

Review and rationale for replacement of RBV

1 Introduction

The Department for Work and Pensions (DWP) requires local authorities to guard against fraud and error in the administration of Housing Benefit (HB) and, previously, Council Tax Benefit. For many years this required local authorities to operate a 'Verification Framework' that involved seeking original evidence from all claimants to back up the information provided in their claim and for changes of circumstances. This was burdensome for both claimants and local authorities and risked delays to the payment of benefit.

In more recent years DWP has allowed a departure from this approach where local authorities use an approved tool for risk based verification. New claim details are run through an external RBV system that classifies the level of risk as low, medium or high. For low risk cases, very little verification is required but for high risk cases an enhanced level of checking is involved.

Categorisation of risk is by algorithms that are confidential to the supplier so local authorities do not know why cases are categorised as they are. Currently the RBV system typically identified claims as 60% low risk, 22% medium risk, and 18% high risk.

The Council has used RBV for new claims and changes since October 2014. It has not delivered the anticipated savings in workload for staff or significant improvements in average processing times.

A promoted advantage of RBV was the opportunity to put more resource into focussing on high risk cases. The results of working with RBV have shown that using resources for this purpose identify very few fraudulent cases and the management information available has offered no assurance of the value of this process.

Previous reviews of RBV have led to this no longer being used in the determination of change of circumstances, plus significant changes in the wider welfare landscape and new technologies meant that it is was appropriate to review the use of RBV for new claims and officers have concluded that it would be appropriate to stop using it.

2 What has changed?

The government has gradually been extending the availability of information it holds to assist local authorities in administering benefits. DWP benefits can be checked and changes to most of them are routinely notified to local authorities as they happen. Local authorities can now use the Verify Earnings and Pensions (VEPS) system to check current earnings and pensions data provided to HMRC by employers/pension providers through 'Real Time Information'. This is in addition to existing and proposed new data matching with DWP's Housing Benefit Matching Service and access to its Searchlight system which allows validation of almost all DWP/HMRC benefits.

In addition the gradual roll out of Universal Credit (UC) has transformed the benefits landscape. New claims for Housing Benefit can only be made by people over pension age and mainly only by working age people in specialised accommodation (generally temporary accommodation and supported accommodation).

The number of new claims for Housing Benefit has therefore diminished significantly and those who can claim are less likely to pose a risk in that their circumstances are either more likely to be stable or more likely to be easily verified from other sources. The number of claims for Council Tax Reduction (CTR) will remain high and be from all types of claimant but CTR claims involve less risk and the

'benefit' paid is of much lower value. There is no requirement to apply DWP verification standards to these cases so local authorities have more discretion in the nature and level of verification to be used.

Existing cases will still have changes that may need to be verified but RBV is no longer applied to processing changes in Bristol and many changes can be verified without requiring the claimant to provide it. Significant changes are likely to require working age residents to claim UC, with the consequent ending of the HB award.

For residents on UC (CTR and the smaller number of HB claimants in specialised accommodation), DWP routinely notifies changes to the information on household and income that is used to assess the claim so that there is only a limited need for additional verification.

Many other large authorities including Manchester, Newcastle, Nottingham and Sheffield have either recently stopped using or never taken up the option of the RBV approach.

3 The alternative to Risk Based Verification

If a local authority stops using RBV, it reverts to the DWP's default verification requirements for all new HB claims. In Bristol this would mean that the Council's RBV policy would end. There is no specific policy that covers the default verification requirements for HB claims. These requirements are covered within DWP Housing Benefit guidance and set out at an operational level within the local Benefits Service online guidance manual. The ready availability of extensive government data direct makes use of the default verification requirements much less burdensome for residents and benefit administration than it was in the past. New claims for HB will be from people who generally pose a lower risk and the amount of verification work involved can be accommodated within existing work demands.

For CTR cases, the same sources of verification are available. Where HB too is involved, the same level of verification applies without additional work. Beyond this, for the increasing number for whom CTR is the only benefit we administer, we continue to need means of preventing fraud and error in other aspects of their claim (for example household composition and capital) but we are not tied to the DWP's default verification requirements.

There therefore seems little reason to continue using Risk Based Verification.

4. Cost implications

Stopping RBV will save £27k p.a, the cost of the product used and has already been cashed in saving under the Northgate re-procurement project. The time saved in ceasing additional high risk checks and need for appointments at Temple St CSP have proven to offer limited value and should offset time spent in some additional administrative activity for low risk claims. The on-line claim process makes clear to residents what information they need to provide so much evidence is provided with the claim without writing out.

5. Conclusions

Efficiency gains from use of RBV have dwindled to a negligible level. Alternative means of verification of most facts mean that we can stop using RBV without adverse impacts on performance and service to claimants. A modest cost saving will also be achieved. It therefore seems appropriate to stop using RBV from 1st September 2020 when the existing contract can be terminated.