

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 9
DATE OF MEETING:	13th OCTOBER 2016	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF FINANCE AND CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 226773) Kevin.stackhouse@south-derbys.gov.uk	DOC: u/ks/revenues and benefits/policies/RBV/RBV policy update Oct 16
SUBJECT:	RISK BASED VERIFICATION FOR HOUSING BENEFIT CHECKS ON DISCOUNT, EXEMPTION AND RELIEF GRANTED	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 12

1.0 Recommendations

- 1.1 That the process of Risk Based Verification for Housing Benefit and Council Tax Reduction Scheme claims is extended to include Change of Circumstances.
- 1.2 That the Risk Based Verification Scheme Policy is updated to include Change of Circumstances.
- 1.3 To adopt broadly similar procedures of a risk based approach in respect of claims for Council Tax relief, exemptions and discounts.

2.0 Purpose of Report

- 2.1 To advise the Committee of a proposed change to the Risk Based Verification (RBV) Scheme previously approved in January 2015.
- 2.2 To advise the Committee of similar checks being made, that includes credit data matching, in line with the Council's Fair Processing Notice, to minimise fraud and error in respect of claims for Council Tax Discount, relief and exemptions.

3.0 Background

- 3.1 In 2011, the DWP allowed a limited number of Councils to pilot an alternative approach to try and reduce fraud and error, based on risk principles. This is based on a profile of individual claimants so that resources can be targeted at those groups where fraud and error is most likely to be present; this in turn has the effect of easing requirements on lower risk groups which will simplify and speed-up their claims process.
- 3.2 Following these pilots, the principle of Risk Based Verification (RBV) was introduced across many councils. Following changes to its systems, the Council introduced a fully electronic RBV process from May 2015.

4.0 Principles of Risk Based Verification

- 4.1 RBV applies different levels of checks to different circumstances depending on a complex mathematical risk formula. An associated risk matrix based on many years of experience and statistical information is used to determine the level of potential risk associated with specific claim types. The higher the deemed risk, the greater the level of resources will be used to establish that the claim is genuine.
- 4.2 RBV also allows the Council more flexibility to take into account local issues and to build in checks and balances including the frequency of review.
- 4.3 As a result of the successful implementation of RBV on new claims, it is now intended to extend the policy to include the validation of Changes of Circumstance notified by existing claimants. Software to do this has only recently become available.
- 4.4 If approved, the updated Policy becomes the standard by which External Audit validate the Housing Benefit Subsidy Claim.
- 4.5 It is also proposed to use broadly similar processes to identify any erroneous award or fraudulent claim of a number of Council tax discounts, relief or exemption, although a formal policy is not required in the same way as for RBV for benefits.

5.0 Corporate and Community Implications

- 5.1 None directly

6.0 Financial Implications

- 6.1 None. Systems and processes are already in place. The costs were originally met by Government funding to detect and prevent fraud.

7.0 Background Papers

- 7.1 DWP Circular S11/2011
Social Security Administration Act 1992
Housing Benefit Regulations 2006