WEST NORTHAMPTONSHIRE COUNCIL AUDIT AND GOVERNANCE COMMITTEE

22 June 2022

Report Title	Housing Benefit and Council Tax Reduction Risk Based Verification

Report Author	Martin Henry, Executive Director, Finance

Contributors/Checkers/Approvers

MO (for West and joint papers)	Catherine Whitehead	13th July 2022
S151 (for West and joint papers)	Martin Henry	13th July 2022

List of Appendices

Exempt Appendix A - Risk Based Verification Policy 2022 - 2023

1. Purpose of Report

1.1 The purpose of this report is to ask members of this Committee to consider the report and Risk Based Verification policy for Housing Benefit and Council Tax Reduction new claims and to recommend the policy to Cabinet for approval.

2. Executive Summary

2.1 Risk Based Verification (RBV) is a method of applying different levels of evidence checks to new claims for Housing Benefit and Council Tax Reduction based on the risk associated with those claims. Local Authorities are still required to comply with evidence required for identity and National Insurance numbers, but RBV allows the

authority to target more extensive verification activity at those claims considered to be high risk.

2.2 Local Authorities adopting Risk Based verification are required to have a policy in place detailing the risk profiles and the verification standards. This policy must be considered by members of Audit Committee each year with a covering report confirming the recommendation to Cabinet and S151 Officer.

2.3 RBV was introduced in the former area of South Northants in 2014 along with an online claim form for new claims. The impact was carefully monitored and has had a positive impact on both performance and on customers who can apply online and are clear on the level of evidence required to support their claim.

2.4 The West Northants Revenues and Benefits service has undergone a complete restructure to introduce a single in-house service from November 2021. However, there are still separate software systems in place at present pending a proposal to harmonise the systems and to introduce one single software systems for West Northants. The proposal is to retain RBV for claims in the former South Northants area and then to introduce RBV incrementally across the other sites as the software systems are harmonised.

3. Recommendation

3.1 it is recommended that the meeting;

1) Note the contents of the report and the related appendix.
2) Considers the West Northamptonshire's Risk Based Verification policy for Housing Benefit and Council Tax Reduction new claims, which is currently in use in the former South Northants area and that will be introduced incrementally across the former Daventry and Northampton areas as software systems are harmonised.
3) Recommends the Policy to cabinet for approval.

4. **Reason for Recommendations**

4.1 To enable a Risk Based Verification policy for Housing Benefit and Council Tax Reduction new claims to be approved for the financial year 2022- 2023.

5. **Report Background**

5.1 The Verification Framework Policy (VF) was introduced by the Department for Work and Pensions (DWP) as guidance, in line with the Social Security Administrative Act 1992, for administering Housing Benefit and Council Tax Benefit claims. Under the VF framework Local Authorities are required to obtain a substantial amount of evidence

from customers before determining a claim for benefit. This is difficult for both customers and the administration of Housing Benefit.

5.2 In 2011, the DWP allowed a limited number of Councils to pilot a scheme to reduce the cost of the claim verification process and, at the same time, reduce fraud and error based on risk-based verification principles. It was an approach used by Job Centres and now underpins Universal Credit.

5.3 The pilots were successful and the DWP allowed Councils to adopt the new approach on a voluntary basis. Department for Works and Pensions (DWP) Circular S11/2011 sets out guidance for Local Authorities operating Risk Based Verification for Housing Benefit and Council Tax Benefit.

5.4 Risk Based Verification is a method of applying different level of checks to benefit claims according to the risk associated with those claims. Local Authorities are still required to comply with legislation around evidence of National Insurance Numbers to verify identity while making use of intelligence to target more extensive verification activity on those claims shown to be at more risk of fraud and error.

5.5 Risk Based Verification assigns a risk category to each claim: Low, Medium or High Risk. Only minimal essential checks would be made to Low-risk claims, whereas High risk claims would be subject to more extensive verification.

5.6 While Risk Based Verification is voluntary, Local Authorities opting to adopt it are required to have a policy in place detailing risk profiles and verification standards. The policy must be submitted for Member approval along with a covering report providing the recommendation / approval of the Section 151 officer.

5.7 The Policy should be reviewed annually and the impact on fraud and error is monitored against a robust baseline figure which measures the detection of fraud and error on claims found after assessment.

5.8 Due to the COVID-19 pandemic, the DWP issued guidance to Local Authorities in April 2020, and again in May 2021, that the requirement to request verification and to undertake an annual review of the Risk Based Verification policy was suspended until March 2022.

6. **Issues and choices**

6.1 The Risk Based Verification Policy for the financial year 2022/23 must be considered by members of Audit and Governance Committee and by the S151 Officer.

6.2 As previously highlighted in this report currently only the former South Northants area currently offers a Risk Based Verification approach to new claims. An online

application form is also available for new claims and this offers our customers the option of applying for Housing Benefit and Council Tax Reduction online and have immediate confirmation of the verification required to support their new claim. For customers who cannot apply online there are hard copy forms available.

6.3 Each new claim received is allocated a risk score in real time based on low, medium, or high risk. The evidence requirements will differ based on the risk score assigned with high risk requiring greater evidence to support claims. The evidence requirements are set out in the RBV Policy. Around 68% of claims in the former South Northants area are classed as low risk, 21% medium risk and 11% high risk.

6.4 The performance in benefits is measured in part, by two national indicators. The performance indicator for new claims is based on the number of new claims assessed and average number of days taken to assess the new claims. The performance date contained in the table at 6.6 of this report indicates that RBV continues to have a positive impact on performance in the former South Northants area.

6.5 The former Daventry and Northampton areas do not currently operate a Risk Based Verification approach to new claims and currently request levels of verification based on the DWP VF Framework. If approved RBV and the related policy will be rolled out across all areas as soon as the system harmonisation allows. This approach has been discussed with our external auditors who complete the Housing Benefit subsidy audit process.

6.6 The table below shows the average number of days taken to process a new claim for Housing Benefit and Council Tax Reduction by former area and compares the data to the national average time taken to assess new claims. Performance in the former South Northants area has been consistently strong and well below the national average and indicates that RBV continues to have a positive impact on performance and our customers.

	Daventry	**Northampton**	**South Northants**	**National average**
2016/17	27.37 days	23.91 days	13.24 days	21 days
2017/18	28.20 days	27.52 days	10.34 days	22 days
2018/19	25.44 days	26.59 days	9.30 days	19 days
2019/20	25.26 days	20.11 days	6.83 days	17 days
2020/21	21 days	24.99 days	12.73 days	19 days
2021/22	22.71 days	42.83 days	11 days	19 days

6.7 Members are asked to consider the Policy shown at the exempt Appendix A of this report. RBV will remain in place for any new claims received from customers living in the former South Northants area and will be introduced incrementally to the former

Daventry and Northampton areas. Until this is done Daventry and Northampton customers will be asked to provide evidence as prescribed by the DWP Performance Framework.

7. Implications (including financial implications)

7.1 Resources and Financial

7.1.1   RBV has a positive impact on resources as a reduced level of verification is required.

7.1.2   There are no immediate financial implications directly related to this report.

7.2 Legal

7.2.1   There is a requirement for the RBV Policy to be considered by Audit and Governance Committee and members of this Committee are asked to recommend it to Cabinet for approval. Section 151 Officer must also agree the recommendation and Policy. The information held in the Policy, which includes the risk categories, should not be made public due to the sensitivity of its contents

7.3 Risk

7.3.1   No risks have been identified as a direct result of this report.

7.4 Consultation

7.4.1   Consultation has taken place with our external subsidy claim auditors who have confirmed that they are happy with this approach.

7.5 Consideration by Overview and Scrutiny

7.5.1   Not yet considered by committee.

7.6 Climate Impact

7.6.1   No impacts identified

7.7 Community Impact

7.7.1   No specific impacts have been identified. An equality impact assessment has been completed. Once introduced RBV applies to all new claims for Housing Benefit and Council Tax Reduction. The mathematical model used to determine the risk score does not consider any of the protected characteristics contained within the Equalities Act and as such there are no equalities issues to note.

7.8 Communications

7.8.1   No specific requirements identified at this stage

8   Background Papers   None.