



REPORT TO:	Cabinet
DATE:	23 February 2022
SUBJECT:	Benefits Verification Policy
PURPOSE:	To define the standards of verification for evidence required in respect of Housing Benefit claims and Local Council Tax Support applications, to help protect public funds from fraud and error.
KEY DECISION:	N/A
PORTFOLIO HOLDER:	Councillor Jonathan Noble, Portfolio Holder for Finance
REPORT OF:	Samantha Knowles, Assistant Director - Finance
REPORT AUTHOR:	Sharon Hammond, Head of Revenues and Benefits
WARD(S) AFFECTED:	All
EXEMPT REPORT?	The Appendix to this report is exempt by virtue of paragraph 7 of Schedule 12A of the Local Government Act 1972 because it contains information relating to the process and approach to evidence and verification which should not be made public due to the sensitivity in protection against fraud and error.

SUMMARY

This report proposes the introduction of a Benefits Verification Policy from 1 April 2022, to replace the current Risk Based Verification Policy.

The policy defines the standards of verification for evidence required in respect of Housing Benefit claims and Local Council Tax Support applications, to help protect public funds from fraud and error.

RECOMMENDATIONS

- i) That Cabinet approves the Benefits Verification Policy for implementation with effect from 1 April 2022, replacing the current Risk Based Verification Policy, and
- ii) That subsequent reviews and revisions are delegated to the Section 151 Officer and Portfolio Holder for Finance.

REASONS FOR RECOMMENDATIONS

This will provide a fit for purpose policy, ensuring processes and controls are robust to prevent fraud and error, and at the same time balance the need for ease of access for the customer, and efficiency in the processing and decision making of claims.

OTHER OPTIONS CONSIDERED

Retain a risk based approach to verification. This would require an overhaul of the current Risk Based Verification Policy, and revision of processes and controls.

1. BACKGROUND

- 1.1 Since 2012 verification of evidence for new Housing Benefit (HB) claims and Council Tax Support (CTS) applications made to Boston BC have been administered under a Risk Based Verification policy.
- 1.2 Risk-Based Verification (RBV) was extended to local authorities on a voluntary basis, with clear requirements and expectations set out by Department for Work and Pensions (DWP) for authorities that chose to adopt this approach. The adoption of RBV allowed for resources to be targeted towards those cases with greater risk of fraud and error.
- 1.3 The timing for this review is important because an RBV policy, once in place for a financial year, cannot be changed in-year due to the complications this would cause in the Housing Benefit subsidy audit process.

2. REASONS FOR REVIEW

- 2.1 There are several reasons why a review of the approach to the verification of Housing Benefit claims and Council Tax Support applications is now timely. These include: -
 - i) The changed profile of work type and claimant base, since the introduction of Universal Credit in 2018, has substantially reduced the earlier benefits of RBV.

There are now fewer new claims for Housing Benefit as claimants move onto Universal Credit. The administration and governance required under a Risk Based Verification

policy is now disproportionate to the original benefits. The following table shows how volumes of HB new claims processed have reduced in the last few years.

	2017/18	2018/19	2019/20	2020/21
HB New Claims Processed	1627	1051	322	291

- ii) Should the Council wish to continue with a risk-based approach to verification, the current RBV policy would need to be overhauled to ensure it is fit for purpose for the current times, and to ensure appropriate operational and governance processes and procedures are in place as necessary to satisfy DWP expectations in relation to Housing Benefit, which would be tested through the subsidy audit process.
- iii) Currently, different standards of verification apply to new claims and changes in circumstances; new claims are subject to RBV but changes are not. This results in different evidence requirements. Through this review we can simplify the requirements into a single policy and standardise the approach.
- iv) The South and East Lincolnshire Council Partnership (S&ELCP) provides the opportunity to align and standardise a single approach and policy for all three councils, delivered by Public Sector Partnership Services Ltd (PSPS). (East Lindsey and South Holland District Councils replaced their risk-based approach to verification of HB claims and CTS applications in 2019).
- v) In line with the digital and transformational aspirations of the Council and PSPS, it is anticipated that electronic forms will be introduced in the future that enable customers to carry out their business online. A standard approach to evidence requirements will help to simplify the administrative process for the customer experience.

2.2 This review has considered the type and nature of evidence that is acceptable, and the verification that is required to ensure processes and controls remain robust to prevent fraud and error, but at the same time balance the need for ease of access for the customer, and efficiency in the processing and decision making of claims.

3. BENEFITS VERIFICATION POLICY

- 3.1. It is proposed that the current Risk Based Verification (RBV) Policy is replaced from 1 April 2022 with the Benefits Verification Policy provided at Appendix A to this report. This will return to an approach which requires a standard and consistent evidence and verification process for all new claims and changes.
- 3.2. In developing this policy there has been regard to the level of verification DWP expect of local authorities. Whilst there is no longer a definitive verification framework, there is guidance which local authorities must have regard to.
- 3.3. The proposed Benefits Verification Policy provides for a robust approach to the verification of HB and CTS claims and changes, protecting public funds through helping prevent fraud

and error entering the benefit system, and ensures that processes and controls are robust to protect Housing Benefit subsidy.

- 3.4 Operationally, the introduction of a standard verification will help to ensure consistency in approach in relation to the assessment processing and decision making perspective, but also for the customer, and the Customer Contact team being the first point of contact for many customers.
- 3.5 The policy sets out the position for accepting electronic documents in certain circumstances, recognising the changing landscape whereby customer documents might well now be available electronically rather than in paper copy, such as bank statements and payslips, and provision is made for how this information might be provided.
- 3.6 Further, the policy provides for situations where a claimant's identity and evidence has already been verified by DWP, and how this can be accepted for the purpose of HB and CTS claims, including Universal Credit claimants where Boston BC will, in the main, be notified of changes to awards.
- 3.7 The Policy has been considered by Lincolnshire County Council Interim Principal Auditor who has endorsed the following statement: -

Internal Audit are satisfied that the proposed changes to the verification process are adequate and fit for purpose in the current climate. The level of verification is not reducing and so this process continues to ensure a considerable level of evidence is required before processing a claim (in line with policy) in order to prevent fraud and error.

Trends show that new claims are decreasing due to more claimants being on UC and as such changing the verification approach allows more flexibility and opportunity for resource to be directed to the areas of greatest risk across HB and CTS (in both new claims and changes in circumstances).

The acceptance of electronic bank statements and payslips is a risk in respect of documents being doctored; however there has been a significant increase in internet banking and employers providing electronic payslips that this is much more the common evidence. Mitigating this risk is the data received directly from HMRC in respect of earnings'.

- 3.8 With the fast-changing climate, regular review of the policy will be important to ensure it continues to reflect the changing environment such as the ongoing roll out and final migration to Universal Credit over the coming years, and also as we progress with digitalisation including increased online claim forms and change in circumstances forms. This will ensure the approach to evidence and verification remains current, and robust to protect public funds, and also to ensure that the process is as streamlined as possible for the customer, and efficient in administration.
- 3.9 Whilst this policy considers the approach to evidence and verification at the 'gateway', there will continue to be a range of interventions carried out on claims, targeted towards those which represent greatest potential risk of fraud and error. The council also participates in a number of national data matching activities which all support the protection of public funds.

4. CONCLUSION

- 4.1. The Benefits Verification Policy sets out a clear and consistent standard for the evidence requirements and verification to support Housing Benefit and Council Tax Support new claims and changes in circumstances. This policy is fit for purpose in the current environment, and provides for a robust approach to the verification of HB and CTS claims and changes, protecting public funds through helping prevent fraud and error entering the benefit system, and ensures that controls are robust to protect Housing Benefit subsidy.

EXPECTED BENEFITS TO THE PARTNERSHIP

This will align the policy and process across the S&ELCP.

IMPLICATIONS

SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

None

CORPORATE PRIORITIES

None

STAFFING

None

CONSTITUTIONAL AND LEGAL IMPLICATIONS

None

DATA PROTECTION

None

FINANCIAL

There are no direct financial implications of this report and the introduction of a Benefits Verification Policy is designed to protect public funds as outlined in the main body of the report. For information Housing Benefit is subsidised by the Department for Work and Pensions (DWP) and the Local Council Tax Support Scheme (LCTS) forms part of the Collection Fund for which the cost is shared between Lincolnshire County Council, the Police and Crime Commissioner and Boston Borough Council of which the council's share is approximately 10%.

RISK MANAGEMENT

Local authorities that choose to adopt a risk based approach to verification must ensure that all DWP requirements for process, management and governance of the policy are met. Failure to do so can introduce a risk, potential financial loss, through the subsidy audit process.

The move to the new Benefits Verification Policy will introduce a standard approach to verification across all claimants, regardless of circumstances, thereby removing the risk of failure to adhere to risk profiling and RBV policy requirements.

STAKEHOLDER / CONSULTATION / TIMESCALES

Consultation has taken place with the Section 151 Officer, and the Portfolio Holder for Finance. This has also been considered at Corporate and Community Committee on 17 February 2022.

REPUTATION

None

CONTRACTS

None

CRIME AND DISORDER

None

EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

None

HEALTH AND WELL BEING

None

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

ACRONYMS

HB – Housing Benefit

CTS – Council Tax Support

RBV – Risk Based Verification

DWP – Department for Work and Pensions

S&ELCP – South and East Lincolnshire Council Partnership

PSPS – Public Sector Partnership Services Ltd

APPENDICES

Appendices are listed below and attached to the back of the report: -

APPENDIX A

Benefits Verification Policy (Confidential)

BACKGROUND PAPERS

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

CHRONOLOGICAL HISTORY OF THIS REPORT

A report on this item has not been previously considered by a Council body.

REPORT APPROVAL

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Councillor Jonathan Noble, Portfolio Holder for Finance

FINANCE PROFORMA

PROFORMA FOR APPROVAL OF THE RELEASE OF RESOURCES

(CAPITAL AND REVENUE BUDGETS)

FROM:

THIS PROFORMA PROVIDES THE FINANCIAL IMPLICATIONS
IN RESPECT OF THE ATTACHED

REPORT:

REPORT DATE:

OPTION 1	£ Year 1 2020/21	£ Year 2 2021/22	£ Year 3 2022/23	£ Year 4 2023/24	£ Year 5 2024/25
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Revenue

Total Revenue Cost

Funding required:

Total capital cost £

Revenue cost £

Considered by:

Enter committee here

Enter Council or
Cabinet/Executive here

Date:

Financial Services Comments

Risk

Procurement

Value for Money Efficiency

This FP is valid for 3 months from FP date	If this FP is no longer required please advise Finance	If there are changes to the original report it may invalidate this document, it must be reviewed by Finance.