



# Bristol City Council

## Risk Based Verification Policy

Document History			
Date	Status	Author	Summary of Changes
01/07/16	Revised V1.2	Ian McIntyre, Chris Leahy	3.2 Changes in Circumstances
27/03/18	Revised V1.3	Chris Leahy	3.3, 4.2 Coactiva replaced with Software

## **Bristol City Council – Risk Based Verification policy for Housing Benefit and Council Tax Reduction**



### **1. Introduction**

- 1.1. The Department for Work and Pensions (DWP) issued circular S11/2011. This contained details of the DWP's policy on the use of Risk Based Verification (RBV) for Housing Benefit (HB) and Council Tax Benefit (CTB). Although CTB was abolished from 1<sup>st</sup> April 2013, RBV is being used for Bristol City Council's localised Council Tax Reduction (CTR) scheme.
- 1.2. This document outlines the legislative frameworks that apply to RBV, Bristol City Council's approach to RBV and the levels of verification that will be required to support a claim and ongoing award for HB and CTR. More granular and operational information is provided in separate documentation and guidance notes for staff involved in the administration of HB and CTR.

### **2. Background**

- 2.1. Where claims for HB and CTB were made in the past, the customer was required to provide evidence in accordance with the Verification Framework (VF) that was set out by the DWP in the 1990s and discontinued by them in 2006.
- 2.2. VF was guidance rather than legislation and subsidy claims have continued to be audited in line with it. This has led to councils following VF for a number of years after the end of its use by DWP in the absence of any other framework.
- 2.3. The introduction of RBV does not make any alteration to the requirements of the legislation. The council is still required to comply with Section 1 of the Social Security Administration Act 1992 and similar provision is made in Paragraph 113 of Bristol City Council' CTR scheme. The legislation and policies that govern the gathering of evidence are Regulation 86 of the Housing Benefit Regulations 2006 and Paragraph 113 of Bristol City Council's CTR scheme. The relevant extracts are shown below:-

#### **Section 1 of the Social Security Administration Act 1992**

(1A) No person whose entitlement to any benefit depends on his making a claim shall be entitled to the benefit unless subsection (1B) below is satisfied in relation both to the person making the claim and to any other person in respect of whom he is claiming benefit.

(1B) This subsection is satisfied in relation to a person if –

(a) The claim is accompanied by–

(i) A statement of the person's national insurance number and information or evidence establishing that that number has been allocated to the person; or

(ii) Information or evidence enabling the national insurance number that has been allocated to the person to be ascertained; or

(b) The person makes an application for a national insurance number to be allocated to him, which is accompanied by information or evidence enabling such a number to be so allocated.

## **Regulation 86 of the Housing Benefit Regulations 2006**

A person who makes a claim, or a person to whom housing benefit has been awarded, shall furnish such certificates, documents, information and evidence in connection with the claim or the award, or any question arising out of the claim or the award, as may reasonably be required by the relevant authority in order to determine that person's entitlement to, or continuing entitlement to housing benefit and shall do so within one month of being required to do so or such longer period as the relevant authority may consider reasonable.

### **Paragraph 113 of Bristol City Council's CTR scheme**

(1) Subject to sub-paragraph (3), a person who makes an application for a reduction under this scheme must satisfy sub-paragraph (2) in relation both to himself and to any other person in respect of whom he is making the application.

(2) This sub-paragraph is satisfied in relation to a person if—

(a) the application is accompanied by—

(i) a statement of the person's national insurance number and information or evidence establishing that that number has been allocated to the person; or

(ii) information or evidence enabling the authority to ascertain the national insurance number that has been allocated to the person; or

(b) the person has made an application for a national insurance number to be allocated to him and the application for the reduction is accompanied by—

(i) evidence of the application for a national insurance number to be so allocated; and

(ii) the information or evidence enabling it to be so allocated.

(3) Sub-paragraph (2) does not apply—

(a) in the case of a child or young person in respect of whom an application for a reduction is made;

(b) to a person who—

(i) is a person treated as not being in Great Britain for the purposes of this scheme;

(ii) is subject to immigration control within the meaning of section 115(9)(a) of the Immigration and Asylum Act 1999; and

(iii) has not previously been allocated a national insurance number.

(4) Subject to sub-paragraph (5), a person who makes an application, or a person to whom a reduction under this scheme has been awarded, must furnish such certificates, documents, information and evidence in connection with the application or the award, or any question arising out of the application or the award, as may reasonably be required by the authority in order to determine that person's entitlement to, or continuing entitlement to a reduction under this scheme and must do so within one month of the authority requiring him to do so or such longer period as the authority may consider reasonable.

2.4. RBV is an approach that can be adopted by councils where they can focus higher levels of verification on cases where they would expect to find more fraud and error. This enables resources to be used more effectively and reduces the burden of evidence gathering for the council and its customers where there is a lower risk of fraud and error.

2.5. A risk category is assigned to a HB and/or CTR claim, depending on the risk of that case containing fraud and error. This is low, medium or high and is derived through the use of IT systems or clerical processes. Low and medium risk cases will be subject to a lower burden of evidence gathering than under the previous framework and high risk cases subject to further checks.

2.6. RBV is used by the DWP and those claims for HB that come from their offices have already undergone some form of verification. This approach will also be applied to Universal Credit when it is rolled out.

### **3. Implementing Risk Based Verification**

3.1. The council has operated RBV since April 2012 for new claims and July 2012 for changes in circumstances. Its use was suspended from November 2013 and will be reintroduced from July 2014 for all new claims and changes for HB and/or CTR.

3.2. From July 2016 the council made a decision not to request RBV risk scores for change in circumstance assessments. RBV will continue as a requirement for new claims only.

3.3. The council uses software to support its RBV policy and this will be applied to all new claims for HB and/or CTR. The software categorises cases according to the risk of fraud and error. Different levels of evidence are required according to the category (see appendix A). These are shown below:-

**Low Risk** – It is anticipated that approximately 55% of new claims will be assessed as low risk and only essential checks are carried out (i.e. the requirements around identity and national insurance number).

**Medium Risk** – It is anticipated that around 25% of new claims will be assessed as medium risk and will be subject to a higher level of verification than low risk cases. Documents required do not need to be originals.

**High Risk** – It is anticipated that 20% of new claims will be assessed as high risk and subject to a higher level of verification. Further checks will be carried out as described in appendix A and all evidence provided must be original (where paper evidence exists).

3.4. If, for any reason, a risk category cannot be determined using the software, the case shall be verified as if it was a high risk case (save for the additional prepayment checks).

### **4. Discretion, recording and monitoring**

4.1. Officers assessing HB and/or CTR may increase the risk category on a case by case basis. This must be done with the agreement and written authorisation of the officer's team leader. Records will be kept of these cases and the reasons for changing the category. Examples may include previous convictions for fraud and large overpayments caused by the customer. The risk category will not be downgraded under any circumstances.

4.2. All risk categories assessed for cases are stored by the software and annotated against case records in the HB/CTR administration system.

4.3. The council will check cases to ensure that the RBV risk category has been requested by an officer and the correct level of verification has been applied to a case according to its risk category. Adherence to the RBV policy shall form part of the quality checking undertaken by the quality and subsidy team.

4.4. The council will carry out checks on a random sample of low and medium risk cases to ensure the risk matrix is robust. The minimum sample of cases to be checked is 4%. This is completed within the software solution through a process of 'blind sampling' and will be reported on a monthly basis.

- 4.5. Monthly reports will be produced to identify how much fraud and error has been identified in each risk category and the number of cases assigned to each risk category. These will be made available for the council's section 151 officer.
- 4.6. The baseline percentage for fraud and/or error within the HB caseload was 3.44% for the reporting period 13<sup>th</sup> June 2014 to 11<sup>th</sup> July 2014. The performance of the RBV policy will be measured against this and if the level of fraud and/or error falls below this percentage, the policy will be reviewed in liaison with the software supplier.
- 4.7. RBV will be monitored for its efficacy by the council on a regular basis and any findings will be used to inform any improvements in the processes for future years.

## **5. Training**

- 5.1. Training has been provided to all officers using RBV and will be provided to new members of staff to ensure that the agreed processes are adhered to. All officers will receive additional guidance in the event that these processes change to reflect improvements and enhancements to RBV going forward.

## **6. Audit requirements**

- 6.1. All councils adopting RBV must have a policy in place that details the risk profiles, verification standards that will apply and minimum number of cases to be checked. The DWP also consider it good practice for the policy to be examined by the council's audit committee if it exists. This policy has been made available to the council's internal audit team.
- 6.2. Auditors will check during the annual certification that the subsidy claim adheres to the council's RBV policy which will state the necessary level of verification needed to support the correct processing of each type of HB case. The risk category will need to be recorded against each case.

## **7. Review**

- 7.1. The policy will be reviewed on an annual basis or as required to ensure its efficacy and compliance with current guidance and legislation. The performance against a fraud and error baseline will be analysed as part of a more general analysis of the RBV process on a quarterly basis.

## Appendix A – Evidence requirements

Area of evidence	Subcategory of evidence	Evidence required for Risk Based Verification		
		Low Risk	Medium Risk	High Risk
National Insurance Number (NINO) and identity		<ul style="list-style-type: none"> <li>Confirmation of NINO for claimant and partner if receiving DWP benefits</li> <li>Confirmation of NINO and proof of identity, HB/CTR only</li> <li>CIS</li> </ul>	<ul style="list-style-type: none"> <li>Confirmation of NINO for claimant and partner if receiving DWP benefits</li> <li>Confirmation of NINO and proof of identity, HB/CTR only</li> <li>CIS</li> </ul>	<ul style="list-style-type: none"> <li>Confirmation of NINO for claimant and partner if receiving DWP benefits</li> <li>Confirmation of NINO and proof of identity, HB/CTR only</li> <li>CIS</li> </ul>
Income	State benefits and tax credits	<ul style="list-style-type: none"> <li>Check CIS in first instance</li> <li>Award letter</li> <li>Payments into bank account</li> </ul>	<ul style="list-style-type: none"> <li>Check CIS in first instance</li> <li>Award letter</li> <li>Payments into bank account</li> </ul>	<ul style="list-style-type: none"> <li>Check CIS in first instance</li> <li><b>Original</b> award letter</li> <li><b>Original</b> or online statements showing payments into bank account</li> </ul>
	Earnings	<ul style="list-style-type: none"> <li>Phone call to customer to complete earnings form (if not on application)</li> </ul>	<ul style="list-style-type: none"> <li>5 weekly, 3 fortnightly or 2 monthly payslips (recent and consecutive)</li> <li>Online or paper</li> <li>Completed certificate of earnings</li> </ul>	<ul style="list-style-type: none"> <li><b>Original</b> 5 weekly, 3 fortnightly or 2 monthly payslips (recent and consecutive)</li> <li>Completed certificate of earnings</li> </ul>
	Self-employed income	<ul style="list-style-type: none"> <li>Completed self-employed form</li> </ul>	<ul style="list-style-type: none"> <li>Completed self-employed form for initial 13 week period</li> <li>Profit and loss accounts</li> </ul>	<ul style="list-style-type: none"> <li>Completed self-employed form for initial 13 week period</li> <li><b>Original</b> profit and loss accounts with supporting evidence as required</li> </ul>
	Private Pensions		<ul style="list-style-type: none"> <li>Recent award letter from provider</li> <li>Online or paper payment information</li> <li>Payments into bank account</li> </ul>	<ul style="list-style-type: none"> <li><b>Original</b> recent award letter from provider</li> <li><b>Original</b> or online statements showing payments into bank account</li> </ul>

	Other income evidence		<ul style="list-style-type: none"> <li>Letter from 3<sup>rd</sup> party to clarify payment</li> <li>Payments into bank account</li> </ul>	<ul style="list-style-type: none"> <li><b>Original</b> letter from 3<sup>rd</sup> party to clarify payment</li> <li><b>Original</b> or online statements showing payments into bank account</li> </ul>
Childcare costs		<ul style="list-style-type: none"> <li>Provider's details and OFSTED number</li> </ul>	<ul style="list-style-type: none"> <li>Invoices or letter from provider</li> </ul>	<ul style="list-style-type: none"> <li><b>Original</b> invoices or letter from provider</li> </ul>
Capital	Bank, building society and post office accounts		<ul style="list-style-type: none"> <li>2 recent and consecutive monthly bank or building society statements (online or paper)</li> <li>Up to date passbook</li> <li><b>Only for capital over £6,000 or £10,000</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Original</b> 2 recent and consecutive monthly bank or building society statements</li> <li>Online bank statements</li> <li>Up to date passbook</li> <li><b>Evidence required even if capital below £6,000 or £10,000</b></li> </ul>
	Bonds, stocks, shares and unit trusts		<ul style="list-style-type: none"> <li>Letter from bank/building society confirming value and ownership</li> <li>Certificates confirming value and ownership (online or paper)</li> </ul>	<ul style="list-style-type: none"> <li><b>Original</b> letter from bank/building society confirming value and ownership</li> <li><b>Original</b> certificates confirming value and ownership</li> <li>Online statements</li> </ul>
	Property	<ul style="list-style-type: none"> <li>Proof of current value (i.e. estate agent's valuation or district valuer's service)</li> <li>Proof of outstanding mortgage/secured debt (online or paper)</li> </ul>	<ul style="list-style-type: none"> <li>Proof of current value (i.e. estate agent's valuation or district valuer's service)</li> <li>Proof of outstanding mortgage/secured debt (online or paper)</li> </ul>	<ul style="list-style-type: none"> <li><b>Original</b> proof of current value (i.e. estate agent's valuation or district valuer's service)</li> <li><b>Original</b> proof of outstanding mortgage/secured debt or online statement</li> </ul>

Rent liability		<ul style="list-style-type: none"> <li>Check OHMS for council tenants</li> </ul>	<ul style="list-style-type: none"> <li>Check OHMS for council tenants</li> <li>Tenancy agreement (with proof of rent payment if tenancy term has expired)</li> <li>Letter from landlord confirming rent and tenant details</li> <li>E-mail/call from social landlord</li> </ul>	<ul style="list-style-type: none"> <li>Check OHMS for council tenants</li> <li><b>Original</b> tenancy agreement (with proof of rent payment if tenancy term has expired)</li> <li><b>Original</b> letter from landlord confirming rent and tenant details</li> <li>E-mail/call from social landlord</li> </ul>
Household	Dependants		<ul style="list-style-type: none"> <li>Child benefit or tax credit award letter with dependant's details</li> <li>Recent bank statement showing child benefit payments (online or paper)</li> </ul>	<ul style="list-style-type: none"> <li><b>Original</b> child benefit or tax credit award letter with dependant's details</li> </ul>
	Non dependants		<ul style="list-style-type: none"> <li>Proof of income/benefits received (same standard as for claimant/partner)</li> </ul>	<ul style="list-style-type: none"> <li><b>Original</b> proof of income/benefits received (same standard as for claimant/partner)</li> </ul>
Students	Income	<ul style="list-style-type: none"> <li>Grant, loan and/or bursary award letter</li> </ul>	<ul style="list-style-type: none"> <li>Grant, loan and/or bursary award letter</li> </ul>	<ul style="list-style-type: none"> <li><b>Original</b> grant, loan and/or bursary award letter</li> </ul>
	Status (also for dependants/non dependants)		<ul style="list-style-type: none"> <li>Letter from place of study confirming hours and start and end dates of course</li> </ul>	<ul style="list-style-type: none"> <li><b>Original</b> letter from place of study confirming hours and start and end dates of course</li> </ul>
Additional checking (only where RBV has been used to determine the risk category)	Residence and liability			<ul style="list-style-type: none"> <li>Equifax basic check</li> <li>Land registry (for private tenants only)</li> </ul>
	Income and capital			<ul style="list-style-type: none"> <li>Equifax enhanced check</li> </ul>
	All			<ul style="list-style-type: none"> <li>Random sample of high risk cases reviewed</li> </ul>