica directly regarding the termination of the Trans Union service. They have confirmed that they are not aware of any other companies that provide Risk Based Verification software. Furthermore, they are therefore unable to comment on the integration capabilities of any other software with their product.
- 1.9 Since the introduction of Risk Based Verification in 2012, the means by which the Council collects and collates evidence in support of claims for Housing Benefit and the Council Tax Reduction scheme have improved. Previously the responsibility for providing evidence to verify claims sat directly with the applicant, which delayed the award and involved high levels of administration by officers to collate all the required data to verify a claim. However, the majority of the evidence required to verify claims can now be obtained directly from the Department for Works and Pensions and/or HMRC databases without the need for contacting the applicant directly. There will always be exceptions where the customer will be contacted, but these customers are now able to email in or upload evidence meaning that claims can be processed more efficiently. Therefore, due to the improved methods available to obtain the required evidence needed to process applications and the continuing reduction in the number of new applications received, verification of claims by officers is less resource intensive. The RBV enabled a categorising of claims into risk groups so that resource could be focused on higher risk claims. With fewer claims and no categorisation, officers will undertake verification on all cases to the same standard. In essence the risk is now assessed by the officer rather than via software, and verification undertaken on a case by case basis. It is not envisaged that the removal of the Risk Based Verification process will create a significant amount of additional work for the Welfare Support Team.

2 Proposal

- 2.1 The Department for Works and Pensions guidance clearly states that the Council should not adapt their Risk Based Verification Policy and procedures mid financial year, as it affects the auditing of claims, however, this is guidance and not a statutory requirement. Following cessation of the software, the Council will be unable to perform the RBV risk categorisation

process, as such the policy can no longer be applied unless a different software is provided, or the Council come up with an alternative solution. As no alternative software company has been identified that provides the risk based verification software and due to the significantly decreasing numbers of new claims received compared to previous financial years, it is proposed that the current Risk Based Verification Policy and process should be cancelled with immediate effect. There will still be a need to verify the information provided for each new application but this assessment will be carried out by officers on a case by case basis. Where required, further checks will be undertaken on the information and content of the application submitted. These checks will be in accordance with legislative requirements with enhanced checks where officers feel this is necessary. Again, the verification checks are now less demanding given the information available from the DWP and other partner agencies.

- 2.2 All new claims for Housing Benefit will again be processed in accordance with the requirements of Regulation 86 of the Housing Benefit General Regulations 2006, which requires the authority to determine what evidence is “reasonably required” to support a claim. Furthermore Council Tax Reduction claims will be administered in accordance with the Councils current Council Tax Reduction scheme as stated in Section 1 of the Social Security (Administration) Act 1992 (verification of National Insurance Numbers).

3 Alternative Options

- 3.1 The Council is not aware of any other supplier of Risk Based Verification software. Should the proposal to end the current Risk Based Verification Policy and process be declined and claims continue to be assessed under the 3 risk categories, set out in the policy during the 2021/22 financial year, work would need to be undertaken to establish if there are other providers that could provide similar software. Once identified, further work would need to be undertaken to establish if the software would integrate successfully into the Civica OpenRevenues software. The cost of any new Risk Based Verification software and any associated integration costs are unknown but given the reduction in claims, it is likely such a cost would be disproportionate taking into account the cost of the current RBV software.
- 3.2 Should no suitable third party software options be identified, the Council would need to design and implement its own manual algorithms which would need to be applied to all new claims received after 1 October 2021. As the Risk Based Verification Policy should not be changed mid-year these manual processes would be needed to calculate and allocate one of the 3 prescribed risk groups as set out in the policy.

4 Financial Implications

- 4.1 The current cost for the Trans Union Risk Based Verification software is £15,805 p/a.. The base budget for this software is included within the IT systems and maintenance budget, approval of this proposal would result in an ongoing revenue saving from 1 October 2021.
- 4.2 The Local Government Sales Manager from Civica has confirmed there is nothing further for the Council to do to end the scheme and there is no additional associated costs due by ending the service.
- 4.3 Previously home visits were undertaken by Customer Services and recharged accordingly, however, the reduction in claims has resulted in a reduced number of home visits over the years and the resource available within the current Housing Needs is now sufficient to cover home visits at this reduced level.

5 Legal Implications

- 5.1 From cessation of the RBV process, all new claims for Housing Benefit will be processed in accordance with the requirements of Regulation 86 of the Housing Benefit General Regulations 2006 as detailed below:-

86.—(1) Subject to paragraph (2) and to paragraph 5 of Schedule A1(1) (treatment of claims for housing benefit by refugees), 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.

The requirement to check claims to ensure they are legitimate remains, the process for making such checks however will change with the removal of RBV. It will be for officers, to determine how much information is required in each case to verify a claim.

- 5.2 Furthermore, Section 1 of the Social Security (Administration) Act 1992 (verification of National Insurance Numbers) will also be adhered to, which states that Council Tax Reduction claims will be administered in accordance with the Councils current Council Tax Reduction scheme.
- 5.3 Access to personal data from other systems and organisations such as HMRC is in compliance with Data Protection legislation and appropriate data sharing agreements are in place with relevant agencies to enable

access to their systems.

- 5.4 Whilst DWP guidance provides that RBV policies should not be changed mid-year, this is guidance rather than a statutory requirement. There are exceptional circumstances existing in relation to software provision that mean it is not proportionate or practical to continue with the current RBV process, as such whilst the guidance is not being followed, the Council do not have the capability to continue to categorise risk in the same way, nor does the volume of claims warrant such categorisation.

6 Equalities Implications

- 6.1 There are no direct equalities implications arising from the cancellation of this policy and process. Claims will still be assessed on a case by case basis and equalities considerations taken into account during the processing of new claims.

7 Carbon Reduction/Environmental Sustainability Implications

- 7.1 None perceived

8 Appendices

- 8.1 None

9 Background Papers

- 9.1 Risk Based Verification Policy

10 Reasons for Recommendations

- 10.1 The current Risk Based Verification software provider has provided written confirmation that they propose to cease providing the service from 1 October 2021 as the scheme is no longer financially viable for them to maintain. The impact of the national rollout of Universal Credit has directly affected the number of new claims for Housing Benefit being made. This has been attributed as to the main reason Trans Union has decided to end the service.
- 10.2 The continuing reduction in new claims for both Housing Benefit and Council Tax Reduction scheme over the past 5 years.
- 10.3 A saving of £15,805 on the current annual maintenance fee for the Trans Union Risk Based Verification software.

Statutory Officer approval

Approved by:

Date:

On behalf of the Chief Financial Officer

Approved by:

Date:

On behalf of the Monitoring Officer