

Risk Based Verification Policy

Summary

1. This paper provides Audit & Governance (A&G) Committee with the council's Risk Based Verification (RBV) policy for approval.

Background

2. The council has been provided with the opportunity to implement Risk Based Verification (RBV) into its housing benefit processes by the Department for Work & Pensions (DWP). This arises through the DWP Fraud & Error Reduction Initiative Scheme (FERIS) and is at no cost to the council.
3. The only rule imposed by the DWP in allowing any local authority to utilise this free provision is that it has to have an RBV policy in place approved by its Audit and Governance Committee and Section 151 officer.

Risk Based Verification

4. The RBV solution provided by the DWP is in respect of change of circumstances and is a method of applying different levels of checks to benefit claims according to the risk associated with those claims. This happens through a specially developed change of circumstances risk algorithm. The risk algorithm has been developed to identify the likelihood that fraud and error exists in a change of circumstances claim. The algorithm has been built using historical local authority data and its performance validated across a number of local authorities.

5. The application of RBV is an innovative approach to benefit claims assessment that changes the way in which efficiencies are delivered, whilst at the same time enhancing fraud and error detection rates. This is achieved by enabling the council to assess the likelihood, measured as a risk score, that a new claim or change in circumstance contains potential fraud or error. The risk score then assigned to each claim indicates the level of verification that needs to be applied to that case.
6. Following the issue of DWP guidance (HB/CTB S11/2011), low risk claims may be streamlined, with full verification reserved for medium risk and additional verification applied to high risk claims. This process leads to improved customer service, a considerable reduction in processing time, an increase in the identification of errors at the point at which the change is made before it enters the housing benefit system and potentially a reduction in resource requirements.

Risk Based Verification Policy

7. In line with DWP guidance the council's policy in respect of the use of RBV is set out annex A of this paper. The main objectives of the policy are to:
 - ensure officers understand the impact of the risk scores in terms of the likelihood of fraud and error being present
 - highlight the DWP financial incentives being targeted from the implementation of RBV for proactive in-claim reviews
 - set out and initiate the required process changes in support of the risk score
 - show how checks and balances will be introduced into business as usual processes
 - provide performance reporting implications

Analysis

8. The anecdotal feedback from local authorities already using RBV is that it does work and provides efficiency. The level of efficiency depends on how much the risk scores are trusted by officers and as such the solution needs to be properly implemented including appropriate training.

Options

9. **Option 1** – Progress the implementation of RBV

Option 2 – Do not progress at this time

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10. The introduction of RBV 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.

Implications

11.

(a) **Financial** – There is no cost to the council for implementing this solution which is funded by the DWP until at least June 2016

(b) **Human Resources (HR)** - There are no implications

(c) **Equalities** – There are no implications

(d) **Legal** - There are no implications

(e) **Crime and Disorder** - There are no implications

(f) **Information Technology (IT)** - The solution is delivered through Northgate the councils current revenue and benefits provider so there are no material implications

(g) **Property** - There are no implications

Risk Management

12. The key risks associated with RBV are ensuring that staff receive appropriate training to ensure they trust the risk scores and process the claims correctly to deliver efficiencies and that the scores provided by the RBV software are accurate. Neither of these risks is high and proper

monitoring of the system as set out in the policy at annex A along with training mitigates any risk to low.

Recommendations

13. A&G are asked to:

- a) approve the implementation of RBV for change of circumstance housing benefit claims;

Reason

To more efficiently manage change of circumstances reported by HB customers. This will improve customer service, deliver efficiency and increase the value and detection of fraud and error.

- b) approve the RBV policy set out at Annex A of this paper.

Reason

To meet the requirements of DWP guidance (HB/CTB S11/2011) allowing the council to participate in this initiative.

Contact Details

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	Report Approved	√	Date 25 Aug 2015
Specialist Implications Officer(s) None			
Wards Affected: All			√
For further information please contact the authors of the report			

Background Papers

DWP guidance (HB/CTB S11/2011)

Annexes

Annex A – RBV Policy

Glossary

RBV – Risk Based Verification

DWP – Department of Work & Pensions

FERIS – Fraud Error Reduction Incentive Scheme

HB – Housing Benefit