

REPORT FOR: **CABINET**

Date of Meeting:	13 February 2014
Subject:	Implementation of Risk Based Verification (RBV) Policy and Electronic Claiming for Housing Benefit & Council Tax Support assessments
Key Decision:	Yes
Responsible Officer:	Tom Whiting, Corporate Director of Resources
Portfolio Holder:	Councillor Tony Ferrari, Portfolio Holder for Finance
Exempt:	No, except for Appendix A (RBV Policy) which is exempt under paragraph 7 of Part 1 of Schedule 12A to the Local Government Act 1972 as it contains information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime
Decision subject to Call-in:	Yes
Enclosures:	Risk Based Verification policy (Appendix A) Electronic Claims policy (Appendix B) Equalities Impact Assessment (Appendix C) Department of Work & Pensions circular A18/2006 (Appendix D)

Section 1 – Summary and Recommendations

This report sets out new policies within the administration of Housing Benefit and Council Tax Support for

- Risk Based Verification; and
- Electronic Communication.

Recommendations:

Cabinet is requested to make the following decision:

1. Agree the Risk Based Verification policy (Appendix A) to take effect from April 2014
2. Agree the Electronic Claims policy (Appendix B) to take effect from March 2014
3. Agree that the policies will apply initially to Housing Benefit/Council Tax Support new claims and will extend to change of circumstances notifications in due course (as detailed in this report) without need for Cabinet to review the policies again
4. Agree that the policies will remain as approved unless an annual review by officers identifies a need for change
5. Authorise the Acting Head of Paid Services to sign an Electronic Communications Direction (Appendix A to Electronic Claims Policy)

Reason: (For recommendation)

Implementation of Risk Based Verification and electronic communications supports the savings requirement within the Resources Directorate. Adopting the policies will reduce the necessity for benefit claimants to contact the council through more expensive methods such as face to face, and decrease the need to produce original documents to support their claim, resulting in a reduction in the number of customer contacts in Access Harrow, lower volumes of scanning and indexing within the Business Support hub and less information requests made by the Housing Benefit Service.

Through online claims, Risk Based Verification allows the targeting of resources from low risk cases to those which are at higher risk of potential fraud and error. By identifying these cases at the point of entry the process should help to reduce fraud and error from entering the system.

Section 2 – Report

Introductory paragraph

- 2.1 Approximately 4,000 new Housing Benefit/Council Tax Support claims are processed in Harrow each year. Legislation requires the local

authority to be satisfied that it has sufficient information to be able to accurately assess entitlement. This is currently done by, in most instances, the provision of original documentation to support all aspects of a detailed means test e.g. pay slips.

- 2.2 Risk Based Verification is technology that changes the evidence requirements as it risk assesses new claims and changes in circumstance at the point of claiming/notifying of a change. Claims will be categorised as low, medium or high. Levels of verification against each risk category are detailed in the restricted Risk Based Verification Policy at Appendix A. Classification of claims allows resources from low risk cases to be channelled towards high risk cases and reduce fraud and error from entering the system at the gateway.
- 2.3 Following successful pilots for Risk Based Verification by the Department for Work and Pensions (DWP) and Local Authority partners in 2011, the process was opened up to all organisations with responsibility for administering Housing Benefit.
- 2.4 Housing Benefit and Council Tax Support has traditionally been claimed through hard copy claim forms which are then scanned and automatically loaded into the benefit assessment software. The implementation of electronic claims will allow new claims to be made online and enable the electronic notification of changes of circumstance via eforms.
- 2.5 Electronic new claims will be implemented in March 2014, followed by integration with the Risk Based Verification technology in April 2014. Online claims will be rolled out according to the Implementation Plan (Appendix B to the Housing Benefit/Council Tax Support Electronic Claims Policy) for completion by April 2015. Changes in circumstance notifications will follow once lessons have been learned from the new claims process.
- 2.6 Electronic applications for Housing Benefit and Council Tax Support must be made according to the Direction of the Acting Head of Paid Services (Appendix A to the Housing Benefit/Council Tax Support Electronic Claims Policy). The Direction lays out the standard that the electronic communications must adhere to and the validation requirements for the applicant.

Options considered

- 3.1 The only option proposed in this report is to adopt Risk Based Verification and electronic communications within the administration of Housing Benefit and Council Tax Support. This will enable savings to be realised within the Resources Directorate and target resources more effectively toward identifying fraud and error. The alternative is not to implement RBV or electronic claims (as it is not obligatory) although this would not support the reduction in costly channels for customer contact and, therefore, the reduction in costs required.

Implications of the Recommendation

- 4.1 DWP circular A18/2006 (appendix D) identifies a number of potential advantages and disadvantages/risks to the implementation of electronic claiming, but also suggests approaches to mitigate these which have been considered in developing the policy and system for electronic communication.
- 4.2 Risk Based Verification and e-claims within Benefits will cost £15,000 in the first year including set up costs, and then £15,000 for each future year. This cost will be saved by the deletion of half a Full Time Employee (FTE). Anticipated savings from the introduction of these systems will be equivalent to a further 1 Full Time Employee (FTE) (£32,000) within the Resources Directorate, resulting from a reduction in customer contact and requests for information.
- 4.3 The Corporate Anti-Fraud Team will benefit from Risk Based Verification as fraud referrals will be high quality and more accurate, allowing resources to be targeted more effectively. Internal Audit and Corporate Anti-Fraud have been closely involved in the shaping of the Risk Based Verification policy and ensuring that electronic claiming does not allow fraud to enter the system or undermine prosecutions.
- 4.4 Error within the system is also expected to reduce once changes of circumstance can be notified electronically as residents are more likely to notify a change if they can do so remotely.
- 4.5 The methods of validation of claimants through e-claims will support any future prosecutions where fraud is identified. This has been substantiated by other local authorities carrying out successful fraud prosecutions against benefit claimants who have made their claim online. Proof of identity will continue to be requested for all Housing Benefit or Council Tax Support claims.
- 4.6 Benefits will also be realised through improved customer service due to a reduction in the turn-around time of claims classified as low risk. Furthermore with a simplified process, Housing Benefit and Council Tax Support should become more accessible to residents as applications can be made remotely. Applying in this way also aligns with many other benefit systems nationally and will help to prepare residents for the introduction of Universal Credit when there will be an expectation that claims are made electronically.

Legal Implications

- 5.1 Risk Based Verification (RBV) is voluntary but if an authority chooses to adopt it must have in place an RBV Policy setting out the risk profiles, verification standards that will apply and the minimum number of claims to be checked. Such a policy must be approved by members and have the agreement of the authority's section 151 Officer. Due to

the nature of the content of the policy, it is not made publicly available. It is also expected that there is monthly monitoring of RBV to ensure its effectiveness and that there is reporting of this.

- 5.2 In order for the authority to adopt electronic communications for its Housing Benefit and Council Tax Support administration, it must make a Direction to that effect under the Housing Benefit and Council Tax Benefit (Electronic Communications) Order 2006, the Council Tax Support Schemes (Prescribed Requirements) (England) Regulations 2012 and Harrow's Council Tax Support Scheme. This Direction is to be authorised by the Chief Executive, or if an authority does not have one, it is envisaged that the Head of Paid Service could authorise the Direction. The policy supporting use of electronic communication also needs (member) approval.
- 5.3 The use of Risk Based Verification and eclaims are supported by legislation, DWP circulars and guidance and local policy.

Financial Implications

- 6.1 Revenue costs are £15,000 pa. This will be financed from the deletion of a 0.5 FTE G6 Financial Assessment post within the Benefits Service which equates to £15,000 pa. Implementation and on-going costs are therefore contained within existing budgets.
- 6.2 However, additional financial savings will be realised in Access Harrow to the value of 1 FTE AH Advisor @ £32,000 which will support the realisation of MTFs savings already scheduled. The implementation of Risk Based Verification and electronic claiming will therefore reduce service costs and support our efficiency drive.
- 6.3 DWP circular S11/2011 specifies that the Risk Based Verification policy must be submitted for Members approval and that the Section 151 Officer must have received a separate report on the subject and be in favour of the recommendations. This report therefore also confirms the Section 151 Officer's agreement to the recommendations being put to Cabinet after receipt of a separate report from Officers.

Performance Issues

- 7.1 National DWP Performance Indicator 181 will be impacted positively by the implementation of Risk Based Verification and electronic claiming. This is a combined figure of number of days to assess new claims and changes of circumstance.

PI 181 is currently at 10.46 days, with a 2013/14 target of 11 days.

- 7.2 The reduction to the volumes requiring scanning both through electronic claiming and reduced verification documents will also assist in meeting the PI 181 target.

- 7.3 Taking into consideration the weighting of changes of circumstances within the calculation of PI 181, performance will improve to 9.5 days once both processes are live, assuming no other attributing factors change.

Environmental Impact

- 8.1 There is no environmental impact associated with this change.

Risk Management Implications

- 9.1 The Risk Based Verification software package is delivered with reports that enable the scheme to be monitored. Blind-sampling is automated within the system to validate the process. Furthermore assessment officers are able to increase the risk category at any time should they have concerns about an individual case, however they must never reduce a risk rating. The Risk Based Verification procedure will detail when and how this will be carried out and monitored.
- 9.2 For the first four months following implementation of Risk Based Verification, the existing validation processes will continue to be run alongside the new system. This will enable monitoring of Risk Based Verification by way of comparison, provide management information regarding risk profiles and give assurance that the new system is working.
- 9.3 Risk Based Verification reduces the risk of payment of Housing Benefit to fraudulent applicants as it allows targeting of resources toward high risk cases.
- 9.4 In circular HB/CTB S11/2001, the Department for Work and Pensions has laid out the procedure required to implement Risk Based Verification to ensure Local Authorities meet auditing requirements. Harrow is following these requirements and therefore reducing any risk to the Housing Benefit subsidy claim. The scheme has been piloted in other local authorities, and rolled out nationally from November 2011, allowing Harrow to benefit from experiences of others.
- 9.5 Any risk to fraud relating to electronic claiming has been mitigated through the requirements for validation of the claimant and subsequent proof of identity for new claims. The level of validation has been set out following best practice from authorities currently using e-claims. Fraud prosecutions have been successfully made in other authorities following submission of an electronic claim.
- 9.6 While the plan is to enable all new claims to be made electronically by April 2015, a stock of hard copy forms will be retained and kept up to date to enable claims to be made either by claimants who are unable to make use of the other channels made available, or if there is a problem with the IT which prevents claims from being made.

- 9.7 The electronic claims policy complies with relevant legislation including DWP circular A18-2006 as does the Acting Head of Paid Services Direction, mitigating any risk to the Housing Benefit subsidy claim.
- 9.8 Risk included on Directorate risk register? No
Separate risk register in place? No

Equalities implications

- 10.1 Was an Equality Impact Assessment carried out? Yes
- 10.2 Pursuant to the Equality Act 2010 (“the Act”), the council, in the exercise of its functions, has to have ‘due regard’ to (i) eliminating discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; (ii) advancing equality of opportunity between those with a relevant protected characteristic and those without; and (iii) fostering good relations between those with a relevant protected characteristic and those without. The relevant protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnership, but to a limited extent.
- 10.3 An Equalities Impact Assessment screening was conducted in relation to the implementation of the Risk Based Verification Policy and the Electronic Claiming Policy and can be found at Appendix C to this report. The Equality Impact Assessment screening has concluded that the implementation of the policies will not have an adverse impact on residents from any of the protected groups, however actions have been put in place to ensure all groups within the protected characteristics have access to the appropriate support to enable them to transact electronically or to make paper claims. These actions are identified in the Implementation Plan (Appendix B to the Housing Benefit and Council Tax Support Electronic Claims Policy). Implementation of the policies will be monitored to enable mitigations to be put in place should the need arise.

Priorities

- 11.1 The administration’s priorities are to deliver a cleaner, safer and fairer Harrow. The Risk Based Verification and electronic claims policies enable fairer delivery of services due to best use of resources and improved performance times. Furthermore it reduces the risk of fraud entering the Housing Benefit system, thus helping to deliver a safer environment.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 20/1/14		
Name: Paresh Mehta	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 23/1/14		

Section 4 – Performance Officer Clearance

Name: Martin Randall	<input checked="" type="checkbox"/>	on behalf of the Divisional Director Strategic Commissioning
Date: 20/1/14		

Section 5 – Environmental Impact Officer Clearance

Name: Andrew Baker	<input checked="" type="checkbox"/>	on behalf of the Corporate Director (Environment & Enterprise)
Date: 20/1/14		

Section 6 - Contact Details and Background Papers

Contact:

Fern Silverio (Head of Service – Collections & Housing Benefits),
Tel: 020-8736-6818 / email: fern.silverio@harrow.gov.uk

Background Papers:

Appendices, as attached to the main report

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

[Call-in applies]