

| | | |
|--|----------------------|---------------|
| 22 March 2012 | | ITEM 7 |
| Corporate Overview and Scrutiny Committee | | |
| Risk Based Verification Policy | | |
| Portfolio Holder: Cllr P Smith, Central Services | | |
| Wards and communities affected: | Key Decision: | |
| All | No | |
| Accountable Head of Service: Sean Clark, Head of Corporate Finance | | |
| Accountable Director: Martin Hone, Director of Finance & Corporate Governance | | |
| This report is public but note that the Appendix (Housing and Council Tax Benefit Risk Based Verification Policy) is exempt as it falls within Schedule 12A of the Local Government Act 1972, Category 7 in that it contains information relating to the prevention, investigation and prosecution of crime. | | |
| Purpose of Report: To update the Committee on recent developments in benefit fraud investigation and invite it to scrutinise the draft Risk Based Verification Policy which forms Appendix 1 to this report. | | |

Comment [sj]: PLEASE CLICK THIS BOX ONCE and enter the date of the meeting (in font 16, not capitals)

Comment [sj]: Please leave this for completion by Democratic Services

Comment [sj]: PLEASE CLICK THIS BOX ONCE and enter the title of your report (in font 16 and in capitals) – a Cabinet Report should be consistent with the wording on the Forward Plan – see Guidelines 2.3

Comment [sj]: Please state the name of the Cabinet Member and the Portfolio to which the report refers

Comment [sj]: Please enter details of any Wards and Communities affected by the report. If this section is not applicable, you should enter "none".

Comment [sj]: Yes/No/Not Applicable – a 'Key Decision' is generally one affecting more than 2 wards or above £50,000

Comment [sj]: Please state the Head of Service's name and job title

Comment [sj]: Please state Director's name and job title

Comment [sj]: State whether your report is Public or Exempt. If Exempt (i.e. not to be given to the public or discussed in

Comment [sj]: Briefly set out the purpose of your report

Comment [sj]: Please provide a summary of the key points in your report

Comment [sj]: The recommendations should be set out in bold in the form of the decision that the decision-

Comment [sj]: You should briefly explain why the report is on the agenda - See para. 5.3 and 5.4 of the report writing guidelines.

EXECUTIVE SUMMARY

The Department of Works and Pensions (DWP) recently issued a circular allowing Councils to implement a Risk Based Verification (RBV) process as part of processing new claims and changes in circumstances for Housing and Council Tax Benefit.

1. RECOMMENDATION:

1.1 The policy is approved and signed off to allow the new process to take effect from 1 April 2012.

2. INTRODUCTION AND BACKGROUND:

2.1 The Housing Benefit and Council Tax Benefit schemes ("Housing Benefit") are cornerstones of the Welfare State. Nationally, nearly £25 billion is paid out in total per annum. At November 2011, the total number of people claiming Housing Benefit was 4.94 million, with 5.87 million claiming Council Tax Benefit.

Ensuring the right amount is paid out is crucial in ensuring fairness to both claimants and taxpayers. Combating fraud and reducing error is a key component in this.

2.2 The DWP allowed a limited number of Councils to pilot a different type of scheme to try to reduce fraud and error; based on Risk Based Verification principles. This concentrates on the risk profile of each claimant, resources can then be targeted at the higher risk groups where most of the fraud and error will be. It is an approach used by many public services as well as businesses in the commercial world; from finance to the chemical industry, the police and immigration authorities. The pilots have been a success and the DWP has recently confirmed that all Councils can now adopt this approach (Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011 is attached).

Comment [j]: This should include any consultation with Ward Members and Shadow Portfolio Holders, as well as any public or statutory consultation

Comment [a]: Please refer to Section 5.7 of the Report Writing Guidelines

2.3 **Monitoring compliance with the policy**

The Business and Strategic Development Manager from the Finance and Corporate Governance Directorate will work closely with the Benefits Manager and Head of Revenues and Benefits to establish that the processes that are put in place are compliant with the policy. Only Senior Benefit Officers will be able to upgrade a risk score and these will be monitored via a spreadsheet maintained by the Benefits section.

2.4 **Managing the new policy**

The policy can only be updated in line with a new financial year. Close monitoring will take place too on a periodic basis to satisfy the Council that the policy is as up to date as possible taking new legislative changes into account as they arise, to be implemented in time for each new financial year.

2.5 **Further planned initiatives**

The DWP have stated that this type of framework will continue to be utilised when looking at the Universal Credit scheme and more importantly the localisation of a Council Tax Reduction scheme that could be unique to each individual local authority. This will prove to be of more significance to Thurrock Council as the funding structure will completely change from the demand driven rebate scheme that is currently in place to a system where local authorities will be given 90% of current Council Tax Benefit expenditure and asked to devise their own individual local schemes.

3. **CONSULTATION (if applicable)**

3.1 Not applicable.

4. **IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT**

4.1 Pilot Authorities that have already implemented this software have reported that performance has improved as well as service costs reducing. The Council has signed a 3 year contract with the software provider, Vertex have already given the Council back the cost of the software within year and further savings will be made after more analysis are carried out to come back to the Council over the term of the contract with the software supplier.

5. **IMPLICATIONS**

5.1 **Financial**

Implications verified by: **Martin Hone**
 Telephone and email: **01375 652412**
mhone@thurrock.gov.uk

Financial implications are set out in the body of the report. The efficient processing of claims and the development of a Local Council Tax reduction scheme will form a major part of the Council's overall financial strategy and its planned transformation of business services in the next few years.

5.2 **Legal**

Implications verified by: **David Lawson**
 Telephone and email: **01375 652087**
dlawson@thurrock.gov.uk

This report and the attached draft Risk Based Verification Policy will aid the authority in meeting the guidance contained in the Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011 and lead to greater efficiency in processing claims.

5.3 **Diversity and Equality**

Implications verified by: **Samson DeAlyn**
 Telephone and email: **01375 652472**
sdealyn@thurrock.gov.uk

The Council will need to give due regard to the equality duty in the processing of claims and the development of a Local Council Tax reduction scheme. Ensuring the right amount of benefit is paid out is crucial in ensuring fairness to both claimants and taxpayers. Combating fraud and reducing error is a key component in this. There should be an equality impact assessment at the appropriate stage on the policy principles relating to a risk based verification, to ensure any risk based verification process meets the statutory requirement of equal treatment.

6. **CONCLUSION**

6.1 The Risk Based Verification Policy is a key deliverable arising from the recent circular the DWP has issued encouraging Local Authorities to implement this new way of working to reduce fraud and error at the gateway.

Comment [sj]: This section should always be completed – if they are dealt with fully in another part of the report, they also need a brief cross reference here. The names and job titles of the officers providing the implications should be provided in full – see Guideline 6.1 and please note Democratic Services Deadlines and ensure that officers providing implications are given 5 clear working days to work on the report. Authors can write implications but they must be signed off by the appropriate officers

Comment [sj]: See Guideline 6.2

Comment [sj]: See Guideline 6.3

Comment [sj]: See Guideline 6.4

Comment [sj]: This should inform the recommendations in the report

BACKGROUND PAPERS USED IN PREPARING THIS REPORT:

Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011

APPENDICES TO THIS REPORT:

- **Risk Based Verification Policy (Restricted)**
- **Housing Benefit and Council Tax Benefit Circular HB/CTB S11/2011**

Report Author Contact Details:

Name: Martin Hone
Telephone: 01375 652412
E-mail: mhone@thurrock.gov.uk

Comment [sj]: See Guideline 8. If any Papers are to be placed in the Members room that relate to this report, you should also list them here

Comment [sj]: List the Appendices referred to in the Report

Comment [sj]: Insert the full contact details of the author of the report