

REPORT TO	DATE OF MEETING
Cabinet	11 th January 2017

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SUBJECT	PORTFOLIO	AUTHOR	ITEM
Implementation of Risk Based Verification for benefit claims and automated Council Tax arrangements – Waiver of Contract Procedure Rules	Corporate Support & Assets	Peter Haywood	

SUMMARY AND LINK TO CORPORATE PRIORITIES

Efficient, Effective and Exceptional Council

1 BACKGROUND

Risk Based Verification

- 1.1 The council has recently implemented an e-claim form for customers to submit applications for housing benefit and council tax support, and will shortly be accepting e-changes in circumstances. The next step in streamlining the application and change notification processes is to implement Risk Based Verification (RBV).

Automated Council Tax Arrangements

- 1.2 The council currently receives a large number of calls and emails from customers who wish to re-profile their council tax payment plan. These calls are dealt with by both Gateway and Revenues staff. Capita offer an additional chargeable module which enables customers to re-profile their arrangements online, in accordance with parameters that have been set within the database.

Procurement

- 1.3 The combined value of these additional modules and other software functionality that the council has procured from Capita means that this is classed as a High Value Procurement. A waiver of Contract Procedure Rules is requested due to exceptional circumstances as Capita provide the back office software for processing Revenues and Benefits and they are the only suppliers of products that will incorporate these modules into that functionality. There is no other software available that is able to integrate this functionality into either our back office software or the online e-claim form that is used by customers.

2 RECOMMENDATIONS

- 2.1 That Cabinet approves, in accordance with paragraph 39 of the CPRs, the waiving of paragraph 11 of the Council's CPRs to permit the procurement of the Risk Based Verification and Arrangements Manager modules from Capita for a period of up to four years, with costings outlined below.

3 DETAILS AND REASONING

- 3.1 Currently, when a customer applies for benefit they have to provide supporting evidence dependent upon the information that they have provided. This increases the costs associated in processing claims and delays the payment of benefit as time is taken for the Benefits department to obtain the required evidence from the customer.
- 3.2 The council uses the Capita back office system to process Revenues and Benefits, with Capita offering an additional chargeable module which enables councils to implement RBV. This Risk and Verification portal uses sophisticated data analytics and predictive modelling techniques to calculate the 'risk' or probability of a claim containing errors. This in turn allows the council to apply the level of verification checking which is proportionate and appropriate for the level of risk posed by the individual circumstances of the claim.
- 3.3 Those cases that are deemed as low risk (approximately 55%) go through streamlined verification, enabling them to be processed very rapidly. This is validated by an automated blind sampling methodology which will move a sample of those cases identified as Low and Medium risk to High risk status. The cases will be tracked and recorded accordingly for management information and model performance monitoring purposes.
- 3.4 The process significantly reduces claims handling requirements in low risk cases whilst providing an increased focus upon finding fraud and error in higher risk claims. In essence, a customer may complete an online e-claim which allocates a risk group in real time. Once the e-claim has been completed the customer is informed of the supporting evidence that they are required to produce. In low risk cases the customer may not be required to produce any supporting evidence, which means that the claim is then ready to be assessed immediately, thereby reducing costs, increasing efficiency and speeding up the payment of benefit.
- 3.5 This Risk Based Verification module complies with the requirements as outlined in the Department of Work and Pensions Circular S11/2011, as required for the annual certification of the benefit subsidy claim.
- 3.6 The council also receives a large number of calls and emails from customers who wish to re-profile their council tax payment plan. These calls are dealt with by both Gateway and Revenues staff.
- 3.7 Capita offer an additional chargeable module which enables customers to re-profile their arrangements online, in accordance with parameters that have been set within the database. Accordingly, this removes the requirement for the customer to phone the council and for a member of staff to deal with that call, negotiate a payment arrangement and subsequently input this into the Capita system.
- 3.8 This option would sit within the Council's MyAccount webpage, thereby driving increased traffic to the online portals, which will in turn increase the number of other self-serve transactions that take place, such as signing up for paperless billing.
- 3.9 The implementation of Risk Based Verification and the Arrangement Manager modules will lead to an increased level of customer service whilst generating efficiencies, including the deletion of a post, and continuing the process of encouraging customers to engage with the council via a transactional website.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these.

FINANCIAL	The financial implications, which include the deletion of a post from 2018-19, are outlined below:		
		Software Costs £	Deletion of Post £
	2016-17 – Licence & Services	15,400	
	2017-18 – Annual Charge (1)	13,200	
	2018-19 – Annual Charge (2)	13,200	(29,375)
	2019-20 – Annual Charge (3)	13,200	(29,627)
	2020-21 – Annual Charge (4)	13,200	(29,627)
	Sub-totals	68,200	(88,629)
	Less DWP funding	(28,600)	-
	Totals	39,600	(88,629)
	Forecast Net (Saving) after 4 years	(49,029)	
The software costs in 2016/17 and 2017/18 (£28,600) will be met from the balance of New Burdens funding received from the DWP in previous years for Housing Benefit and Welfare Reform. From 2018/19 the project will generate a net saving of around £16,000 per annum			

LEGAL	<p>The cost of these additional modules (together with other related software products that have been acquired) is high value procurement.</p> <p>Hence any waiver of CPRs is a decision for Cabinet.</p> <p>Waivers may only be granted in exceptional circumstances.</p> <p>The ground specifically which is relevant to this is:</p> <p>”the nature of the market for the works to be carried out or the goods or services to be provided has been investigated and is demonstrated to be such that a departure from the requirement of the Rules is justifiable.”</p> <p>In particular Capita provide the back office software and they are the only suppliers of products that will incorporate the required modules into that functionality.</p>
	<p>If this waiver is approved a report will be presented to Cabinet on 20th February 2017 to approve the council’s Risk Based Verification policy, as required by DWP circular S11/2011.</p>
RISK	

THE IMPACT ON EQUALITY	There are no adverse implications on equality issues
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OTHER (see below)	
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<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS

None