

<b>Report of</b>	<b>Assistant Director - Customers</b>	<b>Author</b>	<b>Jason Granger</b> ☎ 508824
<b>Title</b>	<b>Risk Based Verification</b>		
<b>Wards affected</b>	<b>All Wards</b>		

## 1. Executive Summary

- 1.1 Colchester Borough Council administers claims for Housing Benefit and Local Council Tax Support. Currently, 10,000 residents receive assistance through either Housing Benefit, Local Council Tax Support or a combination of both.
- 1.2 When a new claim is submitted, evidence is required from the resident to support their application. A primary requirement is for the resident to provide evidence, or means to confirm evidence of identify and National Insurance Number.
- 1.3 In 2012, Colchester Borough Council adopted a Risk Based Verification framework. Such a framework allows the processing team to apply different levels of verification to claims according to risk factors associated with such claims.
- 1.4 Risk Based Verification allows for a more extensive and targeted approach to claims shown to be at a greater risk of fraud and error. Furthermore, Risk Based Verification delivers an increased processing speed of claims and a reduced burden of document provision from the residents.
- 1.5 This report details Colchester Borough Council's policies for administering Risk Based Verification for Housing Benefit and Local Council Tax Support new claims. Three policies are being presented, one for each of the financial years 2016/2017, 2017/2018 and 2018/2019.
- 1.6 The policies presented for 2016/2017 and 2017/2018 are identical and are presented for retrospective agreement following our external Auditors recommendation.
- 1.7 The policy for 2018/2019 follows the inherent principles of earlier policies yet is refined to take into account more efficient means of evidence provision which has been developed and expanded in recent years and also takes into account the launch of Full Service Universal Credit in Colchester from July 2018.

## **2. Recommended Decision**

- 2.1 To confirm the adoption of the Risk Based Verification Policies for 2016/2017
- 2.2 To confirm the adoption of the Risk Based Verification Policies for 2017/2018
- 2.3 To review, comment and agree the adoption of the Risk Based Verification Policy for 2018/2019

## **3. Reason for Recommended Decision**

- 3.1 The Department for Work and Pensions recommends that Risk Based Verification policies are examined through a governance process following Section 151 Officer recommendation.

## **4. Alternative Options**

- 4.1 Risk Based Verification policies are required to be adopted to adhere to Department for Work and Pensions guidance.
- 4.2 A manual process of Risk Based Verification could be introduced. This is not recommended at this stage due to the current level of new claims still being received. This will be reviewed in future years and considered once the impact of Universal Credit is known.

## **5. Background Information**

- 5.1 The Department for Work and Pensions permits Local Authorities to adopt models of Risk Based Verification in the assessment of claims for Housing Benefit and Council Tax Benefit. Colchester Borough Council adopted Risk Based Verification in respect of new claims to Housing Benefit and Council Tax Benefit (latterly Local Council Tax Support).
- 5.2 The Department for Work and Pensions provided guidance to Local Authorities outlining the Department's policy of Risk Based Verification within the Housing Benefit and Council Tax Benefit circular [S11/2011](#). Colchester Borough Council's policies adhere to such guidance.
- 5.3 Colchester Borough Council's Risk Based Verification relies on an ICT solution that is integrated within our E-claim portal and assessment system. At the point of claim the ICT solution interacts with information declared and compares against propensity models to classify the claim into one of three potential categories. These being low risk, medium risk or high risk. The categorisation of claims allows for more targeted verification activity on claims deemed to at greater risk of fraud and error.
- 5.4 Once the E-claim has been populated, a risk score is generated and the claimant is informed, in real time, of the information required to be submitted to support the application. The level of evidence required is dependent on whether the claim has been deemed to be of low, medium or high risk.
- 5.5 Benefit case workers are able to view the risk score associated to any claim and are trained to follow the verification needs associated with each risk score. Benefit case workers are not permitted to downgrade a risk score but have discretion to request an upgrade.
- 5.6 Extensive management information is available through the Risk Based Verification process. This allows for monitoring of risk categories and tolerances within each category.
- 5.7 The external Auditor's certification of Colchester Borough Council's subsidy claim and return for 2016/2017 was presented to The Governance and Audit Committee on 16 January 2018.

This report contained one recommendation. It was identified that Colchester Borough Council's Risk Based Verification policy had not been formally reviewed in 2016/2017. Despite this, the operation of Risk Based Verification was not affected and continued in line with protocols.

- 5.8 In recent years the development of online channels has changed the way in which residents chose to interact with Colchester Borough Council services including the Benefit Processing Team. Additionally, recent initiatives introduced by the Department for Work and Pensions has allowed for much more information to be exchanged electronically and this includes earnings and pension information held within Her Majesty's Revenue and Customs systems. These developments have changed the landscape in which information can be sourced securely without the need for onerous verification. Additionally the introduction of Full Service Universal Credit from July 2018 will affect our process. This again will reduce the need for intensive verification as the Department for Work and Pensions will carry out verification of a Universal Credit claim. Any subsequent Local Council Tax award will follow the Universal Credit decision.

- 5.9 The Risk Based Verification Policy for 2018/2019 also removes the need for original documentation in relation to High Risk scores, as this is now overly burdensome for both the resident and the service and makes little material difference.
- 5.10 As the environment of evidence provision has changed it is now important for us to reflect this within our Risk Based Verification policy. The Risk Based Verification policy presented for 2018/2019 does reflect the changes in evidence provision, available source information and the pending introduction of Full Service Universal Credit. However the established methods of risk scoring and mechanisms to combat fraud and error remain.

## **6. Equality, Diversity and Human Rights implications**

- 6.1 There are no Equality, Diversity or Human Rights implications.

## **7. Standard References**

- 7.1 There are no particular references to the Strategic Plan; consultation or publicity considerations or financial; community safety; health and safety or risk management implications.

## **8. Financial implications**

- 8.1 Colchester Borough Council is required to adhere to the Department of Work and Pensions guidance when operating a Risk Based Verification framework. The absence of such adherence could call in question our claim for subsidy. Our policies for Risk Based Verification have been composed in line with guidance issued.

## **Appendices**

- Appendix A – Risk Based Verification Policy 2016/2017
- Appendix B – Risk Based Verification Policy 2017/2018
- Appendix C – Risk Based Verification Policy 2018/2019