

Appendix 1: Risk Based Verification Policy

Torbay Council  
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## Risk Based Verification Policy

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### Version Control

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1	March 2016	Draft – Version 1
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3	July 2016	Final
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5	September 2017	Final

## 1. Introduction

The Department for Work and Pensions (DWP) issued circular S11/2011. This contained details of the DWP's policy on the use of Risk Based Verification for Housing Benefit and Council Tax Benefit. Although Council Tax Benefit was abolished from 1st April 2013, Risk Based Verification is being used for Torbay Council's localised Council Tax Support scheme.

This document outlines the legislative frameworks that apply to Risk Based Verification, Torbay Council's approach and the levels of verification that will be required to support a claim and ongoing award for Housing Benefit and Council Tax Support.

## 2. Background

Housing Benefit and Council Tax Support schemes nationally cost in the region of £29 billion in 2015. Ensuring that the right help is awarded is crucial both to the customers and the taxpayers. Combating fraud and reducing error is a key component of this.

The Verification Framework Policy was introduced by the DWP as guidance, in line with the Social Security Administration Act 1992, for administering Housing and Council Tax Benefit claims. This policy recommended that local authorities should obtain substantial evidence before determining claims for benefit. Although voluntary, it was adopted by the majority of councils to ensure that the correct amount of benefit was paid, that subsidy was maximised and that fraud was minimised.

In 2011, the DWP allowed a limited number of councils to pilot a scheme to try to reduce the cost of the verification process and, at the same time, reduce fraud and error based on risk based verification principles. It is an approach used by Job Centre Plus and will underpin Universal Credit when it is fully implemented.

The pilots were successful and the DWP subsequently extended Risk Based Verification so that all councils can adopt this approach for Housing Benefit and Council Tax Support claims. This is summarised in circular S11/2011.

Torbay Council administers around 8,000 new claims annually for Housing Benefit and Council Tax Support. This policy has been developed to underpin a regime of preventing fraud and error from entering the system whilst continuing with live caseload intervention.

The policy takes into account that Torbay Council must adhere to Housing Benefit and Council Tax Support legislation. The regulations do not specify what information and evidence the Council should obtain from a customer. However, it does require an authority to have information which allows an accurate assessment of a customer's entitlement, when a new claim application is received.

The Councils legal obligation to verify information for Housing Benefit claims is defined in Housing Benefit Regulation 86 which states;

*“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.”*

Furthermore; Section 1 of the Social Security (Administration) Act 1992 dictates a National Insurance number must either be stated or enough information provided to trace or allocate one. This legislation applies to both customers and their partners.

*(1A) No person whose entitlement to any benefit depends on his making a claim shall be entitled to the benefit unless subsection (1B) below is satisfied in relation both to the person making the claim and to any other person in respect of whom he is claiming benefit.*

*(1B) this subsection is satisfied in relation to a person if–*

*(a) The claim is accompanied by–*

*(i) a statement of the person's national insurance number and information or evidence establishing that that number has been allocated to the person;*

*or*

*(ii) information or evidence enabling the national insurance number that has been allocated to the person to be ascertained;*

*or*

*(b) the person makes an application for a national insurance number to be allocated to him which is accompanied by information or evidence enabling such a number to be so allocated.*

Given that these requirements are at the core of the process of administering claims, they will be adhered to at all times and checked within the Quality Assurance process for Housing Benefit and Council Tax Support claim assessment.

### **3. Process**

Risk Based Verification is a method of applying different levels of checks to new claims, for Housing Benefit and Council Tax Support applications. A risk profile will be given to each customer, determined by proprietary software using statistical information and risk propensity data gathered over many years about what type of claim represents what type of risk. The higher the risk, the greater the checks used to establish that the claim is genuine.

This approach allows the targeting of resources and is very effective in identifying higher levels of fraud and error, reducing the overall cost of verifying claims and improving processing times for some low risk claims.

In adopting Risk Based Verification there is still an obligation to get all the facts and make an accurate assessment but there is not the need to gather documentary evidence in all cases.

### **4. Implementation**

Pursuant to DWP circular S11/2011 Torbay Council (hereafter referred to as 'the Council') has applied Risk Based Verification to all new claims for Housing Benefit and Council Tax Support since 1 December 2016.

The Council will use an on line application form available through the Civica W2 IT system or a hard copy form if this system is not available. The risk scoring software will be provided by Call Credit and will be integrated into the Civica Open Revenues system to produce risk scores in real time.

Each new claim will be allocated a risk score – Low, Medium or High. The evidence requirements will differ based on the risk score assigned. The evidence requirements are

contained at Appendix 1 of this policy. Circular S11/2011 confirms that local authorities have discretion to determine their own risk groups and Circular G1/2016 provides updated advice on the evidence standards required

It should be noted that a National Insurance Number and confirmation of identity must be made in all cases regardless of the risk score, in order to comply with legislation. This verification is only required on the first claim for low and medium risk cases and will not be requested again in support of any future claims, unless there has been a break in entitlement.

### **Low Risk**

Only the customer's identity will be verified in accordance with sections 1(1a) and 1(1b) of the Social Security Administration Act 1992. The only evidence required will be original documents to prove identity and National Insurance Number, unless there are exceptional circumstances where this is not possible, then photocopies or digital images will be acceptable.

If the applicant is a student original documents will be required to prove income and status, unless there are exceptional circumstances where this is not possible.

### **Medium Risk**

Cases in this group must have the same checks as low risk plus declared documentary proof for every type of income or capital. The documentation can be photocopies or digital images in this instance.

### **High Risk**

All high risk cases must have the same checks as low risk plus original documentation for each type of declared income or capital.

Original documents to prove identity and National Insurance Number must be provided for each new claim.

In addition further checks may be carried out, that will include; DWP's Real Time Information service, which provides access to HM Revenue and Customs PAYE earnings and non state pension (occupational pension) information, and in some cases a more detailed home visit within six months of the application.

## **5. Recording and Monitoring**

In line with Department of Work and Pensions guidance it is expected that around 55% of cases will be Low Risk, 25% Medium and 20% High. Baseline data has been gathered to record against the Torbay Council caseload so that this pattern can be monitored against DWP expectations.

Once a risk group has been allocated individual claims cannot be downgraded to a lower risk group. They can, however, be upgraded to a higher risk group with approval from a Team leader or Manager, if there is good reason. Cases that are upgraded will be recorded, along with the reason for doing so.

All risk scores are recorded by the Risk Based Verification software and will show on the customer's account within the Civica Open Revenues system.

As suggested by the DWP there will be a robust baseline against which to record the impact of Risk Based Verification. The figures are derived from cells 222 and 231 of the Single Housing Benefit Extract will constitute the baseline of fraud and error currently identified by the Council.

The Council will review 5% of claims from each risk group through a sample check, visit or in-claim review. This will help monitor the effect of fraud and error detection rates when compared to the baseline rate. It is expected that the level of fraud and error will reflect the level of risk in each risk group.

## **6. Training and Awareness**

Training will be provided to all staff within Customer Services and Revenue and Benefits that deal with Housing Benefit and Council Tax Support applications. This will ensure that the processes and procedures are agreed and understood.

Internal and external stakeholders will also be made aware of this process.

## **7. Business Continuity**

The ability to obtain a risk group in real time is dependent on an internet connection. If this is not available and we are unable to generate a risk score the claim will be treated as medium risk and the appropriate level of verification will be applied.

## **8. Audit Requirements**

Internal Audit have been consulted on the implementation of Risk Based Verification and on this policy. Auditors will undertake their duties based on the terms of this policy and provided cases have been assessed in line with the policy, it shall meet audit requirements.

External auditors will check during the annual certification process that the Council has followed its Risk Based Verification Policy. Failure to apply the correct verification standards could result in Housing Benefit subsidy implications and a loss of revenue for the council. This will be monitored closely to ensure subsidy is not compromised.

## **9. Equalities**

Risk Based Verification will apply to all new claims for Housing Benefit and Council Tax Support. A mathematical model is used to determine the Risk score for any claim. This model does not take into account any of the protected characteristics dealt with by the Equalities Act and applies equally to all claimants.

The course of action to be taken in respect of the risk score is governed by this policy. As such there should not be any equalities impact.

Where it is intended to carry out visits, these will be undertaken by a trained visiting officer. These officers are used to carrying out visits to the vulnerable, elderly and disabled, as these groups of claimants are often unable to access Council Services in any other way. They are also able to carry out visits to people whose first language is not English.

A full Equality Impact Assessment can be found at Appendix 2.

## **Legal Implications**

The Risk Based Verification Policy complies with the recommendations from the Department of Work and Pensions Circular HB/CTB S11/2011. It should be noted that this policy will be the basis on which the Council is audited. For this reason, the policy is approved by the Council's Section 151 Officer and Elected Members.

Any errors or fraud overpayments identified following the review of claims, will be dealt with under the Housing Benefit Regulations or the current Council Tax Support Scheme.

Call Credit record all risk score requests and an audit log of requests is generated which the Council will use to ensure that the verification process is being followed and reduced verification applied. There will be a blind sample of cases by Call Credit where the risk group will be adjusted and level of verification applied will be checked.

Reports will be provided on a monthly basis detailing the percentage of cases falling into each risk group, the fraud and error identified in each risk group and the level of fraud and error detected in the sample of blind cases.

## **10. Policy Review**

The policy will be reviewed annually and any changes will be referred to Members for approval. In accordance with DWP guidance changes will not be made in-year as this would complicate the audit process.

## 11. Policy approval

This Policy has been produced in line with Department for Work and Pensions guidance on the use of Risk-Based Verification as detailed in HB/CTB Circular S11/2011 and G1/2016.

This policy is approved by:

Head of Customer Services, Revenue and Benefits.....

Date.....

Section 151 Officer.....

Date.....



## Appendix 1 – Evidence Requirement

Type of Evidence	Subcategory	Low Risk	Medium Risk	High Risk
<b>Identity &amp; NINO</b>	Identity	Originals required unless exceptional circumstances	Originals required unless exceptional circumstances	Originals required
	Identity Separate ID for standard claims	Originals required unless exceptional circumstances	Originals required unless exceptional circumstances	Originals required
<b>Residency &amp; Rent</b>	Private Tenants		Originals, digital images or Photocopies	Originals required
	Social Landlords		Originals, digital images or Photocopies	Originals required
	Public Sector			
	Registered		Originals, digital images or Photocopies	Originals required
<b>Household Composition</b>	Partner's ID & NINO (see Identity & NINO for claimant)	Originals required unless exceptional circumstances	Originals required unless exceptional circumstances	Originals required
	Dependants		Originals, digital images or Photocopies	Originals required
	Non-Dependant Working		Originals, digital images or Photocopies	Originals required
	Non-Dependant – Passported Benefit			
	Non-dependant – no income		Originals, digital images or Photocopies	Originals required
	Non-dependant – Student		Originals, digital images or Photocopies	Originals required
<b>Income</b>	DWP State Benefits			
	Earnings, SMP, SSP		Originals, digital images or Photocopies	Originals required and Real Time Information Service checks
	Self Employed		Originals, digital images or Photocopies	Originals required – self employed form
<b>Child Care Costs</b>			Originals, digital images or Photocopies	Originals required
<b>Student Status</b>	Income & Status Required	Originals required unless exceptional circumstances	Originals required unless exceptional circumstances	Originals required
<b>Capital</b>	Below lower capital limit		Originals, digital images or Photocopies if over £5,500 - not required if under these amounts	Originals required
	Above lower capital limit		Originals, digital images or Photocopies	Originals required
	Property		Originals, digital images or Photocopies	Originals required

## Appendix 2 – Equality Impact Assessment

The Risk score profiles are determined by a propensity model; a mathematical formula which uses historical outcome data to establish the likelihood of fraud and error appearing in any given claim. Each benefit claim is analysed by the risk score software to identify if any of the characteristics associated with the occurrence of fraud and error are present. Likelihood is expressed by a risk category of high, medium or low risk’.

The course of action to be taken in respect of the risk score is governed by this policy. As such there should not be any equalities impact.

	Positive Impact	Negative Impact	Neutral Impact
Older or younger people			No adverse impact has been identified.
People with caring Responsibilities			No adverse impact has been identified.
People with a disability			No adverse impact has been identified.
Women or men			No adverse impact has been identified.
People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i>			No adverse impact has been identified.
Religion or belief (including lack of belief)			No adverse impact has been identified.
People who are lesbian, gay or bisexual			No adverse impact has been identified.
People who are transgendered			No adverse impact has been identified.
People who are in a marriage or civil partnership			No adverse impact has been identified.
Women who are pregnant / on maternity leave			No adverse impact has been identified.
Socio-economic impacts (Including impact on child poverty issues and deprivation)			No adverse impact has been identified.
Public Health impacts (How will your proposal impact on the general health of the population of Torbay)			No adverse impact has been identified.
<b>Cumulative Impacts – Council wide</b> (proposed changes elsewhere which might worsen the impacts identified above)	Not applicable for this proposal.		
<b>Cumulative Impacts – Other public services</b> (proposed changes elsewhere which might worsen the impacts identified above)	Not applicable for this proposal.		