

**Appendix 1 – Updated Risk Based Verification Policy**

**North Tyneside  
Risk Based Verification**



**North Tyneside Council**

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## 1.0 Background

- 1.1 Housing Benefit and Council Tax Support (which replaced Council Tax Benefit from April 2013) provide much needed support to those on low income to help meet their housing costs.
- 1.2 Over £85 million in Housing Benefit (HB) and £16.5 million Council Tax Support (CTS) was paid out in 2013/14, with around 18,500 claimants entitled to HB and around 22,000 entitled to CTS in North Tyneside.
- 1.3 The Council is responsible for the administration of both of these with Housing Benefit delivered on behalf of the Department for Work and Pensions (DWP). HB legislation and the locally set Council Tax Support Scheme is followed to assess entitlement. As part of that assessment information and evidence is gathered to ensure that entitlement is only awarded to those that have genuine entitlement. It is the duty of the Authority to ensure that fraud and error is kept out of the system as much as possible.
- 1.4 HB Regulations do not stipulate what levels of information and evidence is required by the Local Authority. This allows the Local Authority to decide its own levels of evidence it needs to ensure that they assess entitlement accurately and award it appropriately. For HB the regulations around evidence 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 questions arising out of the claim or the award, as may be reasonably be required by the relevant authority in order to determine that persons 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'.*

- 1.5 A similar statement is also included in North Tyneside's Local Council Tax Support Scheme 2014-15 (Part 14, Paragraph 113 Information and Evidence).
- 1.6 On an annual basis both internal and external auditors check to ensure that entitlement to Housing Benefit has been awarded appropriately and in line with verification processes in place. The Local Authority receives subsidy based on this annual check.
- 1.7 Currently all claims are verified using the Verification Framework (VF) standards and the same verification level is applied regardless of the circumstances of the case or the risk associated with it. Verifying all claims to such an in depth detail often means cases are delayed whilst evidence is gathered, with the burden of providing the evidence often left to the claimant. Some claimants have to visit the Customer First Centre on a number of occasions to provide all the required evidence.

- 1.8 This is excessive in many cases and means there is limited resource to target those new claims with a higher risk of fraud and error, as resource is used for checking evidence against all cases to the same level.
- 1.9 In 2011 the Department for Work and Pensions (DWP) provided guidance to Local Authorities around Risk Based Verification (RBV) which allows a reduced level of verification on those cases perceived to be less likely to fraud and error, thus allowing more intense verification activity to be dedicated to cases that are more likely to be prone to fraud and error.
- 1.10 A pilot of Local Authorities used RBV and the DWP reported that results from these were impressive and in each case the % of fraud and error identified had increased. This showed that identifying those cases more at risk of fraud and error and targeting resource against those cases provides a more robust system to ensuring entitlement is accurately awarded.
- 1.11 Additional benefits seen by LA's who have adopted a RBV are improved new claims processing, reduced administration and better customer experience.

## **2.0 The Aims of the Policy**

- 2.1 It is intended that by adopting Risk Based Verification in North Tyneside it will:
  - Reduce the level of evidence required by claimants making new claims to HB and CTS, so reducing the number of contacts and improve customer experience.
  - Identify a greater number of cases that are likely to be of higher risk of fraud and error, allowing resources to target these cases to identify more fraud and error in the system, delivering a more robust assessment, and providing confidence in the system.
  - Deliver a more effective way of working by reducing the time to gather evidence and thus improve processing times for new claims.
  - Deliver efficiencies through less chasing of evidence and improved administration.

## **3.0 Applying Risk Based Verification to cases**

- 3.1 An I.T. Risk Based Verification tool will be used to decide the levels of risk associated with each new Housing Benefit and Council Tax Support claim submitted to the Authority both electronically and paper based.
- 3.2 Those claims made via the DWP process, both Local Authority Input Document (LAID) and Local Authority Claim Information (LACI) will not go through Risk Based Verification and instead continue to be verified to the current Verification procedures.
- 3.3 The RBV tool uses established statistical information in a similar approach to that used in many industries such as banking and insurance to assess the risk profile associated to each new claim. The evidence and information that a claimant is required to provide to support their new claim for Housing Benefit and Council Tax Support will be decided by the risk group they fall into. Evidence of Identity and National Insurance will always be required for new claims regardless of the risk

group allocated to each claim (Social Security Administration Act 1992, section 1 relating to the production of national insurance numbers to provide evidence of identity).

- 3.4 Each new claim which goes through RBV will fall into one of the following three categories: Low, Medium, and High risk.
- **Low Risk:** It is anticipated around 55% of cases will fall into this category. This group attract a lower verification check and only essential checks will be carried out such as National Insurance number and Identity verification for the claimant and partner. This will be in original format. This allows claims to be processed much quicker and reduces delays.
  - **Medium Risk:** Around 25% of new claims will be medium risk. This level of verification requires additional checks on income, expenses rental liability and capital over £6000. Photocopies/scanned images of evidence will also be accepted fro income and capital, however for identity original evidence will be required. This profile is the closest to the level of checks currently used in the current verification evidence checking.
  - **High Risk:** The remaining 20% of cases will be considered high risk. These cases will be subject to similar checks as medium risk cases. All documentation required for declared income and capital as well as identity must be an original document. In the case of employed earnings an employers certificate will be accepted. A further additional check will also be carried out on each case within this risk group which may include one or more actions from a set of additional checks below.
  - Where customers are using on line banking and are only able to provide electronic versions of statements these will be accepted as evidence.
- 3.5 The list below outlines the additional checks that are available to carry out on high risk cases:
- Credit Reference Agency check
  - Home visit
  - Telephone check
- 3.6 Staff administering HB or CTS cases will apply the appropriate additional RBV checks for High Risk new claims in line with clear procedures.
- 3.7 The category set by the Risk Based Verification tool will act as a recommendation and officers in all cases will be able to change the risk group to a higher risk group should their local knowledge indicate that there may be an increased risk of fraud and error. Officers cannot downgrade a case to a lower risk group. Records will be kept of all cases amended and the reason for the change to the risk group.
- 3.8 Appendix 1 outlines the levels of verification required for new claims which are subject to RBV.

## **4.0 Recording and Monitoring**

- 4.1 Monthly management reports will be produced to identify the % of cases in each risk group and the level of fraud and error detected in each group. These will be made available to the Councils S151 Officer.
- 4.2 A sample of around 10% of cases from the low and medium group will be allocated to a higher risk group and thus a heightened verification. These are referred to as 'blind' cases and will be used to test and refine the assumptions made by the software.
- 4.3 The outcomes from the 10% checking will be used to consider whether cases are being allocated to the correct risk group and where appropriate changes made to the software.

## **5.0 Quality Assurance**

- 5.1 A robust quality assurance process already exists within the administration of Housing Benefit and Council Tax Support. RBV checking will be built into this process and will ensure that:
  - a) the correct level of documentation has been provided in accordance with the risk category applied to the case,
  - b) high risk cases have had the additional verification applied to them,
  - c) error detection is being recorded correctly in the system.

## **6.0 Reviewing the Policy**

- 6.1 Risk profiles will be measured against previous years identified fraud and error. This will ensure that we are identifying higher levels of fraud and error than was previously detected.
- 6.2 Where higher levels of fraud and error are not identified the risk profile will be reviewed.
- 6.3 The Policy will be reviewed annually and changes to risk profiles made in accordance with that review.
- 6.4 When RBV has been embedded into our process for new claims , we will consider whether it is appropriate for the RBV policy to be applied to changes in circumstances.ces.

## **7.0 Audit and Section 151 Officers Requirements**

- 7.1 This Policy has been reviewed by the Section 151 Officer.
- 7.2 Auditors will check during the annual certification of the subsidy claim that this Risk Based Verification Policy and working procedures associated with this policy has been adhered to.

## **8.0 Effective Date of Policy**

Once Cabinet have agreed to the adoption of the RBV Policy it will be effective from 01/04/2015.

## Appendix 1 – Table of evidence required for new claims

Key: Originals (O)/ Photocopies (P)

Type of Evidence	Sub Type	Low	Medium	High
<b>Identity (ID) and National Insurance (NI) for claimant and partner</b>	Identity	O	O	O
	National Insurance	O	O	O
<b>Residency/Rent</b>	Private Tenants		O or P	O
	Social Landlords		O or P	O
	Registered tenant		O or P	O
	*Council Tenancy			
<b>Household composition</b>	Dependants		O or P	O
	Non-dependents under 18		O or P	O
	Non-dependents in remunerative work		O or P	O
	**Non-dependents pass-port benefit		O or P	O
	Non-dependent student		O or P	O
	Non-dependent – not in remunerative			
<b>Income</b>	**State Benefits/Tax Credits		O or P	
	Earnings/SMP/SSP		O or P	O (or Employers Certificate)
	Self-employed earnings		O or P	O
	Other income		O or P	O
<b>Expenses such Child Care Costs, private pension contributions etc</b>			O or P	O
<b>Student Status</b>	Income also required	O or P	O or P	O
<b>Capital</b>	Below lower capital limit			
	Above lower capital limit but under upper capital limit		O or P	O
	Property	O or P	O or P	O
<b>Additional Checks for high risk</b>		None	None	One or more as required: 1) Credit Reference Check 2) Telephone Check 3) Home Visit

\* This is automatically provided from North Tyneside Homes via the Northgate system

\*\*These can be verified via Customer Information System (CIS) or DWP information where possible.



**Appendix 2 - Amendments to Policy**

<p><b>1.</b></p>	<p><b>February 2016</b></p>	<p>The Department for Work and Pensions have issued G1 2016 which clarified that the Social Security Administration (Fraud) act 1997 advises that <b>identity evidence must be in an original format.</b></p> <p>G1:</p> <p><i>'There is no blanket ban on the use of electronic evidence by local authorities (LAs). It is incumbent on any LA adopting this form of evidence to adhere to HB Regulations 2006 (Reg 86) in determining the type of evidence required.</i></p> <p><i>With regard to evidence around identity, LAs are expected to adhere to the Social Security Administration (Fraud) Act 1997 (Section 19). LAs should ensure that their procedures for dealing with HB claims include verification of original documentation of all claims. However, in exceptional instances where this is not possible due to a claimant's personal circumstances, LAs should make alternative arrangements for verification of identity'.</i></p> <p><b><i>HB Regulations 2006 (Reg 86) advises:</i></b></p> <p><i>'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, <u>as may reasonably be required by the relevant authority in order to determine that person's entitlement to, or continuing entitlement to, housing benefit</u>'</i></p> <p><b><u>Amendment 1</u></b></p> <p><b><i>With immediate effect evidence of identification/NI will be requested in original format across all risk groups.</i></b></p> <p><b><u>Amendment 2</u></b></p> <p><b><i>As more customers use on line banking and are only able to provide electronic versions of statement, the policy is updated to reflect that these will be accepted as evidence. This is in line with G1/2016 which states</i></b></p> <p><i>With the technological advances in the modern world and the increasing move to self-service, it is acknowledged that supporting documentation such as payslips and bank statements, which serve as evidence, are often now in electronic formats and subject to being printed off by claimants on demand. We accept that these types of supporting evidence are admissible by LAs as scanned</i></p>
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		<p><i>documentary evidence.</i></p> <p><b><u>Amendment 3</u></b></p> <p><b><i>As more employers are using electronic payslips. The policy is updated to reflect that in the high risk groups we will request that an employers certificate is also completed.</i></b></p>
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