

**Report for: Governance, Audit,
Risk Management and
Standards Committee**

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|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of Meeting: | 13 th July 2021 |
| Subject: | Information Report: Change to evidence verification process for Housing Benefit and Council Tax Support |
| Key Decision: | No |
| Responsible Officer: | Dawn Calvert, Director of Finance & Assurance, Resources Directorate |
| Portfolio Holder: | Cllr Natasha Proctor, Finance & Resources Portfolio Holder |
| Exempt: | No |
| Decision subject to Call-in: | No |
| Wards affected: | All |
| Enclosures: | Appendix A - List of DWP means tested benefits Appendix B - Comparison of 2020/21 procedure and new verification procedure Appendix C – Equality Impact Assessment |

Section 1 – Summary and Recommendations

This report sets out changes to the procedure for evidence verification in the administration of Housing Benefit and Council Tax Support.

Governance, Audit, Risk Management and Standards Committee is asked to note the content of the report

FOR INFORMATION

Reason: Changes in service delivery across the organisation has resulted in a need to review the verification process in the administration of Housing Benefit and Council Tax Support. Following an increase in Council Tax Support caseload due to the Covid-19 pandemic, there is no longer capacity to verify evidence to the standard applied in 2020/21.

Evidence requirements have therefore been reviewed in the context of how the Benefit service has been impacted by Covid-19 and the service delivery model used moving forward. To align with the DWP auditing timetable for Housing Benefit, the change was applied with effect from 1 April 2021.

Section 2 – Report

1. Introductory paragraph

- 1.1 Housing Benefits and Council Tax Support require verification of the claimant's circumstances to evidence entitlement. The level of verification has been reviewed due to changes in service delivery models across the organisation as face to face provision is reduced/removed and online channels are promoted.
- 1.2 Prior to the change Housing Benefit required all evidence to be provided in original form where it cannot be obtained directly from a third party. Council Tax Support required proof of identity to be original unless the claimant is on Universal Credit in which case DWP (Department of Work & Pensions) verification is relied upon.
- 1.3 Historically Access Harrow has offered a service for customers to bring documents to the Civic Centre to be copied and returned during a single visit. Due to the Covid-19 pandemic, face to face services have been reduced so documents cannot be copied in Access Harrow, and it is proposed that this service will not be reintroduced in the future. Documents must be submitted by post or dropped off at the Civic Centre and returned by post. Complaints have been received about documents going missing and customers not wanting to submit valuable documents through this route.
- 1.4 Copying and returning documents also carries a cost as resources are required to verify and return documents.

- 1.5 Furthermore, the Housing department are finding it difficult to obtain original documents to support Housing Benefit claims for people placed in temporary accommodation which results in arrears that are a cost the Council carries.
- 1.6 With a large increase in Council Tax Support caseload resulting from the increase in unemployment due to Covid-19, available resources are needed to process claims rather than obtaining original documents.
- 1.7 It was therefore necessary to review the need for claimants to provide original documents to support their claim. This change in process has been balanced with the potential risk that not requiring originals could bring in respect to fraud.
- 1.8 Following approval by Fern Silverio in his role as Head of Service for Collections & Benefits and in consultation with the Portfolio Holder for Finance & Resources the change has been implemented with effect from the start of the financial year 1 April 2021. This is to align with the DWP's auditing timetable and reduce the risk of challenge from DWP.
- 1.9 While the review has taken place during the Covid-19 pandemic, consideration has been given to what the Benefit service will look like in the future and will be reviewed periodically to ensure it remains appropriate if the service continues to change.

2. Options considered

- 2.1 It was not possible to keep the process as it is because capacity is no longer sufficient to manage the increase in Council Tax Support caseload, and because of the removal of copying of documents in Access Harrow.
- 2.2 Variations of the process set out in this report were considered. The agreed process gives a balance between reducing the level of original evidence required while continuing to reduce the risk of fraud entering the system.

3. Background

2020/21

- 3.1 In 2020/21 evidence for both Housing Benefit and Council Tax Support claims was in the first instance always sourced from DWP or HMRC where viable. The Benefits service has access to Benefit records, earnings, and private pension records for most claimants via the DWP customer information system. Furthermore, DWP/HMRC issue hundreds of change records a week to local authorities to reflect changes in Benefits, earnings, and private pensions as well as the Northgate Benefit

assessment system talking directly to DWP systems to receive updates on some benefits.

- 3.2 Other third parties would also be approached for evidence where appropriate, such as Local Authority Housing or Housing Association rents.
- 3.3 Where a Council Tax Support claimant is in receipt of Universal Credit, most of the claim information will be taken from the Universal Credit claim, preventing the need to request the claimant to verify their circumstances with the local authority.
- 3.4 For Housing Benefit and Council Tax Support Non-Universal Credit claims proof of identity was still required in original format.
- 3.5 Where other supporting evidence cannot be sourced from the above routes, Housing Benefit require all evidence to be in original format. For Housing Association tenants, the Housing Association can be trained as verification officers and they are then able to verify original documents and submit them as copies/electronically on behalf of their tenant.
- 3.6 All other evidence for Council Tax Support is accepted as copies unless there is 'cause for concern'. The term 'copies' is used to mean photocopies or evidence submitted electronically e.g. from a photograph on a mobile phone or self-scanned. Documents that the claimant receives electronically e.g. bank statements are deemed to be originals.
- 3.7 Examples of 'cause for concern' are:
 - Concern that copies of documents have been falsified. All Benefits staff are verification trained to identify documents that could have been falsified and will therefore be able to request further evidence if they are not satisfied that information held is genuine. Training is delivered at the point someone starts to work in Benefits with periodic refresher training. Staff received refresher training as part of the launch of this procedure change in April 2021.
 - Where cross checks don't substantiate information provided, for example checking self-employed information against Companies House database
 - Information is not available in HMRC Earnings and Pension system when it is expected to be
 - The type of scenarios that would require additional clarification, but not exclusively, are:
 - Any discrepancies over information provided
 - Earnings should be in HMRC Earning and Pensions system but aren't
 - Living off income below applicable amount
 - Declare nil income but expenses indicate otherwise e.g. regular travel across London

4. Reasons for change

4.1 Set out below are reasons why the existing procedure could not remain in place:

Reduced face to face services

4.2 Pressures on the Council's finances have resulted in the need to review the face to face service delivery in Access Harrow. The Council has been working on a channel migration programme for several years to encourage customers to use online services. This is generally more efficient for the Council, provides a better level of service to the customer and allows limited resources to be directed to areas where online services are not a viable option. These changes mean Access Harrow will no longer be able to provide a face to face service whereby original documents could be copied and returned while the customer is on site. The only alternative is to use the postal system either for documents to be submitted and returned or, at a minimum, for the return.

Customer service

4.3 Emergency changes in procedures due to Covid-19 have meant that the process of using the postal system to receive/return original documents has been trialled over the last year. Customers do not like this approach, as they are uncomfortable sending valuable documents such as passports by post or leaving them at the council for return by post. Furthermore, valuable documents have gone missing, for example if the customer hasn't clearly stated what service the document relates to. Requesting originals also prevents customers from gaining the benefits of more online services.

Cost of handling original documents

4.4 Continuing to request original documents also requires resources to verify, scan and return them to the customer. Due to the high-risk nature of handling these original documents there are high standards of quality assurance processes in place. This makes the process resource intensive at a time when limited resources could be used elsewhere. Furthermore, valuable documents are returned using recorded delivery which carries a further cost to the council.

4.5 Additional resources are also required to deal with the enquiries and complaints associated with the requirement to provide original documents and to respond to complaints regarding missing documents.

Speed of processing

4.6 As more claimants are now in receipt of DWP benefits, the DWP information system offers a practical alternative for verification in many cases. The council has access to the DWP customer information system which sets out which benefits are in payment. DWP have confirmed that

if a means tested benefit is in payment then the claimant and partner's identity will have been verified. This gives opportunity for this verification process to be used for the purposes of Housing Benefit and Council Tax Support and in place of a separate verification process for identity. All Benefits Assessment Officers have access to the DWP system so this approach would allow for a faster assessment process and removes the need for customers to provide original identity documents if they are on a DWP Benefit.

Help mitigate impact of increasing caseload on resources

4.7 Following the Covid-19 pandemic, the number of Council Tax Support claims has increased by over 2,100 (19%) in 2020/21. The Benefits service is struggling to maintain a good standard of service as it absorbs this additional workload. The Universal Credit claim is already used as full verification for a Council Tax Support claim, by aligning other means tested benefits to the same verification standard for the purposes of Council Tax Support, will help to make the assessment process more efficient. While these new claimants have potentially not been known to the Benefits service previously which could bring more risk of fraud, verification of identity through the DWP system and by paying Council Tax Support directly to the liable party's Council Tax account, this risk is reduced.

Increase rent collection on Temporary Accommodation

4.8 This change is also intended to support rent collection for Temporary Accommodation. Housing Needs have found it difficult to obtain the original information required from the claimant to support the Housing Benefit claim for households placed in temporary accommodation. This is in part due to the often volatile nature of these households. If Housing Benefit cannot be paid on this emergency accommodation the council will carry the rent arrears. By revising the verification requirements, it is anticipated that the barriers to claiming Housing Benefit by households placed in emergency accommodation will be reduced and therefore support collection of rent.

Recognise potential risk

4.9 The above reasons for change must be balanced with the potential risk that not verifying documents in original format could allow fraud to enter the system. While it is accepted that change in the Benefit evidence verification procedure is required in response to changes elsewhere in the organisation, the level of risk that this may bring was also considered as part of the decision to change.

5. New verification process

5.1 The same verification process will be followed for any evidence required at any stage of the claim process, i.e. for new claims, changes in circumstance or disputes/appeals. The same process will also apply for

both Housing Benefit and Council Tax Support, except for cases where Universal Credit is in payment. Experience shows that while the risk of fraud may be reduced through the request for original documents, one of the largest organised fraud cases Harrow has seen was all based on fake original documents demonstrating that provision of originals still allowed fraud into the system. The new procedure therefore gives greater focus on the level of knowledge of staff in cross checking information and obtaining evidence from source as a critical step in the verification process. It is however recognised that obtaining copies in place of originals will potentially increase the risk of fraud.

5.2 Verification process:

- The DWP customer information system (Searchlight) will be interrogated by the Assessment Officer. If the claimant is in receipt of a DWP means-tested Benefit, as listed in Appendix A, then DWP has confirmed that identity will have been verified as part of the claim process. This verification process will be treated as verification of identity for the purposes of Housing Benefit and/or Council Tax Support. The same will apply for a partner of the claimant if the DWP benefit is for a couple.
- If Searchlight does not confirm means-tested Benefit entitlement, then the Assessment Officer will issue a request for original identity proof from the customer
- Where viable all evidence will be sought from third parties in the first instance. Most Benefits and earnings information can be obtained for the claimant and partner from DWP/HMRC. Rent details for claimants in the social rented sector or temporary accommodation can normally be obtained directly from the Council or Housing Association.
- Council Tax Support claims where the claimant is in receipt of Universal Credit will continue to use all information held on the Universal Credit claim and not seek to obtain any further verification unless there is cause for concern.
- All other documents that cannot be obtained using the above channels will be requested as copies unless the assessor has any cause for concern. Cause for concern is defined above. Original documents may be requested if it is believed that this will help to clarify the claimant's circumstances
- In this context copies means any document either photocopied and submitted hard copy or a document that has been submitted electronically but was not originally held by the customer in an electronic format e.g. where they submit a photograph of a wage slip. Where the document is only ever held electronically by the customer, e.g. online bank statements, then these will be treated as originals.
- Housing Associations will continue to be trained as verification officers to be able to verify original documents and submit them electronically to the local authority on behalf of their tenants when required

5.3 The above changes are captured in a table in Appendix B showing the current process and the change for each claim type.

Volume of claims affected

5.4 As each claim will have elements that are verified in different ways it is not possible to state exactly how many claims will be verified differently using this new procedure. For example, a claim may require identity to be verified using the DWP system but then evidence of a non-dependant's income required as copies. However, to give an indication of the volume of claims affected some caseload data has been provided below.

Caseload as at 1 Apr 2021

| | | |
|--------------------------------------------------------|--------|-----|
| Total Housing Benefit caseload | 11,083 | |
| Housing Benefit in receipt of means-tested benefit | 5,771 | 52% |
| Total Council Tax Support caseload | 13,396 | |
| Council Tax Support in receipt of means-tested benefit | 10,366 | 77% |
| Joint Housing Benefit/Council Tax Support claims | 17,397 | |

Volume of new claims and change in circumstance notifications

5.5 Volumes are for quarters 3 & 4 2020/21. Data has not been provided for the full year because of the impact of Covid-19 in 2020/21, particularly in the first half of the year.

| | Q3 & Q4 2020/21 | |
|--------------------------------|--------------------|------------------------|
| New claims | | |
| Housing Benefit | 509 | |
| Council Tax Support | 3,968 | |
| Changes in Circumstance | | Notified by claimant * |
| Housing Benefit | 20,684 | 4,967 |
| Council Tax Support | 26,639 | 4,223 |

* where change is notified by claimant rather than DWP/HMRC, verification is more likely to be requested from the claimant although not always

6. Implications of this change

6.1 The impacts of this change are expected to be beneficial to Housing Benefit and Council Tax Support claimants. They will be less likely to be required to provide original evidence to support their claim and can therefore make use of more online services and receive a quicker decision on their claim. The impact of withdrawing the ability to copy documents in Access Harrow will be reduced, and the pressure on the Benefits service to process the additional 2,100 Council Tax Support claims will be eased. Claimants in

temporary accommodation will be more likely to have their claim for Housing Benefit put into payment, therefore reducing the pressure on Housing resulting from temporary accommodation arrears.

7. Performance Issues

- 7.1 This change is expected to make processing of benefit claims more efficient as less time is spent collating original evidence from claimants.
- 7.2 The service is measured by turnaround times of new claims and changes in circumstance. Housing Benefit PIs are reported to DWP while Council Tax Support is measured locally.
- 7.3 Due to the increase in Council Tax Support caseload it is anticipated that this change will allow the service to maintain service standards at the current level. Without the change, the risk is that turnaround times would rise.
- 7.4 Performance times in 2020/21 were the following number of days:

| | New Claims | Changes in Circumstance |
|---------------------|------------|-------------------------|
| Housing Benefit | 23.21 | 3.91 |
| Council Tax Support | 25.92 | 4.06 |

8. Risk Management Implications

- 8.1 Risks included on corporate or directorate risk register? **No**
- 8.2 Separate risk register in place? **No**
- 8.3 The relevant risks contained in the register are attached/summarised below **n/a**
- 8.4 The following key risks were taken into account when considering the change set out in this report:

| Risk Description | Mitigations | RAG Status |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| If the change were not implemented the following risks may arise: <ul style="list-style-type: none"> - Increase in processing times for Housing Benefit and Council Tax Support | <ul style="list-style-type: none"> ▪ Implement change as set out in this report ▪ RAG status based on change remaining in place | Green |

| Risk Description | Mitigations | RAG Status |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> - Inability of claimants to submit original evidence in support of their claim due to change in customer service delivery model - Claimant's valuable documents going missing - Loss of income to Council due to temporary accommodation arrears where Housing Benefit claims cannot be paid | | |
| <p>Increase fraud in Housing Benefit and Council Tax Support</p> | <ul style="list-style-type: none"> ▪ Increased focus on cross referencing of information held rather than on receipt of original documents ▪ Opportunity to request originals where have cause for concern ▪ The majority of information can be verified via the DWP/HMRC ▪ The level of check has been increased for Council Tax Support by requiring original documents for identity | <p>Amber</p> <p>(level of risk set at Amber as while the likelihood of fraud remains low as a proportion of the total caseload, it is recognized that the likelihood of fraud will increase due to the changes)</p> |
| <p>Housing Benefit subsidy claim not paid by DWP as not satisfied that LA can verify payments of Housing Benefit are accurate</p> | <ul style="list-style-type: none"> ▪ Legal advice states risk is low ▪ Many other Local Authorities, and the majority in West London, do not request originals and have seen no impact on subsidy claim ▪ Part of new process uses DWP own verification which reduces risk of DWP challenge | <p>Green</p> |

9. Procurement Implications

9.1 There are no procurement implications due to this change

10. Legal Implications

10.1 The change in procedure has been considered by Legal. Advice is that the procedure complies with Housing Benefit Regulations 2016, Regulation 86 and that while DWP guidance is conflicting, the above approach is unlikely to be challenged by DWP.

11. Financial Implications

11.1 There are no financial implications resulting from this change

12. Equalities implications / Public Sector Equality Duty

12.1 Appendix C sets out the Equality Impact Assessment that has been carried out to understand the potential impacts of this change.

12.2 No negative impacts have been identified.

12.3 Positive impacts are found across affected claim groups. To review after 6 months to confirm all groups are accessing the benefits of the change

Council Priorities

Please identify how the decision sought delivers these priorities.

1. **Tackling poverty and inequality** – by improving the customer journey and reducing barriers to claiming Housing Benefit and Council Tax Support

Section 3 - Statutory Officer Clearance

Statutory Officer:

Signed by Director of Finance & Assurance

Dawn Calvert

Date: 9 June 2021

Statutory Officer:

Signed on *behalf of/by the Monitoring Officer

Not required

Chief Officer:

Signed off by the Corporate Director

Not required

Head of Procurement:

Signed on *behalf of/by the Head of Procurement

Not required

Head of Internal Audit:

Signed by the Head of Internal Audit

Susan Dixon

Date: 30 June 2021

Mandatory Checks

Ward Councillors notified: NO, as it impacts on all Wards

EqlA carried out: YES

EqlA cleared by: Alex Dewsnap

Section 4 - Contact Details and Background Papers

Contact: Jenny Townsley – Housing Benefit Service Manager
Tel: 07874 891444 / email: jennifer.townsley@harrow.gov.uk

Background Papers: None

Call-in waived by the Chair of Overview and Scrutiny Committee

NO

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Appendix A - List of DWP means tested benefits

DWP means tested benefits have been identified as acceptable for verification purposes because DWP has confirmed that it verifies identity before awarding these benefits and because the means-test involves a rigorous assessment process which gives confidence to the level verification that has been carried out. For working age claimants, these means-tested benefits also require ongoing interaction between DWP and the claimant which reduces the risk of fraud e.g. with a work coach.

Job Seekers Allowance (Income Based)
Income Related Employment Support Allowance
Income Support
Universal Credit
Pension Credit Guarantee Credit

Appendix B – Comparison of 2020/21 procedure and 2021/22 revised verification procedure

| Claim type | Evidence type | 2020/21 | New procedure from 1 April 2021 |
|-----------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CTS or HB in receipt of means tested benefit | Identity | <p>CTS Universal Credit – use DWP system for all information held by DWP.</p> <p>All other claim types in this category – original identity proof required for Housing Benefit, copies for Council Tax Support</p> | Use DWP system to verify identity |
| CTS or HB not in receipt of means tested benefit or entitlement of this benefit cannot be verified through DWP system | Identity | Original identity proof for Housing Benefit, copies for Council Tax Support | Original identity proof |
| <p>HB in receipt of means tested benefit</p> <p>CTS in receipt of means tested benefit except Universal Credit</p> | Other evidence | <p>All benefits information taken from DWP system including earnings and private pensions</p> <p>Evidence not held by DWP e.g. rent proof, obtained as original for Housing Benefit, copies for Council Tax Support</p> | <p>All benefits information taken from DWP system including earnings and private pensions</p> <p>Evidence not held by DWP e.g. rent proof, to be accepted as copies unless there is cause for concern</p> |
| CTS in receipt of Universal Credit | Other evidence | <p>DWP system used for all information held by DWP including earnings.</p> <p>Any information not held by DWP obtained as copies</p> | <p>DWP system used for all information held by DWP including earnings.</p> <p>Any information not held by DWP obtained as copies unless there is cause for concern</p> |
| CTS or HB not in receipt of means tested benefit or entitlement of this benefit cannot be | Other evidence | Benefits, earnings, and private pension information taken from DWP system | Benefits, earnings, and private pension information taken from DWP system |

| | | | |
|-----------------------------|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| verified through DWP system | | Council rents taken from Council rent system Housing Association rents taken from HAs Council Tax liability taken from council tax system Any other information obtained from customer as originals for Housing Benefit, copies for Council Tax Support | Council rents taken from Council rent system Housing Association rents taken from HAs Council Tax liability taken from council tax system Any other information obtained from customer as copies unless there is cause for concern |
|-----------------------------|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

*The term DWP system is used to refer to any DWP or HMRC data that can be accessed by the local authority through the Searchlight or VEP systems, any data transfers between DWP/HMRC and the local authority and any other information shared directly by DWP/HMRC such as HBMS

**As per DWP guidance, the term 'originals' includes items the claimant receives electronically such as electronic pay slip

***Means tested benefit is as set out in Appendix A