

**CABINET**  
**25 March 2021**

**RISK BASED VERIFICATION FOR THE ADMINISTRATION OF  
HOUSING BENEFIT AND COUNCIL TAX REDUCTION**

1. Summary

1.1 To advise Members on the change to the processing of Housing Benefit/Council Tax Reduction claims and to recommend accordingly.

2. RECOMMENDATIONS

2.1 That, for the reasons outlined in the body of the report, the Risk Based Verification Policy be revoked.

2.2 That Housing Benefit/Council Tax Reduction claims received after 31 March 2021, be processed in accordance with Regulation 86 of the Housing Benefit Regulations and/or Rule 48 of the Local Council Tax Reduction Scheme.

3. Background and Discussion

3.1. In January 2017 (as agreed by Cabinet 8 December 2016 [Min.No: 79]), the Council entered into a contract with TransUnion (previously known as Call Credit) to provide Risk Based Verification, a software product and checking system (RBV). This contract has been reviewed, and extended, since this date.

3.2. The RBV Policy was introduced in January 2017 to improve processing times of Housing Benefit/Council Tax Reduction new claims and changes in circumstances and reduce the administrative burden of incoming/outgoing correspondence. Evidence to support claim forms was gathered depending on how the application was risk scored. Due to improvements in data sharing and technology, most evidence required is now available to the Benefit Service, via other means. Therefore, the need to apply a risk score in line with the RBV Policy is no longer required.

3.3. RBV enables the Council to streamline the verification process for new applications for Housing benefits (HB) and Council Tax Reduction (CTR). RBV provided a risk score of High, Medium or Low. All new applications with a risk score of Low required no additional evidence, other than identification, to enable assessors to process. This provided the Council with a positive effect on Performance Indicators, whilst the volumes of new applications remained high.

3.4. RBV is also used for the Council's change of circumstances. Notifications.

3.5. New and improved data sharing methods and agreements are now in place with the DWP and Her Majesty's Revenues and Customs (HMRC),

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which negates the need for the continued use of the RBV. This report sets out the new data sharing systems in place and seeks approval to cease to use the RBV.

#### **3.6. Data Sharing**

Since the introduction of the RBV Policy in January 2017, the Department for Work and Pensions (DWP) and HMRC have significantly improved the data, which they share with local authority Benefit Services as set out below:

- HMRC WURTI/VEP system (Wider Use of Real Time Information/Verify Earnings and Pensions));
- DWP ATLAS daily data file (Automated Transfer to LA Systems);
- DWP Searchlight CIS system (Customer Information System).

3.7. The Benefit Service has access to WURTI/VEP, which includes earned income details and occupational pension details.

3.8. The DWP send a data file to the Benefit Service each day. The file details awards and levels of state benefits and pensions including the following:

- Pension Credit (Savings Credit);
- Pension Credit (Guaranteed Credit);
- State Retirement Pension;
- Attendance Allowance;
- Working Tax Credit;
- Child Tax Credit;
- Income Support;
- Job Seekers Allowance Income Based;
- Job Seekers Allowance Contribution Based;
- Employment and Support Allowance Income Related;
- Employment and Support Allowance Contribution Based;
- Personal Independent Payments;
- Disability Living Allowance;
- Severe Disablement Allowance;
- Carers Allowance;
- Maternity Allowance;
- Bereavement Benefits;
- Widows Allowance.

3.9. Searchlight CIS is a DWP database which all Benefit Service staff have access to. All welfare income can be verified and national insurance numbers checked on the database. It is unnecessary for the Benefit Service to request information that has already been obtained and verified by the DWP.

#### **3.10. Universal Credit**

In July 2018, the Council became a Universal Credit (UC) full service authority, where housing costs for working age claimants, would over time be met by DWP through UC. Since then, there has been a decline

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in the number of new HB applications received. The reduction in claims will continue until the whole of the legacy Housing Benefit customers are migrated onto UC, however, claims from those of pension age will remain with the Council.

- 3.11. The reduction in caseload means fewer working age claims for Housing Benefit and therefore less evidence requiring verification. Local authorities are to continue processing Housing Benefit claims for pensioners and these will not transfer to the DWP and become UC claims.
- 3.12. It is important that local authority Benefit Services receive information regarding UC entitlement as Benefit Services continue to administer the local Council Tax Reduction (CTR) scheme. CTR is means tested, which, if eligible, reduces the amount of Council Tax a person has to pay. Therefore, although a person of working age would not receive Housing Benefit from the Council in the future for help with housing costs, they will continue to receive CTR from the Council for help with Council Tax.
- 3.13. The DWP already provides notifications of UC entitlement to local authorities which details all income and amounts of UC paid to the customer. As a result, there is no need to request any additional information from customers who receive UC who claim CTR from the Council.

#### **3.14. Proposed Changes & next steps**

Taking into consideration the new and improved data sharing that is now in place with the DWP and HMRC, it is proposed that the Benefit Service will cease to process Housing Benefit/Council Tax Reduction claims received after 31 March 2021 under the RBV Policy. All claims received from 1 April 2021, will be processed in accordance with Regulation 86 of the Housing Benefit regulations and/or Rule 48 of the Local Council Tax Reduction Scheme.

- 3.15. The DWP and external auditors will be formally notified of the change in processing so this can be factored into the external audit of the subsidy claim.

#### 4. Relationship to the Corporate Plan

Not applicable.

#### 5. Financial, legal, staffing and other implications and risk assessments\*

Financial Implications	There will be a saving to the Council of £11k annually with terminating the RBV contract with TransUnion.
Legal Implications	All claims received from 1 April 2021 will be processed in accordance with Regulation 86 of

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	the Housing Benefit regulations and/or Rule 48 of the Local Council Tax Reduction Scheme.
Staffing Implications	N/A
Administrative Implications	None
Risk Assessment	There is a risk that the DWP and HMRC may withdraw the extensive data sharing that is currently in place. However given that the DWP and HMRC have spent years in refining data sharing, this risk is expected to be negligible and highly unlikely that government agencies would not work with the Council to reduce fraud of public money.

6. Details of Exempt Information Category

Not applicable.

7. Appendices

None.

BACKGROUND PAPERS

<u>Documents consulted</u>	<u>Date / File Ref</u>	<u>Report Author</u>	<u>Section and Directorate</u>	<u>Exempt Information Category</u>
Previous reports to Cabinet		Heather Gaynor (01732) 227435		N/A