

**North East Derbyshire District Council**

**Cabinet**

**8 March 2017**

**Derbyshire Revenues and Benefits Initiative – Housing Benefit and Local Taxation Support Verification Policy**

**Report of Councillor P R Kerry, Portfolio Holder with Responsibility for Economy, Finance and Regeneration**

This report is public

• **Purpose of the Report**

To approve the Housing Benefit and Local Taxation Support Verification Policy as part of implementing the ongoing Derbyshire wide benefits processing initiative.

**1 Report Details**

1.1 On 25th April 2016, the Council took the decision to become part of a consortium of Derbyshire authorities working together to improve the Revenues and Benefits Service with the objective of:

- Increasing income collection on Council Tax and NNDR;
- Securing improvements in the flexibility and accessibility of the service for local residents through enabling internet access;
- Securing service efficiencies through facilitating the use of self service;
- Using data matching to reduce the potential for fraud and error;
- Securing service efficiencies by adopting a risk based approach to handling and managing housing benefit and council tax support claims;
- Participating in a Derbyshire wide group that may bring further opportunities for service improvement or efficiencies.

1.2 To enable some of the above objectives to be met, it was essential to have an intuitive online housing benefit and local council tax support claim form which has the ability to work on any mobile device. This form has now been developed, tested and we are planning to implement from 1 April 2017.

1.3 In order to enable the use of this form, the Council are required to adopt a risk based verification policy in relation to processing housing benefit and council tax support claims.

1.4 In the early 1990's the Department for Work and Pensions (DWP) introduced a "verification framework policy" for administering Housing and Council Tax Benefit claims. This was a voluntary policy that strongly recommended that local Councils

should obtain a substantial amount of documentary evidence, carry out numerous pre-payment checks and/or visits before making any payment on a new claim or processing a change in circumstances. It had to be applied to all new claims and changes, was costly, and there was little scope for local discretion. Although it was abandoned in 2006 by the DWP, most Councils, including North East Derbyshire, have continued to use at least some of the verification guidelines set out in the framework.

In 2011, the DWP allowed Councils to apply a different type of approach to reducing fraud and error, based on Risk Based Verification (RBV) principles. This concentrates on the risk profile of each claimant. Resources can then be targeted at the higher risk groups where the majority of error is likely to occur. It is an approach used by many public services as well as businesses in the commercial world aimed at preventing errors and mistakes from entering into the system at the outset.

- 1.5 The Housing Benefit and Local Council Tax Support Verification Policy in Appendix 1 will allow the Council to implement a risk based verification approach to assessing its housing benefit and council tax support claims.
- 1.6 The introduction of this policy should deliver service improvements and efficiencies within the team and for residents applying for housing benefit and council tax support. The system will feature secure data protection controls and will be able to be accessed by residents at home, via a mobile device or at the Council offices, enabling residents to process their claims online. This provides a significant improvement in access and convenience for local residents, and facilitates a more timely processing of claims. For the Council, there are significant efficiencies which include the fact that the information provided in the electronic format goes directly into the back office system therefore significantly reducing paper communication and retyping of data.

## **2 Conclusions and Reasons for Recommendation**

- 2.1 This report and the approval of the policy will enable all Housing Benefit and Local Council Tax Support claims to be assessed using risk based verification from 1<sup>st</sup> April 2017. Having this in place from 1<sup>st</sup> April 2017 will give a clear separation between financial years, therefore making the audit process smoother and more transparent.

## **3 Consultation and Equality Impact**

- 3.1 These have been considered within the policy.

## **4 Alternative Options and Reasons for Rejection**

- 4.1 The alternative option would be that the Council decides against implementing the recommendations outlined within this report. This would significantly reduce the opportunity to improve the service to our residents and disadvantage the Council in participating in the Derbyshire wide project.

## 5 Implications

### 5.1 Finance and Risk Implications

5.1.1 There are no financial implications arising out of this report.

### 5.2 Legal Implications including Data Protection

5.2.1 Legal and data protection implications have been fully considered during the production of this policy in consultation with the Data Protection Officer.

### 5.3 Human Resources Implication

5.3.1 None arising directly from this report.

## 6 Recommendations

6.1 That Cabinet approve the Housing Benefit and Local Council Tax Support Verification Policy.

## 7 Decision Information

<b>Is the decision a Key Decision?</b> (A Key Decision is an executive decision which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>District Wards Affected</b>	N/A
<b>Links to Corporate Plan priorities or Policy Framework</b>	Providing our customers with excellent services. Transforming our organisation.

## 8 Document Information

Appendix No	Title
1	Housing Benefit and Local Council Tax Support Verification Policy
<b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
<b>Report Author</b>	<b>Contact Number</b>
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# **Housing Benefit and Local Council Tax Support Verification Policy**

**March 2017**

*We speak your language*

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Polish

*Mówimy Twoim językiem*

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French

*Nous parlons votre langue*

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Spanish

*Hablamos su idioma*

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Slovak

*Rozprávame Vaším jazykom*

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Chinese

我们会说你的语言

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**CONTROL SHEET FOR  
HOUSING BENEFIT AND LOCAL COUNCIL TAX SUPPORT VERIFICATION POLICY**

<b>Policy Details</b>	<b>Comments / Confirmation (To be updated as the document progresses)</b>
Policy title	Housing Benefit and Local Council Tax Support Verification Policy
Current status – i.e. first draft, version 2 or final version	Final Version
Policy author (post title only)	Assistant Director – Finance, Revenues & Benefits
Location of policy (whilst in development) – i.e. L-drive, shared drive	
Relevant Cabinet Member (if applicable)	Cllr P Kerry, Portfolio Holder with Responsibility for Economy, Finance and Regeneration
Equality Impact Assessment approval date	n/a
Partnership involvement (if applicable)	
Final policy approval route i.e. Cabinet/ Council	Cabinet
Date policy approved	8 <sup>th</sup> March 2017
Date policy due for review (maximum three years)	March 2020
Date policy forwarded to Improvement (to include on Intranet and Internet if applicable to the public)	

## **1. Introduction**

In the early 1990's the Department for Work and Pensions (DWP) introduced a "verification framework policy" for administering Housing and Council Tax Benefit claims. This was a voluntary policy that strongly recommended that local Councils should obtain a substantial amount of documentary evidence, carry out numerous pre-payment checks and/or visits before making any payment on a new claim or processing a change in circumstances. It had to be applied to all new claims and changes, was costly, and there was little scope for local discretion. Although it was abandoned in 2006 by the DWP, most Councils, including North East Derbyshire, have continued to use at least some of the verification guidelines set out in the framework.

In 2011, the DWP allowed Councils to apply a different type of scheme to try to reduce fraud and error, based on Risk Based Verification (RBV) principles. This concentrates on the risk profile of each claimant. Resources can then be targeted at the higher risk groups where most of the fraud and error is likely to be. It is an approach used by many public services as well as businesses in the commercial world, from finance to the police and immigration authorities.

This policy is approved by the Section 151 Officer as it will form the guidance for internal and external audit of benefit claims. Recent guidance has stated that any RBV policy adopted should indicate the start date and that claims should be clearly marked as having gone through the process, to enable auditors to differentiate sampling when conducting audits.

## **2. Scope**

RBV principles will apply to new claims and change of circumstances for Housing Benefit and Council Tax Support claims from March 2017. This approach is being adopted to reduce the burden on customers to provide excessive evidence, reduce the time spent by customer service advisors photocopying and authorising original documents and to reduce the cost of administering claims, for example postage costs of letters to claimants requesting documentary proof. It will also allow more resources to be targeted at high risk claims.

## **3. Principles**

The policy will link to the Council's Corporate Plan aims by;

- Providing Our Customers with Excellent Service
- Transforming our Organisation

The policy will also link to the Council's Corporate Plan priorities of;

- Process all new Housing Benefit and Council Tax Support claims within an average of 21 days.
- Process changes to Housing Benefit and Council Tax Support within an average of 9 days.
- Through successful delivery of projects within the Transformation programme, achieve total savings/income of £600,000 by March 2019.

- Increase on-line self service transactions dealt with by the Contact Centre by 20% per year.

#### 4. Statement

##### Background

North East Derbyshire District Council must adhere to Housing Benefit and Local Council Tax Support legislation. The regulations within the legislation do not specify what information and evidence they should obtain from a customer. However, it does require an authority to have information which allows an accurate assessment of a claimant's entitlement, both when a claim is first made and when the claim is reviewed.

Housing Benefit Regulation 86 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 those requirements are at the core of the process of administering claims these shall be adhered to at all times and be considered process within the Quality Assurance checks completed on Housing Benefit and Local Council Tax Support claims assessed.



## Risk Based Verification

North East Derbyshire District Council have implemented an ICT solution for Risk Based Verification following a fundamental service review process which highlighted a significantly high percentage of time was being used in verifying and requesting documentation. Risk Based Verification is a method of applying different levels of checks to Housing Benefit and Local Council Tax Support claims according to the risk associated with those claims. This allows officers to target activity toward checking those cases deemed to be at highest risk of involving fraud and/or error. The purpose of Risk Based Verification is to increase the levels of fraud and error detected by focusing resource appropriately.

The process of Risk Based Verification can be used for assessing New Housing Benefit and/or Local Council Tax Support Claims and also incorporates associated changes in circumstances.

For the purposes of applying verification on a risk basis, each claim is ranked into one of three categories i.e. Low, Medium and High Risk. The table at *Appendix 1* shows the requirement to be upheld dependent on the risk grouping. A national Insurance number and identity confirmation must be made in all cases irrelevant of the risk grouping; this is to comply with the aforementioned legislation.

### Low Risk

The only checks to be made on cases classed as low risk are proof of identity and a National Insurance number. The Council will utilise the data available from the Department for Works and Pensions.

### Medium Risk

Cases in this category should be treated as based on the original Verification Framework policy but the documentation can be photocopies in this instance.

### High Risk

For high risk cases original documentation is recommended and there must be an additional check above that of medium risk. This can be by using a Credit Reference Check (CRA) to determine if there are any discrepancies between the information provided by the customer on a claim form and the information available via CRA checks, or by other methods e.g. visits, interviews etc.

### Recording and Monitoring

In line with Department of Work and Pensions estimates, around 55% of cases could be Low Risk, 25% Medium and 20% High.

All risk scores are recorded by the software used to process claims and they must be recorded on the assessment officers record posted to a customer's account. North East Derbyshire District Council also performs a minimum of 2% blind sampling which means cases from lower categories are upgraded to test the software assumptions and this information can be fed back into the propensity models, provided by the supplier, to support the parameters of the Risk Based Verification portal. Cases cannot be downgraded by an assessment officer; they can be increased though with approval from a Team Leader. Cases which are upgraded will be done so with supporting explanation.

North East Derbyshire District Council will monitor the risk scoring splits on a monthly basis by using ICT tools available. The reports will show the categories of risk by percentage and the level of fraud across the authority in comparison to a baseline position. Information will be derived from cells 222 and 231 within the Single Housing Benefit Extract (SHBE), which is provided to the DWP, in order to be able to produce statistical data.

North East Derbyshire District Council also undertakes to carry out targeted interventions each year. This will help monitor the effect of Fraud and Error detection rates compared to the baseline rate. It is expected that the levels of Fraud and Error will be small in Low Risk cases, increased in Medium Risk cases and highest in High Risk cases.

This Policy has been produced in line with Department of Work and Pensions guidance on the use of Risk Based Verification circular S11/11.

### Equalities Impact

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 specified by the Equality Act 2010; the authority nevertheless has a statutory duty to have due regard to equality in all its functions.

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.

### Legal Implications

The risk based verification policy complies with the recommendations from the Department of Work and Pensions (DWP) outlined in Housing Benefit and Council Tax Benefit 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 must be 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, as they are now..

## **5. Responsibility for Implementation**

This policy will form an integral part of the processes and procedures that operate within the Revenues and Benefits Section and will be the responsibility of the Assistant Director – Finance, Revenues & Benefits.

## Appendix 1

Type of Evidence	Sub-category of evidence	Low Risk	Medium Risk	High Risk	
<b>Identity and S19 (NINO)</b>	Identity	Originals or Photocopies	Originals or Photocopies	Originals required	
	S19 NINO	Originals or Photocopies accepted	Originals or Photocopies accepted	Originals required	
<b>Residency/Rent</b>	Private Tenants		Originals or Photocopies accepted	Originals required	
	Social Landlords		Originals or Photocopies accepted	Originals required	
	Public Sector				
	Registered		Originals or Photocopies accepted	Originals required	
<b>Household Composition</b>	Partner ID/S19/Income/Capital	Originals or Photocopies accepted	Originals or Photocopies accepted	Originals required	
	Dependants under 18		Originals or Photocopies accepted	Originals required	
	Non-dependants - remunerative work			Originals or Photocopies accepted	Originals required
	Non-dependants – passported benefit				
	Non-dependant - student		Originals or Photocopies accepted	Originals required	
	Non-dependant - not in remunerative work/other			Originals or Photocopies accepted	Originals required
<b>Income</b>	State Benefits				
	Earnings/SMP/SSP		Originals or Photocopies accepted	Originals required	
	Self employed earnings		Originals or Photocopies accepted	Originals required	
<b>Child Care Costs</b>			Originals or Photocopies accepted	Originals required	
<b>Student Status</b>	Income also required	Originals or Photocopies accepted	Originals or Photocopies	Originals required	

<b>Capital</b>	Below lower capital limit		Originals or Photocopies accepted if over £5500 for Working Age or over £9500 for Elderly - not required if under these amounts	Originals if over £5500 for Working Age or over £9500 for Elderly - not required if under these amounts
	Above lower capital limit		Originals or Photocopies	Originals required
	Property		Originals or Photocopies accepted	Originals required