

## RISK BASED VERIFICATION

### Finance Advisory Committee - 15 November 2016

Report of Chief Finance Officer

Status: For Decision

Also considered by: Cabinet - 1 December 2016

Key Decision: No

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**Portfolio Holder** Cllr. Searles

**Contact Officers** Adrian Rowbotham, Ext. 7153  
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**Recommendations to Finance Advisory Committee:** That Committee recommend for approval by Cabinet the Risk Based Verification Policy attached at Appendix A to this report.

**Recommendations to Cabinet:** That the Risk Based Verification Policy attached at Appendix A to this report, be approved.

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### Introduction and Background

- 1 The Revenues & Benefits Partnership currently processes 2,700 new claims and 29,600 changes in circumstances each year for Housing Benefit (HB) and Council Tax Reduction (CTR). Of this, 1,100 and 13,700 respectively relates to Sevenoaks.
- 2 The legislation governing the administration of new claims and changes in circumstances requires the local authority to be satisfied that it has sufficient evidence to enable it to accurately assess entitlement to HB and CTR. In the majority of cases, this is done by asking the claimant to supply documentary evidence in support of the declarations they have made on the application form in respect of their income and savings.
- 3 Following successful pilots between the Department for Work & Pensions and Local Authority partners in 2011, Risk Based Verification (RBV) was opened up to all organisations responsible for the administration of Housing Benefit in 2012. RBV is technology that uses risk models, incorporated with business intelligence from credit reference agencies, to assess the risk associated with a process which then informs the decision making process. These classifications then help to streamline the level of evidence required from a claimant by providing an individual risk rating, based on the likelihood of it being fraudulent or erroneous. The result then empowers officers to apply a

verification process which is both appropriate and proportionate to the risk posed.

- 4 The result classifications are low, medium and high risk and the levels of verification required for each are detailed in the RBV policy at Appendix A. In summary, low risk cases only require essential checks to be made, medium risk cases require the same level of checks that are currently in place and high risk cases will have enhanced stringency applied to the verification process.
- 5 There is still an obligation to ensure there is sufficient evidence to make an accurate assessment of entitlement but, as explained, the need to gather evidence in low risk cases can be reduced whilst still providing the level of assurance necessary. In effect, this will allow resources to be diverted to those cases posing the greatest risk whilst reducing processing times and providing improved customer service to those that pose the least risk.

## **Key Implications**

### Financial

The RBV software is provided by Callcredit Information Group at a cost of £12,690 per annum for the Revenues and Benefits Partnership.

Following a successful business case made to the major preceptors (Kent County Council, Kent Police and Kent Fire and Rescue) seeking an investment in technology to help tackle fraud and increase income collection, they have provided a significant proportion of financial investment to help cover the majority of this cost. As a result, the actual cost to the Council for the software is only £762 per annum and this has been accounted for from within existing budgets.

For low risk cases, RBV will also reduce the print, mail and delivery costs associated to the current administration and verification process for these cases. Whilst difficult to quantify this will result in savings running into thousands of pounds.

### Legal Implications and Risk Assessment Statement

In Circular S11/2011, the Department for Work and Pensions extended the use of RBV on a voluntary basis to all local authorities, effective from April 2012.

Authorities opting to apply RBV in the administration of Housing Benefit and Council Tax Reduction are required to have in place a RBV policy detailing risk profiles and verification standards, as well as stating the minimum number of claim checks to be undertaken when the policy becomes effective.

As well as the need to require Member approval, the RBV policy must also be agreed by the Section 151 Officer.

The RBV software has an in-built reporting system that enables the allocation and accuracy of risk categories to be monitored. Blind sampling is also automated to provide further reassurance and officers are able to increase the risk category of an

individual case should they have cause for concern.

In addition, regular management reports will be produced to identify how much fraud and error has been detected in each risk group and, following implementation, frequent monitoring will be carried out to ensure that cases are being allocated to the correct risk group.

### Equality Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper directly impact on end users. The impact has been analysed and [EITHER varies] [OR does not vary] between groups of people. The results of this analysis are set out immediately below.

RBV assigns a risk rating to each benefit claim based on the likelihood of it being fraudulent or erroneous. This then determines the level of verification required when a new claim or change in circumstances is being administered.

When a risk rating is assessed, it takes no account of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation. Therefore, all cases are treated equally and RBV has no direct impact on any of the protected characteristics.

### Conclusion

That the report be noted and the RBV Policy be recommended to Cabinet for approval.

### **Appendices**

Appendix A - Risk Based Verification Policy (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)

### **Background Papers**

None

**Adrian Rowbotham**  
**Chief Finance Officer**