

Appendix 1

Supporting Information and Impact Assessment

Service / Policy:	Housing Benefit and Council Tax Support Risk Based Verification
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Section 1: Background Information

1.	What is the proposal / issue? 1.1 To implement Risk Based Verification. 1.2 Risk Based Verification is a method of applying different levels of checks to different circumstances, depending on a complex mathematical risk profile given to each customer. The process works on a risk matrix which has been based on many years of experience and statistical information about which types of benefit claims present a particular risk. The data can also be matched against data for other local authorities to ensure that customers do not have a duplicate claim in progress. The higher the deemed risk, the higher amount of resource will be used to establish that the claim is correct. 1.3 Local authorities that have adopted Risk Based Verification have shown that this type of approach is very effective, both in identifying fraud and error and also in reducing the overall cost of verifying claims. It has an immediate impact on work processes because resources are targeted more effectively and in many cases the overall timescales for processing new claims have improved.
2.	What is the current situation? 2.1 Housing Benefit and Council Tax Support provides financial assistance for people receiving low income and benefits as help towards paying their rent and Council Tax. 2.2 The number of new applications and changes processed in 2015/16 was around 58,000, or 1,100 items a week. During the first quarter of this financial year it has also averaged around this amount. 2.3 Processing times for new claims are calculated from the date of the application to the date all information is received. This means if the information is not returned promptly by the customer it will have an adverse effect on performance, which is not within the control of the Council. 2.4 The type of supporting information had historically been determined by the Department for Work and Pensions' verification framework and the Council has had to adhere to these standards in order to satisfy external auditors as part of the annual subsidy certification process.

	<p>2.5 A risk based approach will alleviate these pressures as the amount of time involved in processing new claims and address changes will be greatly reduced for low risk cases. It will also support the consolidation of resources through the cross-skilling of processors and advisors, which will enable current workloads to be maintained with the reduced staffing levels.</p>
3.	<p>What options have been considered?</p> <p>3.1 Progress with the implementation of Risk Based Verification.</p> <p>3.2 Continue with the present system of verifying the same amount of evidence for all new claims and address changes. However, this is a more time consuming and costly process when compared to the benefits of Risk Based Verification.</p>
4.	<p>How does this proposal support the ambitions, principles and delivery of the Corporate Plan 2015-19?</p> <p>4.1 The introduction of Risk Based Verification will provide a quicker and less onerous service for many of the council's customers supporting the council's aspiration to deliver better and more efficient front line services.</p>
5.	<p>Who will be affected by this proposal and who do you need to consult with?</p> <p>There has been no consultation as the policy will benefit all stakeholders by reducing the burden of evidence that needs to be supplied for claims verification purposes and reducing processing times of claims.</p>
6.	<p>How will you propose to consult?</p> <p>Not applicable for this proposal.</p>

Section 2: Implications and Impact Assessment

7.	<p>What are the financial and legal implications?</p> <p>7.1 Implementation and on-going costs of the Risk Based Verification technology are contained within existing budgets.</p> <p>7.2 The contract for the Risk Based Verification IT system will run for two years and will be re-evaluated twelve months after implementation.</p> <p>7.3 There is a mandatory requirement to have a Risk Based Verification Policy that details risk profiles, verification standards and the minimum number of claims to be checked, which is set out in Appendix 2.</p> <p>7.4 The policy complies with the recommendations from the Department of Work and Pensions outlined in Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011, see Appendix 3. 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 Mayor and the Council's Section 151 Officer.</p>
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- 7.5 External auditors will check during the annual certification process that the Council has followed its Risk Based Verification Policy. Failure to do so could result in subsidy implications, meaning there could be a cost to the Council. This will be monitored closely to ensure that subsidy is not affected.
- 7.6 The verification levels laid out in Torbay's Policy is common practice and has been live in a number of other local authorities who have not had their subsidy claims challenged in this respect during their annual audit.
- 7.7 The policy must be reviewed annually but not changed in-year as this would complicate the audit process.

8.

What are the risks?

8.1 The risks are as follows:

No	Risk	Likelihood	Impact	Mitigation
1	Fraud and error will exist in low risk claims and will not be detected	Medium	Low	Ensure software will escalate a proportion of claims from low to medium risk
2	Staff having difficulties in adapting to new procedures and processes	Medium	Medium	Engage and involve staff, provide regular updates. Comprehensive training sessions will be provided prior to implementation plus ongoing support once live.
3	Cases are incorrectly escalated to a high risk score	Medium	Medium	Monitor to ensure that only the appropriate cases escalated to a high risk score
4	Loss of HB subsidy if the Policy is adopted inappropriately	Low	High	The Department for Work and Pensions requirements for the policy are set out in this report and the Council's policy has been adapted from those successfully used by other councils

8.2 The Risk Based Verification software package is delivered with reports that enable the scheme to be monitored. Blind-sampling is automated within the system to validate the process. This will move a sample of those cases identified as low and high risk to medium risk status and therefore mitigate the risk of error in the allocation of the risk category.

6.1 Furthermore assessment staff are able to increase the risk category at any time should they have concerns about an individual case. However they must never reduce a risk rating. The Risk Based Verification procedure will detail when and how this will be applied and monitored.

<p>9.</p>	<p>Public Services Value (Social Value) Act 2012</p> <p>9.1 The Council is contracted to the software supplier Civica Open Revenues to administer Council Tax, Non-Domestic Rates, BID, Housing Benefit and Council Tax Support and Crisis Support.</p> <p>9.2 To implement Risk Based Verification additional software is required that will enable the core system to fully integrate with the electronic claim form and the risk rating solution.</p> <p>9.3 Due to compatibility, the additional integration software can only be provided by our current supplier. The risk rating software, which is provided by Call Credit, can only be supplied under licence through our current software supplier, Civica Open Revenues. As a result a waiver for the procurement has been obtained.</p>
<p>10.</p>	<p>What evidence / data / research have you gathered in relation to this proposal?</p> <p>10.1 This scheme has been piloted in other local authorities and rolled out nationally from November 2011, allowing the Council to benefit from experiences of others.</p> <p>10.2 The process of applying for Housing Benefit and Council Tax Support involves the completion and submission of an application form as well as providing supporting evidence.</p> <p>10.3 The Council has complied with the Department of Work and Pensions' Verification Framework since 2003. The main feature of the Verification Framework is the requirement for the customer to provide all relevant original documents relating to their specific claim.</p> <p>10.4 Rather than requiring all customers to provide original supporting documents covering all aspects of their claims, Risk Based Verification assesses information supplied in the application form and allocates the case to a risk category.</p> <p>10.5 For the purposes of applying verification on a risk basis, each application will be ranked into one of three categories, Low, Medium and High.</p> <p>10.6 The risk category is 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.</p> <p>10.7 The software is integrated with the benefit processing software and on-line electronic forms. When a customer submits an on-line claim / application form, it is immediately risk scored with the relevant evidence requirement being displayed to the customer before the claim is finally submitted.</p> <p>10.8 The requirements for each risk group in Torbay's Policy are:</p> <p>Low Risk - the only checks to be made on cases treated as low risk are original documents to prove identity and National Insurance Number and, if the customer is a student, original documents to prove formal confirmation of status.</p> <p>Medium Risk - cases in this category 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.</p>

	<p>High Risk - all high risk cases must have the same checks as low risk plus original documentation for each declared type of income or capital.</p> <p>10.9 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 Torbay's caseload so that this pattern can be monitored against DWP expectations.</p>
<p>11.</p>	<p>What are key findings from the consultation you have carried out?</p> <p>Not applicable for this proposal.</p>
<p>12.</p>	<p>Amendments to Proposal / Mitigating Actions</p> <p>Not applicable for this proposal.</p>

Equality Impacts

<p>13</p>	<p>Identify the potential positive and negative impacts on specific groups</p> <p>10.10 Risk Based Verification assigns a risk rating to each benefit claim.</p> <p>10.11 When a risk rating is assigned no account is taken of ethnicity, gender, religion or any of the other equality strands in determining the level of verification required.</p> <p>10.12 Risk Based Verification does not have any direct equality and diversity issues as all cases are treated the same.</p> <p>10.13 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.</p>		
	<p>Positive Impact</p>	<p>Negative Impact & Mitigating Actions</p>	<p>Neutral Impact</p>
<p>Older or younger people</p>			<p>No adverse impact has been identified.</p>
<p>People with caring Responsibilities</p>			<p>No adverse impact has been identified.</p>
<p>People with a disability</p>			<p>No adverse impact has been identified.</p>
<p>Women or men</p>			<p>No adverse impact has been identified.</p>
<p>People who are black or from a minority ethnic background (BME) <i>(Please note Gypsies / Roma are within this community)</i></p>			<p>No adverse impact has been identified.</p>
<p>Religion or belief (including lack of belief)</p>			<p>No adverse impact has been identified.</p>
<p>People who are lesbian, gay or bisexual</p>			<p>No adverse impact has been identified.</p>
<p>People who are transgendered</p>			<p>No adverse impact has been identified.</p>
<p>People who are in a marriage or civil partnership</p>			<p>No adverse impact has been identified.</p>

	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.
14	Cumulative Impacts – Council wide (proposed changes elsewhere which might worsen the impacts identified above)	Not applicable for this proposal.	
15	Cumulative Impacts – Other public services (proposed changes elsewhere which might worsen the impacts identified above)	Not applicable for this proposal.	