

RISK BASED VERIFICATION REVIEW

1. INTRODUCTION AND PURPOSE OF REPORT

- 1.1 The Revenues & Benefits Service adopted a Risk Based Verification (RBV) policy for dealing with evidence requirements in support of new claims for both Housing Benefit and Council Tax Support in 2012 as a way of improving processing times and reducing administration costs.
- 1.2 Due to the acceleration of customers migrating from Housing Benefit to Universal Credit as a result of the Coronavirus pandemic, and improvements in data sharing technology between Local Authorities and the DWP along with HMRC, Risk Based Verification is no longer a cost-effective method for the verification of claims. Our current software provider will discontinue its RBV service on 30 September 2021.
- 1.3 Approval is sought to revoke Stockport Council's Risk Based Verification policy with effect from 31 March 2021 and to agree the recommended process for gathering evidence in support of Housing Benefit and Council Tax Support claims from 1 April 2021.

2. BACKGROUND INFORMATION

- 2.1 Housing Benefit and Council Tax Support regulations require local authorities to obtain information which allows an accurate assessment of a claimant's entitlement to benefit to be made. This includes gathering evidence of their identity, income, savings and rent. It places the same burden of proof on all customers irrespective of their circumstances. However, with the exception of a national insurance number, the regulations do not specify what evidence is required.
- 2.2 In 2011, the Department for Work and Pensions (DWP) allowed Local Authorities to determine the level of evidence required in support of a benefit claim via the implementation of Risk Based Verification software.
- 2.3 Risk Based Verification (RBV) is a method of applying different levels of checks to new Housing Benefit and Council Tax Support claims according to the potential risk associated with those claims and an RBV policy was adopted by Stockport Council from April 2012. This enabled the service to improve the speed of processing entitlement and helped reduce fraud and error entering the system.
- 2.4 New claims are assessed prior to payment with the RBV software determining the risk category for each – **Low, Medium or High** which defines the requirement to gather proof of the customer's financial circumstances. Classification of cases allows resources from low risk cases to be channelled to those identified as high risk. The risk category is determined, using statistical information and risk propensity data gathered over many years about what type of claim represents what type of risk.

- 2.5 The RBV software is integrated with the benefit processing software and on-line claim form. When a customer submits an on-line application, it is immediately risk scored with the relevant evidence requirement being displayed to the customer before the claim is finally submitted.
- 2.6 Universal Credit (UC), which is administered by the Department for Work and Pensions, was fully rolled out in the Stockport area from November 2018. From this date, the majority of new working age claims for help towards rent now need to be made via UC. This initially resulted in a gradual decline in the Housing Benefit (HB) caseload. For HB recipients, a change in circumstances such as a loss of earnings will trigger a claim for UC and in most cases, HB entitlement will then end. Due to the financial impact of Covid-19, the rate at which claimants are now migrating from Housing Benefit to Universal Credit has significantly increased. This, in addition to new and improved data sharing methods that are now in place with the DWP and HMRC, has reduced the need and demand for Risk Based Verification.
- 2.7 Due to the reduction in working age Housing Benefit claims and the majority of Council Tax Support claims being based on Universal Credit, which are verified via the DWP, Risk Based Verification software is no longer a viable option for the provider to maintain and develop. As such, notice has been given to Local Authority users that the service will no longer be available from 30 September 2021.

3. DATA SHARING

- 3.1 Since the introduction of the RBV policy in Stockport in 2012, the DWP and HMRC have significantly improved the data which they share with local authority benefit services. All HB and CTS administrators have access to the following databases/records:
- DWP Searchlight System – enabling staff to verify income, capital and national insurance numbers against a DWP benefit award, for example, Pension Credit, Jobseekers Allowance, Child and Working Tax Credits, Personal Independent Payments
 - HMRC Verify Earnings & Pensions (VEP) System – allowing real time verification of earned income and occupational pensions.
 - DWP ATLAS records – the DWP send a daily data file (ATLAS) to Local Authorities, which details awards and levels of all state benefits and pensions in respect of new claims and any changes to existing entitlement, including Universal Credit.

In addition, HB & CTS staff have access to Stockport Homes' rent system, Northgate, in order to verify tenancy and rent information.

4. PROPOSED CHANGES TO VERIFICATION PROCESS

- 4.1 In view of the current data sharing arrangements that are in place with the DWP and HMRC, the RBV software provider will be withdrawing their product from September 2021 and that it is no longer cost effective to employ an RBV solution for establishing the level of evidence needed in support of HB & CTS claims, it is proposed that the current RBV policy is revoked from 30 March 2021 and a new verification procedure adopted, which mirrors existing arrangements for customers reporting a change in circumstances.

4.2 All Housing Benefit and Council Tax Support new claims and changes in circumstances will be assessed from 1 April 2021 in accordance with Regulation 86 of Housing Benefit Regulations 2006 which requires:

“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.”

4.3 The on-line application form advises the claimant what type of evidence they need to provide as part of the process.

4.4 Where the customer does not provide the information requested, administration staff have access to the DWP’s Searchlight system which allows them to view state benefit information and verify the information declared in support of a Housing Benefit application.

4.5 For Council Tax Support claims based on Universal Credit, the DWP automatically notifies the authority of an award where the claimant has declared they have an interest in claiming CTS. This eliminates the need for any further verification.

4.6 Due to the data sharing arrangements in place, there will be minimal reliance on the customer needing to provide documentary evidence of their circumstances and therefore this change is unlikely to affect processing times.

4.7 Where verification cannot be provided via existing data sharing arrangements outlined at para 3.1, the policy shown at Appendix A confirms the level of evidence required from the customer dependant on circumstances declared, which will apply from 1 April 2021.

5. AUDIT REQUIREMENTS

5.1 The guidance around the use of Risk Based Verification was published in the DWP’s Housing Benefit & Council Tax Benefit Subsidy Circular S11/2011, which advised that an Authority’s RBV policy must not be changed in-year as this would complicate the audit process. Therefore, it is proposed that Stockport Council serve the required three months’ notice period to the RBV software supplier in December 2020 to enable cessation from 31 March 2021.

5.2 Although there is no requirement for the Revenues and Benefits Service to have a Risk Based Verification Policy, the Authority must have a clear and robust process in place for gathering evidence of identity, income, savings and rent in support of a Housing Benefit and/or Council Tax Support claim, so that auditors can assess the compliance against this guidance.

5.3 A policy outlining Stockport Council’s proposed approach for evidence requirements to be adopted from 1 April 2021 is set out in Appendix A. Procedural notes will be given to Benefit Administrators outlining the changes to the verification process from 2021/22 and built in to new starter training plans. The policy will also be shared with external auditors as appropriate.

6. FINANCIAL IMPLICATIONS

- 6.1 RBV scores are purchased in bulk with the last batch being bought in 2016 at a cost of £72,000 for 30,000 risk scores. This averages at a cost of £0.42 per benefit claim where a risk score is called. As there has been no requirement to buy additional scores since, this is a further indication that the demand for this service has significantly declined. By terminating the RBV solution, no further purchases will need to be made.
- 6.2 The cost of adopting a new verification process from 1 April 2021 will be absorbed within the existing service budget at no extra cost.

7. CONCLUSIONS AND RECOMMENDATIONS

- 7.1 The Risk Based Verification policy was introduced with effect from 2012 with the aim of identifying fraud and error in the processing of new Housing Benefit and/or Council Tax Support claims. The software used to support the RBV process resulted in improved processing times.
- 7.2 Over the years, there have been considerable improvements to the amount information shared by the DWP and HMRC to support the processing of HB/CTS claims. This, along with a reduction in the working age Housing Benefit caseload negates the need for a risk-based verification approach.
- 7.3 Due to an increase in Universal Credit claims, the software used to support RBV will cease to operate from 30 September 2021 as it is no longer a financially viable product.
- 7.4 As most claim information can be verified in real time via the DWP & HMRC data sharing protocols, the speed of processing HB and/or CTS entitlement will not be adversely affected.
- 7.5 It is recommended that:
 - 7.5.1 Housing Benefit and Council Tax Support claims are no longer processed using the Risk Based Verification Policy from 1 April 2021.
 - 7.5.2 Notice is served with immediate effect to the software supplier ending the RBV service on 31 March 2021.
 - 7.5.3 Housing Benefit and Council Tax Support new claims and changes will continue to be assessed in accordance with Regulation 86 of the Housing Benefit Regulations 2006 outlined at para 4.2 and using real time information provided by the DWP & HMRC under current data sharing arrangements.

BACKGROUND PAPERS

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Andrea Griffiths on telephone number 07967 580670 or alternatively email andrea.griffiths@stockport.gov.uk



STOCKPORT
METROPOLITAN BOROUGH COUNCIL

Housing Benefit
and
Council Tax Support

VERIFICATION POLICY

(From 2021/22)

1. Introduction

Housing Benefit (HB) & Council Tax Support (CTS) Regulations require local authorities to obtain information which allows an accurate assessment of a claimant's entitlement to benefit to be made. This includes gathering evidence of their identity, income, savings and rent when a claim is first made and when the claim is reviewed. It places the same burden of proof on all customers irrespective of their circumstances. However, with the exception of a national insurance number, the regulations do not specify what evidence is required.

The Housing Benefit Regulations 2006 86(1), Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006 67(1), The Council Tax Regulations 2006 72(1), The Council Tax Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006 57(1) and the Council Tax Reduction Scheme Regulations 2013 requires that:

“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 the requirements are at the core of the process of administering claims, these shall be adhered to at all times and be considered as part of the process within the quality assurance checks completed on benefit claims assessed.

2. Policy aims

The emphasis of this policy is to operate a strict regime of preventing fraud and error entering the Housing Benefit and Council Tax Support system and will take effect from 1 April 2021.

A robust verification process ensures that:

- Claims for Housing Benefit and Council Tax Support are fully documented by all necessary evidence required to determine a claimant's entitlement
- All documentary evidence used to process claims is in accordance with the standards set by the Department for Work and Pensions
- The risk of fraud and error entering the benefit system is minimised
- Where fraud and error exist, it is corrected
- Discrepancies identified through the verification of claims are resolved and the reasons for the discrepancy are fully documented
- There is an efficient and effective in-claim review of evidence

3. Verification

The checks to be made on all new claims are proof of identity and production of a national insurance number which can be obtained via Searchlight, the central repository for Department for Work and Pensions (DWP) data, if the claimant is, or has been, in receipt of a verified award of benefit from the DWP.

Documentary evidence is required for every type of income or capital declared and formal confirmation if they are a student, for both new claims and changes of circumstance.

However, if the claimant or their partner is in receipt of a Department for Work and Pensions benefit for example, Universal Credit or State Retirement Pension, this evidence can be obtained from Searchlight.

Earned income and Private Pension evidence for Housing Benefit claims can also be obtained from the Verify Earnings and Pensions Service (VEP) which provides real-time information from Her Majesty's Revenue and Customs (HMRC).

Therefore, when evidence can be obtained from Searchlight or VEP the claimant will not need to provide that evidence to the Authority.

Verification of tenancy information and rent charged for Stockport Homes tenants will be evidenced via the Northgate Housing System.

The minimum standards of evidence required from the customer in support of their Housing Benefit and/or Council Tax Support claim where this cannot be obtained from Searchlight or VEP is shown at Appendix 1.

4. Recording and Monitoring

A minimum sample of 10% of all Housing Benefit and Council Tax Support new claims and changes will be quality checked per month to ensure compliance with the verification policy.

Appendix 1

Type of Evidence	Sub-category of evidence	Standard of evidence
Identity and S19	Identity	Originals or scanned images of documents or Searchlight
	S19	Originals or scanned images of documents or Searchlight
Residency/Rent	Private Tenants	Originals or scanned images of documents
	Social Landlords	Originals or scanned images of documents
	Public Sector – (Stockport Homes and SMBC Hostels)	Stockport Homes Rent System - Northgate
	Registered	Originals or scanned images of documents
Household Composition	Partner ID/S19/Income/Capital	Originals or scanned images of documents
	Dependants under 18	Originals or scanned images of documents
	Non-dependants – remunerative work	Originals or scanned images of documents
	Non-dependants – passported benefit	DWP Searchlight System
	Non-dependant - student	Originals or scanned images of documents
	Non-dependant – not in remunerative work/other	Originals or scanned images of documents
Income	State Benefits	DWP Searchlight System
	Earnings/SMP/SSP/Private Pensions	Originals or scanned images of documents or HMRC - Verification of Earnings & Pensions System
	Self-employed earnings	Originals or scanned images of documents
	Universal Credit	DWP Searchlight System
Child Care Costs		Originals or scanned images of documents
Student Status	Student loan and Income also required	Originals or scanned images of documents
Capital	Below lower capital limit	Originals or scanned images of documents accepted if over £5,500 for Working Age or over £9500 for Elderly - not required if under these amounts
	Above lower capital limit	Originals or scanned images of documents
	Property	Originals or scanned images of documents