

**Fraud and Error in the Benefit System
April 2005 to March 2006**

INFORMATION DIRECTORATE

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www.dwp.gov.uk/asd/asd2/fraud_error.asp

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Summary

Background

1. This is the first in a new series of reports giving estimates of the level of fraud and error in benefits administered by the Department for Work and Pensions (DWP) and Local Authorities. The new series brings together results for a number of benefits, which were previously published in separate reports. It also includes estimates for fraud and error across the whole benefit system.
2. The report has two main purposes. It provides new estimates of fraud and error for the financial year 2005/6, and estimates performance against the Department's Public Service Agreement (PSA) and Service Delivery Agreement (SDA) targets for the reduction of fraud and error. In particular, this report covers the final year for three departmental fraud and error targets.

Latest results and progress against targets

3. The key findings about the overall levels of fraud and error during the period April 2005 to March 2006 are:
 - Around **4.7%**, or **£550m**, of **IS and JSA** expenditure is estimated to have been overpaid;
 - Around **5.5%**, or **£770m**, of **Housing Benefit** expenditure is estimated to have been overpaid;
 - Around **4.1%**, or **£270m**, of **Pension Credit** expenditure is estimated to have been overpaid.
4. These results are combined with historical results in other benefits and other assumptions to produce estimates of overpayments across the whole benefit system. The key finding is that during the period April 2005 to March 2006.
 - Around **2.2%**, or **£2.6bn**, of **overall benefit** expenditure is estimated to have been overpaid. This is an update of the figure published in the 2005/6 Resource Accounts.
5. The Department currently has three targets for the reduction of the level of overpaid expenditure in these continuously measured benefits.

PSA target 10A: To reduce the proportion of Income Support (IS) and Jobseeker's Allowance (JSA) expenditure overpaid through fraud and error between 1997/8 and 2005/6 by 50%.

6. The latest estimate is 55% below the 10.4% estimate in 1997/8 – the baseline year. However, some of this reduction is due to changes in data collection methodology rather than genuine changes in levels of fraud and error in the caseload. We are unable to precisely say what the impact of these changes has been, and have only been able to estimate that it is between 0 and 10 percentage points. This assumes that the cumulative effect of changes not quantified is negligible.
7. For the purposes of assessing performance against the target, we can say that fraud and error has fallen by **around 50%** and that the target has been achieved, or nearly achieved. However, given the nature of the uncertainties, we have concluded that it is best to present the estimate of the reduction in fraud and error as a range, rather than as a central estimate as in previous reports in this series. Therefore, the best estimate of change in the proportion of Income Support and Jobseeker's Allowance expenditure overpaid between 1997/8 and 2005/6 is a reduction of approximately **between 45% and 55%**. This issue is discussed further in Chapter 3.
8. As the lower end of this range falls just short of the target, we cannot absolutely reach a conclusion about whether the target has been met, as we cannot say that the reduction is any more likely to fall at any one point within it as any other. The rough mid-point of the range is consistent with the target reduction having been just achieved.
9. The particular difficulties affecting the Income Support and Jobseeker's Allowance estimates arising from the impacts of data collection methodology changes have not been found in comparable form for the Housing Benefit and Pension Credit estimates. These targets covered shorter timescales. The estimates for these benefits can therefore be presented as central estimates with confidence intervals, as in previous publications.

PSA target 10B: To reduce the proportion of working age Housing Benefit (HB) expenditure overpaid through fraud and error between 2002/3 and 2005/6 by 25%.

10. The central estimate of change in the proportion of Housing Benefit expenditure overpaid to working age claimants between 2002/3 and 2005/6, is a **13% increase** with a 95% confidence interval ranging from a **5% decrease to a 36% increase**. This means that:-
 - allowing for statistical uncertainty, it is almost certain that the 25% target

reduction has not actually been achieved, and it is very likely that there has been an increase;

- formally, on the basis that the central estimate of the change is used for determining formal target achievement, the target has not been met.

Note that as part of the 2004 Spending Review, this target has been extended to aim for the same reduction in working age overpayments by 2007/8.

SDA target: To reduce the proportion of Pension Credit expenditure overpaid through fraud and error between 2001/2 and 2005/6 by 20%.

11. The central estimate of change in the proportion of Pension Credit expenditure overpaid between 2001/2 and 2005/6, is an **11% decrease**, with a 95% confidence interval ranging from a **30% decrease to a 15% increase**. This means that:-

- allowing for statistical uncertainty, there is no significant evidence of change in the level of overpayments across the target period, and it is unlikely that the 20% target reduction has actually been achieved;
- formally, on the basis that the central estimate of the change is used for determining formal target achievement, the target has not been met.

Fraud and error across the benefit system

12. During 2005/6, the Department spent £116 billion on benefits, of which it is estimated that roughly **2.2%**, or **£2.6 billion** was overpaid. As this figure relies on assumptions about the level of fraud and error in benefits that have not been measured - around 15% of total expenditure - it is subject to a large degree of uncertainty.
13. This is a slight revision downwards of the estimate which was originally published in November 2006 as part of the Department's accounts for 2005/6.

Interpretation of results

14. The estimates presented in this report are based on analysis of reviews of random samples drawn from benefit caseloads. This means that they are subject to a relatively large degree of statistical uncertainty, which is quantified in the form of '95% confidence intervals'. These give the range in which we can be 95% sure that the true value lies for each of the estimates presented. Further uncertainties arise from imperfections and changes in the design and operation of the review

process. These are discussed in more detail where they have implications for the interpretation of specific estimates.

15. The estimates presented are for gross over- or underpayments of benefit. They do not consider the combined effect of over- and underpayments, and they do not account for the overpaid benefit which will be subsequently recovered by the Department. They therefore do not provide a measure of net losses to the public purse.

Future reporting

16. The Spending Review 2004 announced a new Public Service Agreement (PSA) target for IS and JSA fraud and error to take effect from April 2005. The target is a 15% reduction by March 2010.
17. The ending of the current set of targets and starting of a new target in 2005/6 presented the opportunity to introduce some new methodology and process improvements. Measurement on both the old and new basis took place during the past financial year to allow comparison of the two measurement methodologies. We plan to publish a report in the next few months presenting the baseline for the new Spending Review 2004 target for IS and JSA fraud and error, plus a further refinement of the 2005/6 estimates of fraud and error across the whole benefit system. These new figures will not give an update of performance against the targets assessed in this report, as they are not comparable on a 'like-for-like' basis.
18. This series will then continue to monitor progress against the new target for IS and JSA and the extension of the current HB target to 2007/8. During 2007, as part of the Comprehensive Spending Review, the Department will set further targets for the reduction of fraud and error through to 2010/11. Progress against these targets will also be monitored in future reports.

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1. Introduction

Background

- 1.1 This report is the first in a new series providing the latest estimates of fraud and error in Income Support (IS), Jobseeker's Allowance (JSA), Pension Credit and Housing Benefit (HB), covering the period April 2005 to March 2006. It also assesses the evidence of changes in the level of fraud and error in these benefits over time. The new series brings together results which were previously published in separate reports. It also includes estimates for fraud and error across the whole benefit system.
- 1.2 Estimates of fraud and error in these benefits are produced by statistical analysis of data collected via continuous survey exercises, in which Department for Work and Pensions (DWP) staff review a randomly selected sample of cases each year.
- 1.3 For most cases, the review process involves:
 - *Preview*: the collation of information from a variety of DWP or Local Authority (LA) systems to build up an initial picture of the case and to identify any discrepancies between information from different sources;
 - *Interview*: the interview of the claimant at their home, which follows a structured and detailed set of questions about the basis of the claim, aimed at identifying any discrepancies between the claimant's current circumstances and the circumstances upon which their benefit claim was based.and if a suspicion of fraud is identified:
 - *Fraud Investigation*: carried out by a trained Fraud Investigator with the aim of resolving the suspicion.
- 1.4 This report also provides estimates of fraud and error across the whole benefit system, produced by combining the results of these survey exercises with earlier surveys in other benefits and by making other assumptions about expenditure not previously measured in a comparable survey exercise.
- 1.5 The Department has targets to reduce fraud and error in Income Support, Jobseeker's Allowance, Pension Credit and Housing Benefit. Progress against targets is monitored by comparing the latest estimates with the relevant baseline figures.

Structure

1.6 The report is structured as follows:

- Chapter 2 presents the headline overpayments and underpayments results in Income Support, Jobseeker's Allowance, Pension Credit and Housing Benefit for 2005/6, with a commentary including notes on interpreting results from the tables.
- Chapter 3 presents estimates of changes in the levels of overpayments over time, including the Department's performance against its Public Service Agreement (PSA) and Service Delivery Agreement (SDA) targets.
- Chapter 4 presents estimates of overpayments and underpayments across the whole benefit system.
- Chapter 5 presents a breakdown of overpayments by the different causes of frauds and errors.
- Chapter 6 presents links to further information and outlines plans for future reporting.
- The Annexes give a glossary of abbreviations and statistical terms used in the report, and a list of other estimates and information available on fraud and error in the benefit system.

2. Headline Results: 2005/06 Estimates

Headline levels of fraud and error

2.1 *Figures 2A and 2B* give estimates of the overpayment during 2005/6 for those benefits which are continuously measured. These estimates are expressed as a percentage of expenditure for that benefit and as a monetary amount. The key findings are:

- Around **4.7%**, or **£550m**, of **Income Support and Jobseeker's Allowance** expenditure is estimated to have been overpaid;
- Around **5.5%**, or **£770m**, of **Housing Benefit** expenditure is estimated to have been overpaid;
- Around **4.1%**, or **£270m**, of **Pension Credit** expenditure is estimated to have been overpaid.

Figure 2A: Estimated overpayments during 2005/6

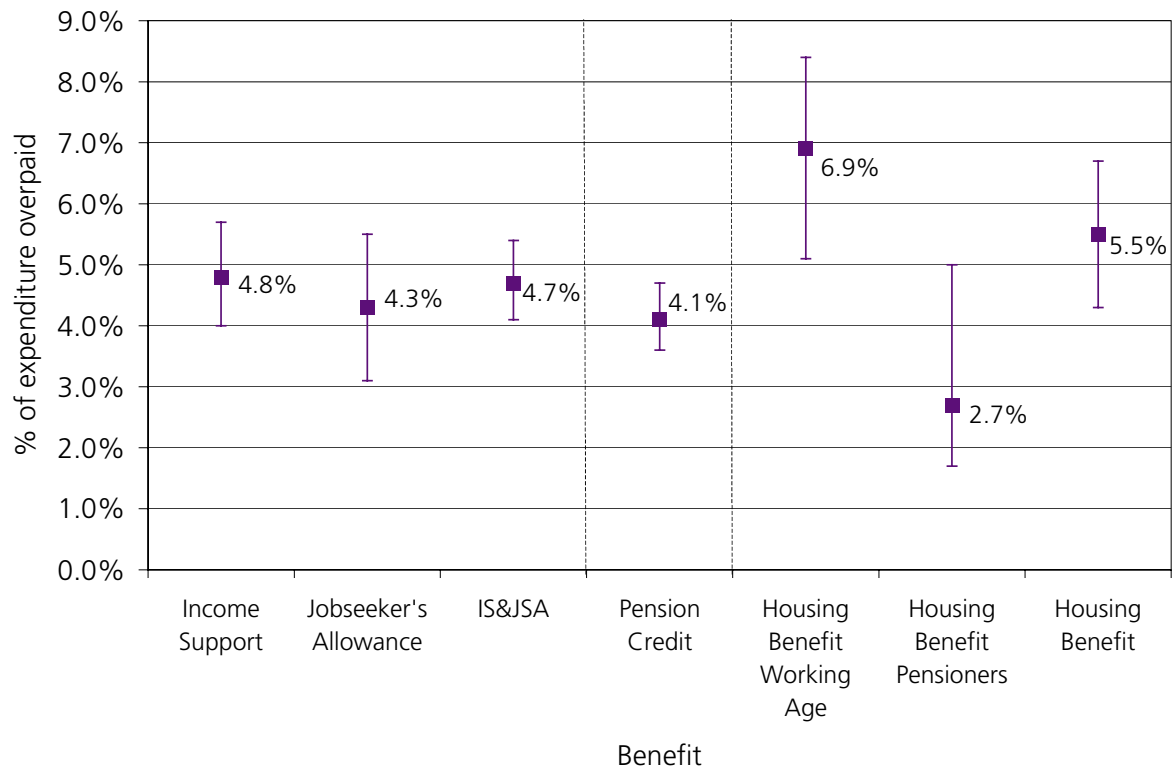
Estimated overpayments during 2005/6	Percentage overpaid			Amount overpaid		
	Central	Lower	Upper	Central	Lower	Upper
Income Support	4.8%	(4.0, 5.7)		£450m	(370, 540)	
Jobseeker's Allowance	4.3%	(3.1, 5.5)		£100m	(80, 120)	
IS & JSA Combined	4.7%	(4.1, 5.4)		£550m	(470, 640)	
Pension Credit	4.1%	(3.6, 4.7)		£270m	(230, 300)	
Housing Benefit Working Age	6.9%	(5.1, 8.4)		£640m	(470, 770)	
Housing Benefit Pensioners	2.7%	(1.7, 5.0)		£130m	(80, 240)	
Housing Benefit	5.5%	(4.3, 6.7)		£770m	(600, 940)	

2.2 *Figure 2B* overleaf illustrates the width of the confidence intervals relative to the size of the central estimates. It demonstrates, for example, that:

- Working age Housing Benefit is estimated to have the highest level of fraud and error, significantly higher than that in pension age Housing Benefit;

- The estimated levels of fraud and error in Income Support, Jobseeker's Allowance and Pension Credit are not significantly different.

Figure 2B: Estimated percentage of expenditure overpaid



2.3 The following box outlines a few points that users should bear in mind when using any of the estimates in this report.

- *The estimates are imprecise:* All estimates are based on the examination of a random sample of benefit claims. As with the results from any survey sampling exercise, the estimates derived from the sample may be different from what we would see if we examined the whole caseload. This uncertainty is expressed in the tables in this report as confidence intervals which show the range within which we can be 95% sure that the true value lies. However, there is further uncertainty in these measurement exercises due to various assumptions that have had to be made to account for incomplete or imperfect data. Where possible, we have included an adjustment for these in the confidence intervals to reflect this greater uncertainty.
- *The estimates do not encompass all fraud and error:* While we have tried to make our measurement process as rigorous as possible, it is likely that some fraud and error, if present on sample cases, would not have been uncovered, e.g. because fraud is by its nature a covert activity, because complex error can be difficult to detect, and because some suspicions of fraud on sample cases cannot be proven. Furthermore, there are also some kinds of fraud and error that cannot be captured at all by the current measurement process, e.g. overpayments caused by incorrect awards in other benefits such as Disability Living Allowance or Housing Benefit instrument of payment fraud.
- *Some overpaid benefit is subsequently recovered:* These estimates are of the amount of benefit that is paid out incorrectly, rather than the eventual financial loss to the Department and Local Authorities. Overpayment recoveries are of the order of £500m annually, with over half of this coming from Housing Benefit. The loss to the public purse is therefore lower than the figures shown in this report.
- *Some incorrect payments may be unavoidable:* The measurement methodology will treat a case as incorrect, even where the customer has promptly reported a change and there has been only a short delay in processing, because the change has not been processed before the next payment is made.
- *Some expenditure cannot be reviewed:* A significant proportion of Housing Benefit expenditure, currently estimated to be 15%, cannot be captured by the sample. This is mainly because of (a) the delay between sample selection and the interview of the customer, and (b) the time taken to process new benefit claims in Local Authorities, which excludes the newest cases from the review. The estimates in the tables in this report have been extrapolated to cover the missing expenditure. This relies on untested assumptions about the newest cases, making the estimate considerably less precise. Note that the estimates of change over time in the next chapter are based on unextrapolated estimates.

Causes of incorrect payments

2.4 Incorrect benefit payments can be split between three causes, reflecting who was responsible and, where this was the claimant, the level of intent:

- *Fraud*: This includes all cases where:
 - the basic conditions for receipt of benefit, or the rate of benefit in payment, are not being met;
 - the claimant can reasonably be expected to be aware of the effect on entitlement; and
 - benefit stops or reduces as a result of the review.
- *Claimant Error*: The claimant has provided inaccurate or incomplete information, or failed to report a change in their circumstances, but there is no fraudulent intent on the claimant's part.
- *Official Error*: Benefit has been paid incorrectly due to inaction, delay or an incorrect assessment by the DWP, a Local Authority or Her Majesty's Revenue and Customs.

See Chapter 5 for a more detailed assessment of the different types of fraud, claimant and official error.

Figure 2C: Estimated overpayments by cause

Estimated overpayments during 2005/6	Fraud	Customer Error	Official Error	Total
Income Support	2.1% (1.5, 2.8)	1.4% (1.0, 1.8)	1.3% (0.9, 1.8)	4.8% (4.0, 5.7)
	£200m (140, 260)	£130m (90, 170)	£120m (80, 170)	£450m (370, 540)
Jobseeker's Allowance	1.9% (1.1, 2.7)	0.7% (0.1, 1.3)	1.7% (1.1, 2.4)	4.3% (3.1, 5.5)
	£40m (20, 60)	£20m (0, 40)	£40m (20, 60)	£100m (80, 120)
IS & JSA Combined	2.1% (1.5, 2.7)	1.3% (1.0, 1.6)	1.4% (1.0, 1.8)	4.7% (4.1, 5.4)
	£240m (170, 310)	£150m (110, 190)	£160m (120, 210)	£550m (470, 640)
Pension Credit	0.9% (0.6, 1.4)	1.2% (1.0, 1.5)	2.0% (1.6, 2.3)	4.1% (3.6, 4.7)
	£60m (40, 80)	£80m (60, 100)	£130m (110, 150)	£270m (230, 300)
Housing Benefit	1.0% (0.5, 1.6)	3.1% (2.3, 4.0)	1.3% (0.5, 2.1)	5.5% (4.3, 6.7)
	£140m (70, 230)	£440m (330, 550)	£190m (80, 290)	£770m (600, 940)

Estimates are rounded to the nearest £10m and presented with 95% confidence intervals, which include a rough adjustment to incorporate non-sampling sources of uncertainty. Columns may not sum to row totals due to rounding.

3. Headline Estimates: Change over time and progress against targets

Introduction

- 3.1 Three departmental targets for reduction of overpayments in different benefits finished in 2005/6. This chapter presents an assessment of the Department's performance against these targets and gives time series of the estimated levels of fraud and error in the continuously measured benefits.
- 3.2 Estimates of change over time are produced by comparing the latest estimates of fraud and error overpayments against the estimate for the baseline period. This means the estimates of performance against targets are affected by sampling and other sources of error **in both** the baseline and the target years, and so are prone to larger statistical uncertainty.
- 3.3 It can also be difficult to ensure that measurement is carried out consistently over a long period, meaning that some changes in the estimates may be caused by differences in data collection methodology, process and benefit administration. This has proved to be a particular problem for assessment of Income Support / Jobseeker's Allowance PSA Target (PSA 10A), and the implications are discussed in detail below.

Change over time in Income Support and Jobseeker's Allowance (PSA Target 10A)

- 3.4 The Department has a PSA target to reduce the level of fraud and error in Income Support and Jobseeker's Allowance by 50% by March 2006 from a baseline period of October 1997 to September 1998.
- 3.5 The central estimate used for this target in the baseline year was that 10.4% of Income Support and Jobseeker's Allowance expenditure was overpaid through fraud and error. The central estimate for 2005/6 is 4.7%, which is 55% below the baseline period.
- 3.6 However, there have been a number of changes in the data collection methodology over the period 1997/8 to 2005/6, and it is necessary to try to account for these in order to get a true estimate of the change in fraud and error

over time. Reasons for these changes include:

- Improvements in measurement data collection methodologies.
- Changes in the benefits themselves or how they are administered.
- The interpretation of data collection methodology changing over time.

3.7 We have undertaken work aimed at comprehensively assessing the impact on the results and have tried to estimate the effect of some of the changes as best as we can. We are assuming that the cumulative effect of changes that we have been unable to quantify, and changes we have not identified, is negligible.

3.8 We have concluded that between 0 and 10 percentage points of the difference between the current estimate and the baseline is due to changes in measurement methodology rather than changes in the underlying levels of fraud and error in the benefits. It is necessary to express the change in the form of a range because of the fact that producing an estimate of this nature requires making various untested assumptions. For example, if a methodology change led to data relating to a part of the total estimate not being recorded after a certain date, and we have no other information on what that part would have been if there hadn't been a change, then we might reasonably assume that either:

- a. that it would have remained constant at the level prior to the change
- b. that it would have changed at the same rate proportionally as the overall estimate of fraud and error
- c. that it would have changed at the same rate proportionally as one of many other specific components of the total.

3.9 While we have tried to be as objective as possible in what we have assumed, we are aware that making alternative and reasonable assumptions could lead to estimates of between 0 and 10 percentage points.

3.10 We therefore estimate that fraud and error has reduced by **between 45% and 55%** since the baseline, where the range reflects the uncertainty in the estimate due to the problems of estimating the impact of changes in data collection methodology. Furthermore, taking into account the other uncertainties affecting this estimate of change over time, e.g. the statistical uncertainty that comes from measurement using sampling, gives a 95% confidence interval of a reduction between 40% and 60%.

3.11 In previous reports in this series, we have presented the best estimate of change

over time as a central estimate. Our recent work on estimating the size of the impacts of the data collection methodology changes over the target period, however, has led us to conclude that because of the nature of the difficulties arising from measuring these effects, in this instance, it is more appropriate to present the estimate of change over time in fraud and error as a range rather than as a central estimate.

- 3.12 This means we cannot absolutely reach a conclusion about whether the target has been met or not, or use the central estimate as the formal basis for determining this as for Housing Benefit and Pension Credit. However, for the purposes of assessing performance against the target, we can say that fraud and error has reduced by **around 50%** over the target period and the target has been achieved, or nearly achieved.
- 3.13 Note that the particular difficulties affecting the Income Support and Jobseeker's Allowance estimates arising from the impacts of data collection methodology changes have not been found in comparable form for the Housing Benefit or Pension Credit estimates with their shorter target periods. The estimates for those benefits can therefore be presented as central estimates with confidence intervals as previously.
- 3.14 *Figure 3A* overleaf shows the estimates of change in the level of overpayments in Income Support and Jobseeker's Allowance since the 1998 baseline estimate, using ranges for the reasons discussed above. Each range incorporates the uncertainty arising from sampling and other imprecision affecting each year's individual estimate, plus the extra uncertainty arising from the impact of methodology change.

Figure 3A: Estimated progress against target to reduce fraud and error in Income Support and Jobseeker's Allowance (PSA 10A)



Graph shows estimated change over time – a negative number shows a reduction in the estimate of fraud and error. Bars represent the range estimates explained in preceding text. Estimates of change may be different from those published in earlier reports due to the incorporation of conclusions of recent work discussed in the text.

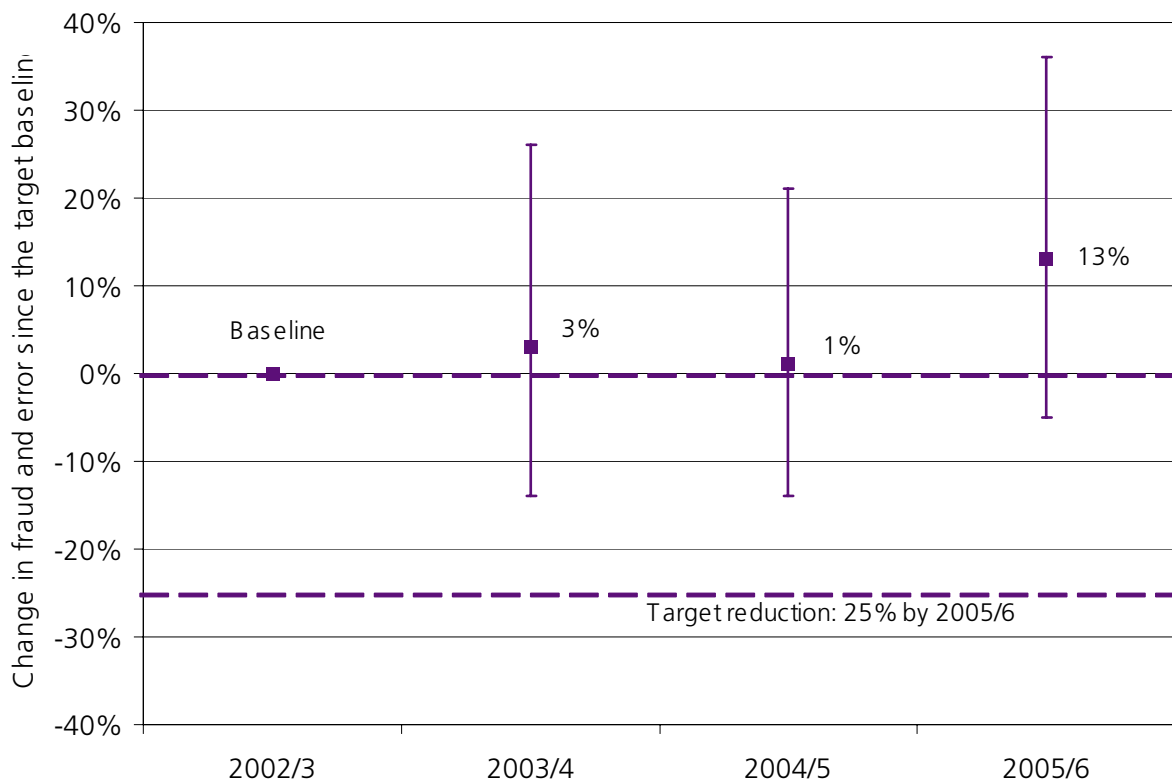
Change over time in Housing Benefit (PSA Target 10B)

- 3.15 The Department has a PSA target to reduce the level of fraud and error in Housing Benefit paid to *working age claimants* by 25% by March 2006, from a baseline period of 2002/3.
- 3.16 As discussed in paragraph 2.3, a significant proportion of Housing Benefit expenditure is outside the scope of the sample. For measuring the PSA target, only that expenditure within the scope of the sample is used, thus figures used for measuring progress against the target will differ from those presented elsewhere in this report which relate to all HB expenditure.
- 3.17 *Figure 3B* opposite shows estimates of change since 2002/3 in the level of overpayment in working age Housing Benefit expenditure. The estimates are presented with 95% confidence intervals which show that there is considerable uncertainty about the true level of change.

3.18 The central estimate of change is a **13%** increase between 2002/3 and 2005/6, with a confidence interval ranging from a 5% decrease to a 36% increase. This means that:-

- allowing for statistical uncertainty, it is almost certain that the 25% target reduction has not actually been achieved, and it is very likely that there has been an increase;
- formally, on the basis that the central estimate of change is used for determining formal target achievement, the target has not been met.

Figure 3B: Estimated progress against target to reduce fraud and error in Housing Benefit (PSA 10B)



Graph shows estimated change over time – a positive number shows an increase in the estimate of fraud and error. Bars give confidence intervals around estimates of change over time.

Change over time in Pension Credit

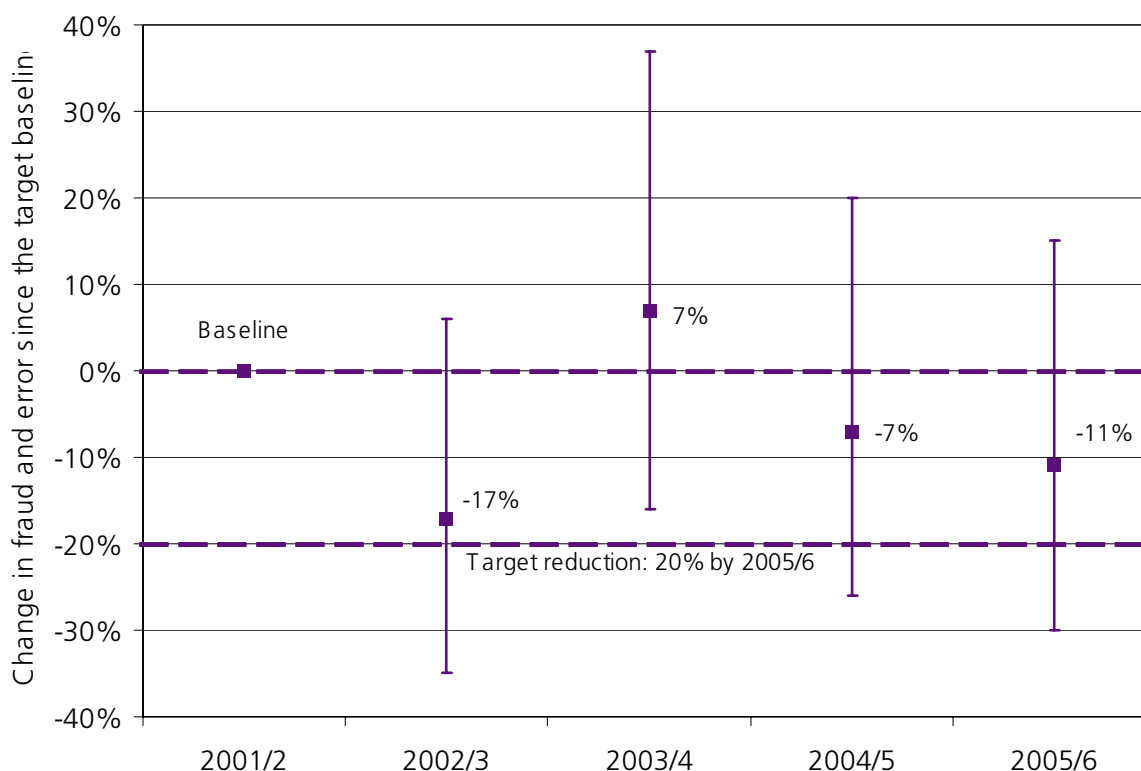
3.19 The Department has a Service Delivery Agreement (SDA) target to reduce the level of fraud and error in Pension Credit by 20% by March 2006 from a baseline period of April 2001 to March 2002.

3.20 *Figure 3C* below shows estimates of change since 2001/2 in the level of overpayment in the Minimum Income Guarantee (up to September 2003) and Pension Credit (introduced in October 2003). Because of the relatively small size of the Pension Credit sample, the 95% confidence intervals are very wide relative to the estimates of change.

3.21 The central estimate of change is an 11% decrease between 2001/2 and 2005/6, with a confidence interval ranging from a 15% increase to a 30% decrease. This means that:-

- allowing for statistical uncertainty, there is no significant evidence of a change in the level of overpayments across the target period, and it is unlikely, although possible, that the 20% target reduction has actually been achieved;
- formally, on the basis that the central estimate of the change is used for determining formal target achievement, the target has not been met.

Figure 3C: Estimated progress against SDA target to reduce fraud and error in Pension Credit



Graph shows estimated change over time – a negative number shows a reduction, and a positive number an increase, in the estimate of fraud and error. Bars give confidence intervals around estimates of change over time.

4. Fraud and error across the benefit system

Background

- 4.1 The Department publishes estimates of overpayments across the whole of benefit expenditure in the Resource Accounts¹. The time taken to produce fraud and error statistics has meant that these have relied on the measurement of fraud and error in the preceding financial year. This report presents updates to the estimates in the Resource Accounts.

Revised estimates for 2004/5 and 2005/6

- 4.2 *Figures 4A and 4B* present revised estimates that incorporate results that were not available when the Resource Accounts were published. These differ only slightly, and estimate that roughly **£2.6bn** of benefit expenditure was overpaid in each year, representing just over 2% of expenditure. The updated overall total for 2005/06 is slightly lower than published in the Resource Accounts.

Interpretation and composition

- 4.3 These estimates are subject to the same sort of statistical uncertainties and other limitations discussed in Chapter 2. They also rely on a variety of assumptions about benefits which are not regularly reviewed, and which are described below. The bottom row of each table gives rough confidence intervals for the total estimates of fraud, customer error and official error.
- 4.4 They also exclude an estimated £700m of Disability Living Allowance expenditure, where the payment was legally correct, but the benefit award would cease or reduce if the case was reassessed.
- 4.5 Three different types of estimate contribute to the total. These are:

Continuous measurement: Around a quarter of all benefit expenditure is covered by the main measurement exercises on Income Support, Jobseeker's Allowance, Pension Credit and Housing Benefit. Official error in Incapacity Benefit and Retirement Pension is measured continuously. There is also an

¹ See Note 44 on page 96 of DWP's Resource Accounts for 2005/6.

annually updated estimate of 'Instrument of Payment' fraud, which captures, for example, the fraudulent encashment of cheques.

One-off 'snapshot' measurement: Since 1995, the Department has carried out 'National Benefit Reviews' (NBRs) of some benefits to estimate the level of fraud and error in a single year. These benefits cover around two thirds of total expenditure. As these NBRs are not carried out annually, for the purposes of this exercise, we have assumed that the percentage level of fraud and error has remained constant since the last NBR.

Assumptions about and modelling of unmeasured quantities: Benefits where there has not been any recent measurement activity make up around 15% of total expenditure. For most of these benefits, a flat rate of 2.7% overpaid expenditure is assumed as this was the average overpayment in the benefits we could measure in 2003/4, when the methodology was first developed. Council Tax Benefit has many similarities to Housing Benefit, so is assumed to have the same level of overpaid expenditure. The 'interdependencies' figure uses a modelling approach to estimate the knock-on effects of overpayments of Disability Living Allowance on other awards.

Figure 4A: Estimated overpayments during 2005/6

Estimated overpayments in 2005/6	Expenditure	Fraud & Error	Fraud	Customer Error	Official Error	Last measured
Continuously measured						
Income Support ¹	£9.1bn	4.8%	£440m	2.1%	£200m	2005/6
Jobseeker's Allowance	£2.3bn	4.3%	£100m	1.9%	£40m	2005/6
Pension Credit	£6.4bn	4.1%	£270m	0.9%	£60m	2005/6
Housing Benefit	£13.9bn	5.5%	£770m	1.0%	£140m	2005/6
Instrument of Payment			£20m		£20m	2005/6
One-off reviews						
Disability Living Allowance ²	£8.6bn	1.9%	£160m	0.5%	£40m	2004/5
State Pension ³	£51.4bn	0.1%	£80m	0.0%	£0m	2005/6
Carer's Allowance	£1.1bn	5.5%	£60m	3.9%	£40m	1996/7
Incapacity Benefit ⁴	£6.6bn	1.7%	£110m	0.1%	£10m	2000/1
Interdependencies ⁵			£30m		£10m	2004/5
Unreviewed						
Unreviewed (ex CTB) ⁶	£12.2bn	2.7%	£330m	0.9%	£110m	
Council Tax Benefit ⁷	£3.9bn	5.5%	£210m	1.0%	£40m	
Total^{2,8}	£115.8bn	2.2%	£2.6bn	0.6%	£0.7bn	
Range ⁹		(1.9-2.5)	(2.3-3.0)	(0.5-0.8)	(0.5-0.9)	
				(0.7-1.1)	(0.8-1.2)	
					(0.6-0.9)	
					(0.6-1.0)	

Figure 4B: Estimated overpayments during 2004/5

Estimated overpayments in 2004/5	Expenditure	Fraud & Error	Fraud	Customer Error	Official Error	Last measured
Continuously measured						
Income Support	£9.9bn	5.3%	£530m	2.3%	£230m	2004/5
Jobseeker's Allowance	£2.2bn	6.0%	£130m	2.2%	£50m	2004/5
Pension Credit	£6.0bn	4.6%	£280m	1.0%	£60m	2004/5
Housing Benefit	£13.2bn	5.2%	£680m	1.3%	£170m	2004/5
Instrument of Payment			£40m		£40m	2004/5
One-off reviews						
Disability Living Allowance ²	£8.1bn	1.9%	£150m	0.5%	£40m	2004/5
State Pension ^{3,4}	£48.8bn	0.1%	£60m	0.1%	£30m	1995/6
Carer's Allowance	£1.1bn	5.5%	£60m	3.9%	£40m	1996/7
Incapacity Benefit ⁴	£6.7bn	1.9%	£120m	0.1%	£10m	2000/1
Interdependencies ⁵			£30m		£10m	2004/5
Unreviewed						
Unreviewed (ex CTB) ⁶	£11.6bn	2.7%	£310m	0.9%	£100m	
Council Tax Benefit ⁷	£3.6bn	5.2%	£180m	1.3%	£50m	
Total^{2,8}	£111.0bn	2.3%	£2.6bn	0.8%	£0.8bn	
Range⁹		(2.0-2.6)	(2.3-2.9)	(0.6-0.9)	(0.7-1.0)	

Notes

Figures expressed as percentages (%) give the overpayments as a percentage of the benefit paid out in the year.

- Individual estimates are produced from exercises covering a twelve month period ('period of exercise') and have been updated in line with expenditure for the relevant year. They may therefore differ from previously published values. In particular, the Income Support total fraud and error estimate is different from that quoted earlier in this report. This is because the IS expenditure used in producing this global estimate includes accounting adjustments appropriate to reconcile the total benefit expenditure.
- The 2004/5 DLA National Benefit Review identified cases where the change in customer needs have been so gradual that it would be unreasonable to expect them to know at which point their entitlement to DLA might have changed. These cases do not result in a recoverable overpayment as we cannot quantify or define when the customer's change occurred. Because legislation requires the Secretary of State to prove that entitlement to DLA is incorrect, rather than requiring the customer to inform us that their needs have changed, cases in this subcategory are legally correct. The difference between what claimants in these cases are receiving in DLA and related premiums in other benefits and what they would receive if their benefit was reassessed is estimated to be around £0.7 billion (± £0.2 billion). This figure is not included in the total above, but a similar figure was included in the global fraud and error figure of £3 billion reported in the Resource Account for 2003/4.
- 2005/6 table – Estimates from the 2005/06 pilot National Benefit Review. This identified around £30 million of overpayments due to non-notification of death to the International Pension Centre. These have been included as customer error in this table - a small number of these may be fraudulent.
- 2004/5 table - Estimates from the 1995/6 National Benefit Review.

- 4 Official error rates have been updated with estimates from the measurement exercise from the relevant year.
- 5 Overpayments due to knock-on effects between loss of DLA component entitlement and premiums on income-related benefits.
- 6 The estimated rate of fraud and error on unreviewed benefits, for which we have no reliable review information, has been set at 2.7% and divided equally among fraud, customer error and official error.
- 7 Fraud and error on CTB has not been measured before and is assumed here to be equal to fraud and error rates on HB.
- 8 Columns may not sum to row totals due to rounding.
- 9 Ranges given are approximate 95% confidence intervals around the total estimates.

Underpayments

- 4.6 Using similar assumptions, it is estimated that underpayments across the benefit system totalled around £0.9bn, or 0.8% of total benefit expenditure. Note that this only covers recipients who are getting less than they are entitled to, and does not include those who are entitled to benefits but do not apply, or whose applications are not awarded when they should be.²
- 4.7 Note that under the current measurement methodologies used, a simple offsetting of underpayments against overpayments does not give an accurate picture of the 'net' overpayment. The relationship between the overpayment and underpayment estimates is complex – e.g. a claimant may be not receiving £20 Incapacity Benefit they are entitled to due to an error made by DWP. If they were to receive this, however, then their Income Support would also be reduced by £20. The effect of this error is that there is a £20 underpayment in Incapacity Benefit (which would not be captured in the underpayments estimate below) and a £20 overpayment in Income Support (which would be captured in the overpayment estimate above). Whilst the error has no impact on the total amount the claimant receives, adding the overpayment and underpayment estimates in the tables would incorrectly suggest an overall loss to the Department of £20 in this case.

² For estimates of 'non-take-up' of some benefits see www.dwp.gov.uk/asd/irb.asp

Figure 4C: Estimated underpayments during 2005/6

Estimated underpayments in 2005/6	Expenditure	Fraud & Error	Fraud	Customer Error	Official Error	Last measured
Continuously measured						
Income Support	£9.1bn	1.3%	£120m	0.0%	£0m	2005/6
Jobseeker's Allowance	£2.3bn	0.5%	£10m	0.0%	£0m	2005/6
Pension Credit	£6.4bn	1.6%	£100m	0.0%	£0m	2005/6
Housing Benefit ²	£13.9bn	1.4%	£190m	0.0%	£0m	2005/6
One-off reviews						
Disability Living Allowance	£8.6bn	2.5%	£220m	0.0%	£0m	2004/5
State Pension ³	£51.4bn	0.1%	£70m	0.0%	£0m	2005/6
Carer's Allowance	£1.1bn	0.1%	£0m	0.0%	£0m	1996/7
Incapacity Benefit	£6.6bn	0.6%	£40m	0.0%	£0m	2000/1
Unreviewed						
Unreviewed (ex CTB) ⁴	£12.2bn	0.8%	£90m	0.0%	£0m	
Council Tax Benefit ⁵	£3.9bn	1.4%	£50m	0.0%	£0m	
Total⁶	£115.8bn	0.8%	£0.9bn	0.0%	£0.0bn	
Range⁷		(0.7-0.9)	(0.8-1.0)	(0.0-0.0)	(0.0-0.0)	

Notes

Figures expressed as percentages (%) give the underpayments as a percentage of the benefit paid out in the year.

- Individual estimates are produced from exercises covering a twelve month period ('period of exercise') and have been updated in line with 2005/6 expenditure.
- The HBR does not publish extrapolated underpayment figures to cover the whole HB expenditure. The values given here represent the percentage underpaid applied to total expenditure. Published HB underpayments are not split by type; in this table they have been apportioned equally between claimant and official error.
- Official error rates have been updated with estimates from the 2005/6 measurement exercise.
- The estimated rate of fraud and error on unreviewed benefits, for which we have no reliable review information, has been derived from the average fraud and error for known benefits, and divided equally between claimant error and official error.
- Fraud and error on CTB has not been measured before and is assumed here to be equal to fraud and error rates on HB.
- Columns may not sum to row totals due to rounding.
- Ranges given are approximate 95% confidence intervals around the total estimates.

Future estimates

- The Department will continue to develop its methodology for estimating fraud and error across the whole benefit system. The next report in this series, which should be published in the next few months, will present a further revision of the 2005/6 estimates. This will incorporate the 'rebaselined' estimates for fraud and error in

Income Support, Jobseeker's Allowance and Pension Credit (as discussed in Section 6 under "future reporting") and refine the assumptions about unmeasured benefits.

- 4.9 Provisional estimates for 2006/7 will first appear in either the Resource Account, or the National Statistics report covering the year to September 2006. These will be revised in subsequent reports to incorporate the final 2006/7 estimates for individual benefits.

5. Detailed estimates

Introduction

- 5.1 This chapter presents breakdowns of the 2005/6 estimates for the continuously measured benefits into detailed types and causes of incorrectness.
- 5.2 Note that the estimates are often very small as a percentage of expenditure, and will sometimes be based on only a few sample cases. This means that the statistical uncertainties can be large relative to the size of the central estimates, and they tend not to be suitable for examining changes over time in particular types of error. However, they can give a useful indication of which types of error are leading to the most overpaid expenditure, and how official error typically gets into the system.
- 5.3 Estimates for Income Support, Jobseeker's Allowance and Pension Credit are presented together as they have similar entitlement conditions and administration. Housing Benefit is administered by Local Authorities, but entitlement often hinges on the award of other benefits by DWP. This leads to quite different error types and a division of responsibility for official error between DWP and the LAs, so estimates for Housing Benefit are broken down in different ways and presented separately.
- 5.4 More comprehensive tables, giving breakdowns for different years and estimates of caseload incorrectness, will be available on the DWP website at www.dwp.gov.uk/asd/asd2/fraud_error.asp shortly after publication of this report. A list of these tables is given in Annex 2 of this report.

Fraud and error in Income Support, Jobseeker's Allowance and Pension Credit

- 5.5 *Figure 5A* overleaf presents cash estimates of the amounts overpaid due to different types of fraud and customer error in the main income-related benefits. Explanations of the different error types are given below.

Earnings – incorrect or undeclared income from employment.

Partner Earnings – incorrect or undeclared earnings of claimant's partner

Capital – incorrect or undeclared amount of capital held.

Dependants – claiming incorrectly for number or type of dependents.

Other Income – other undeclared source of income e.g. occupational pension or sick pay.

Living Together as Husband and Wife (LTAHAW) – claimant has a partner but is receiving benefit as a single person.

Identity (ID) – false or assumed identity.

Address / Not at Address – claimant cannot be contacted at registered address, is no longer at address or provided a false address.

Housing – incorrectly declared housing costs or income from housing.

Benefits – claimant receiving other benefit.

College – claimant in education and may be receiving funding.

Abroad – claimant continuing to receive benefit whilst living abroad.

Hospitalisation – claimants not declaring long-term hospitalisation.

Maintenance – undeclared or incorrectly declared income from maintenance payments.

Non-dependants – claiming incorrectly for non-dependants.

Prison – receiving benefit whilst in detention.

Other – covers a range of different cases not covered in the categories above. Examples include alteration of documents (e.g. medical certificate) and appointee fraud.

5.6 The major types of overpayment found in 2005/6 have remained broadly the same as the findings from previous years. They were:

- fraud by Income Support and Jobseeker's Allowance claimants where full- or part-time earnings are not declared;
- fraud by Income Support claimants found to be living with a partner they had not declared;
- fraud by Pension Credit claimants found to be receiving benefit whilst abroad;
- claimant error by Income Support, Jobseeker's Allowance and Pension Credit claimants with incorrect or non-declaration of capital;

- claimant error by Income Support and Pension Credit claimants who are receiving other benefits.

Figure 5A: Estimated fraud overpayment in Income Support, Jobseeker's Allowance and Pension Credit for 2005/6

Apr05-Mar06				
	Percentage of expenditure overpaid		Amount of expenditure overpaid	
Income Support				
Earnings	0.3%	<i>(0.2, 0.5)</i>	£30m	<i>(19 - 44)</i>
Partner Earnings	0.1%	<i>(0.0, 0.2)</i>	£7m	<i>(1 - 16)</i>
Capital	0.2%	<i>(0.1, 0.4)</i>	£22m	<i>(13 - 34)</i>
Dependants	0.2%	<i>(0.1, 0.3)</i>	£14m	<i>(6 - 24)</i>
Income	0.1%	<i>(0.1, 0.2)</i>	£11m	<i>(6 - 16)</i>
LTAHAW	0.7%	<i>(0.5, 0.8)</i>	£61m	<i>(46 - 78)</i>
ID	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Address / Not at Address	0.1%	<i>(0.1, 0.2)</i>	£12m	<i>(6 - 20)</i>
Housing	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Benefits	0.0%	<i>(0.0, 0.1)</i>	£4m	<i>(1 - 6)</i>
College	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Abroad	0.1%	<i>(0.0, 0.2)</i>	£7m	<i>(2 - 16)</i>
Hospitalisation	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Maintenance	0.1%	<i>(0.0, 0.1)</i>	£5m	<i>(3 - 8)</i>
Non-dependants	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Prison	0.0%	<i>(0.0, 0.1)</i>	£3m	<i>(1 - 7)</i>
Other	0.3%	<i>(0.2, 0.4)</i>	£25m	<i>(16 - 34)</i>
Total	2.1%	<i>(1.5, 2.8)</i>	£200m	<i>(140 - 260)</i>
Jobseeker's Allowance				
Earnings	0.7%	<i>(0.4, 1.0)</i>	£16m	<i>(10 - 22)</i>
Partner Earnings	0.1%	<i>(0.0, 0.1)</i>	£1m	<i>(0 - 3)</i>
Capital	0.2%	<i>(0.1, 0.3)</i>	£5m	<i>(2 - 8)</i>
Dependants	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Income	0.1%	<i>(0.0, 0.1)</i>	£1m	<i>(0 - 3)</i>
LTAHAW	0.2%	<i>(0.1, 0.4)</i>	£5m	<i>(2 - 9)</i>
ID	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 1)</i>
Address / Not at Address	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0 - 2)</i>
Housing	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Benefits	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
College	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0 - 3)</i>
Abroad	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Hospitalisation	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Maintenance	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Non-dependants	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Prison	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Other	0.6%	<i>(0.3, 0.8)</i>	£13m	<i>(7 - 19)</i>
Total	1.9%	<i>(1.1, 2.7)</i>	£40m	<i>(20 - 60)</i>

Figure 5A continued: Estimated fraud overpayment in Income Support, Jobseeker's Allowance and Pension Credit for 2005/6

Apr05-Mar06				
	Percentage of expenditure overpaid		Amount of expenditure overpaid	
Income Support & Jobseeker's Allowance Combined				
Earnings	0.4%	<i>(0.3, 0.5)</i>	£46m	<i>(33 - 61)</i>
Partner Earnings	0.1%	<i>(0.0, 0.2)</i>	£8m	<i>(2 - 18)</i>
Capital	0.2%	<i>(0.1, 0.3)</i>	£27m	<i>(17 - 39)</i>
Dependants	0.1%	<i>(0.1, 0.2)</i>	£14m	<i>(6 - 24)</i>
Income	0.1%	<i>(0.1, 0.2)</i>	£12m	<i>(7 - 18)</i>
LTAHAW	0.6%	<i>(0.4, 0.7)</i>	£66m	<i>(51 - 83)</i>
ID	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 1)</i>
Address / Not at Address	0.1%	<i>(0.1, 0.2)</i>	£13m	<i>(7 - 20)</i>
Housing	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Benefits	0.0%	<i>(0.0, 0.1)</i>	£4m	<i>(1 - 6)</i>
College	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0 - 3)</i>
Abroad	0.1%	<i>(0.0, 0.1)</i>	£7m	<i>(2 - 16)</i>
Hospitalisation	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Maintenance	0.0%	<i>(0.0, 0.1)</i>	£5m	<i>(3 - 8)</i>
Non-dependants	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Prison	0.0%	<i>(0.0, 0.1)</i>	£3m	<i>(1 - 7)</i>
Other	0.3%	<i>(0.2, 0.4)</i>	£37m	<i>(27 - 49)</i>
Total	2.1%	<i>(1.5, 2.7)</i>	£240m	<i>(170 - 310)</i>
Pension Credit				
Earnings	0.1%	<i>(0.0, 0.3)</i>	£7m	<i>(0 - 18)</i>
Partner Earnings	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0 - 3)</i>
Capital	0.1%	<i>(0.0, 0.2)</i>	£7m	<i>(3 - 12)</i>
Dependants	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Income	0.2%	<i>(0.1, 0.3)</i>	£10m	<i>(4 - 19)</i>
LTAHAW	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0 - 2)</i>
ID	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Address / Not at Address	0.1%	<i>(0.0, 0.1)</i>	£3m	<i>(0 - 9)</i>
Housing	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Benefits	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
College	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Abroad	0.4%	<i>(0.2, 0.7)</i>	£28m	<i>(13 - 47)</i>
Hospitalisation	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Maintenance	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Non-dependants	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Prison	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Other	0.0%	<i>(0.0, 0.1)</i>	£3m	<i>(0 - 7)</i>
Total	0.9%	<i>(0.6, 1.4)</i>	£60m	<i>(40 - 80)</i>

Estimates are rounded to the nearest £1m and presented with 95% confidence intervals, which quantify sampling uncertainty only. A figure of £0m indicates that the unrounded estimate is less than £0.5m. Columns may not sum to totals due to rounding.

Figure 5B: Estimated claimant error overpayment in Income Support, Jobseeker's Allowance and Pension Credit for 2005/6

Apr05-Mar06				
	Percentage of expenditure overpaid		Amount of expenditure overpaid	
Income Support				
Earnings	0.1%	<i>(0.0, 0.1)</i>	£6m	<i>(2 - 10)</i>
Partner Earnings	0.0%	<i>(0.0, 0.1)</i>	£3m	<i>(1 - 6)</i>
Capital	0.3%	<i>(0.2, 0.4)</i>	£27m	<i>(18 - 38)</i>
Dependants	0.1%	<i>(0.1, 0.2)</i>	£13m	<i>(9 - 18)</i>
Income	0.1%	<i>(0.1, 0.2)</i>	£13m	<i>(8 - 18)</i>
LTAHAW	0.0%	<i>(0.0, 0.1)</i>	£5m	<i>(1 - 9)</i>
ID	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Address / Not at Address	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Housing	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 1)</i>
Benefits	0.4%	<i>(0.3, 0.5)</i>	£35m	<i>(24 - 47)</i>
College	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Abroad	0.0%	<i>(0.0, 0.1)</i>	£3m	<i>(1 - 7)</i>
Hospitalisation	0.0%	<i>(0.0, 0.1)</i>	£2m	<i>(0 - 6)</i>
Maintenance	0.1%	<i>(0.1, 0.2)</i>	£12m	<i>(9 - 16)</i>
Non-dependants	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 1)</i>
Prison	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0 - 2)</i>
Other	0.1%	<i>(0.1, 0.2)</i>	£11m	<i>(6 - 16)</i>
Total	1.4%	<i>(1.0, 1.8)</i>	£130m	<i>(90 - 170)</i>
Jobseeker's Allowance				
Earnings	0.1%	<i>(0.0, 0.2)</i>	£2m	<i>(0 - 5)</i>
Partner Earnings	0.2%	<i>(0.0, 0.3)</i>	£4m	<i>(0 - 8)</i>
Capital	0.1%	<i>(0.0, 0.2)</i>	£3m	<i>(1 - 5)</i>
Dependants	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0 - 3)</i>
Income	0.1%	<i>(0.0, 0.1)</i>	£2m	<i>(1 - 3)</i>
LTAHAW	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 1)</i>
ID	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Address / Not at Address	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Housing	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Benefits	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0 - 2)</i>
College	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Abroad	0.1%	<i>(0.0, 0.3)</i>	£2m	<i>(0 - 6)</i>
Hospitalisation	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Maintenance	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Non-dependants	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Prison	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Other	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0 - 1)</i>
Total	0.7%	<i>(0.1, 1.3)</i>	£20m	<i>(0 - 40)</i>

Figure 5B continued: Estimated claimant error overpayment in Income Support, Jobseeker's Allowance and Pension Credit for 2005/6

Apr05-Mar06				
	Percentage of expenditure overpaid		Amount of expenditure overpaid	
Income Support & Jobseeker's Allowance Combined				
Earnings	0.1%	<i>(0.0, 0.1)</i>	£8m	<i>(4 - 13)</i>
Partner Earnings	0.1%	<i>(0.0, 0.1)</i>	£7m	<i>(2 - 12)</i>
Capital	0.3%	<i>(0.2, 0.4)</i>	£30m	<i>(21 - 41)</i>
Dependants	0.1%	<i>(0.1, 0.2)</i>	£14m	<i>(10 - 19)</i>
Income	0.1%	<i>(0.1, 0.2)</i>	£15m	<i>(10 - 20)</i>
LTAHAW	0.0%	<i>(0.0, 0.1)</i>	£5m	<i>(1 - 10)</i>
ID	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Address / Not at Address	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Housing	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 1)</i>
Benefits	0.3%	<i>(0.2, 0.4)</i>	£36m	<i>(25 - 48)</i>
College	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Abroad	0.0%	<i>(0.0, 0.1)</i>	£5m	<i>(1 - 10)</i>
Hospitalisation	0.0%	<i>(0.0, 0.1)</i>	£2m	<i>(0 - 6)</i>
Maintenance	0.1%	<i>(0.1, 0.1)</i>	£13m	<i>(9 - 16)</i>
Non-Dependants	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 1)</i>
Prison	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0 - 2)</i>
Other	0.1%	<i>(0.1, 0.1)</i>	£11m	<i>(6 - 17)</i>
Total	1.3%	<i>(1.0, 1.6)</i>	£150m	<i>(110 - 190)</i>
Pension Credit				
Earnings	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0 - 3)</i>
Partner Earnings	0.0%	<i>(0.0, 0.1)</i>	£2m	<i>(0 - 4)</i>
Capital	0.4%	<i>(0.3, 0.6)</i>	£25m	<i>(17 - 36)</i>
Dependants	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Income	0.4%	<i>(0.3, 0.5)</i>	£26m	<i>(18 - 34)</i>
LTAHAW	0.1%	<i>(0.0, 0.1)</i>	£3m	<i>(0 - 9)</i>
ID	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Address / Not at Address	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Housing	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Benefits	0.3%	<i>(0.2, 0.4)</i>	£19m	<i>(11 - 29)</i>
College	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Abroad	0.0%	<i>(0.0, 0.1)</i>	£2m	<i>(0 - 4)</i>
Hospitalisation	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 1)</i>
Maintenance	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 1)</i>
Non-Dependants	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Prison	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Other	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Total	1.2%	<i>(1.0, 1.5)</i>	£80m	<i>(60 - 100)</i>

Estimates are rounded to the nearest £1m and presented with 95% confidence intervals, which quantify sampling uncertainty only. A figure of £0m indicates that the unrounded estimate is less than £0.5m. Columns may not sum to totals due to rounding.

- 5.7 *Figure 5C* overleaf gives a breakdown by error type of official error in Income Support, Jobseeker's Allowance and Pension Credit. Explanations of the different error types are given below.

Mortgage and Housing Costs – Inaccurate consideration of mortgage interest and other housing costs such as ground rent and service charges.

Income and Other Benefits – Interfaces between benefit systems, incorrect attribution, arithmetic or transcription errors.

Premiums – Incorrect award of premiums or premiums omitted (e.g. severe disability premium). Poor interfaces can contribute to these errors.

Child Benefit (CHB) – Errors resulting from interfaces with this benefit.

Conditions of Entitlement – Incorrect consideration of fundamental entitlement to benefit e.g. claimant no longer a single parent or no longer unfit for work.

Incorrect Treatment of Final Earnings – Treatment of final earnings affects the date the claimant first qualifies for IS e.g. correct details for pay in lieu of notice or holiday pay not obtained from the employer.

Applicable Amounts – Incorrect action taken on hospital downrating, urgent need payments, partner or dependants incorrectly omitted/included in assessment, CSA reductions omitted or claimant's award not updated.

Arrears – Overpayment or underpayment of arrears.

Date of Claim – Incorrect date of claim is used when the claim is registered.

Capital – Incorrect treatment of capital on Income Support or JSA(IB). Can involve property and/or income that is to be treated as capital.

Labour Market – Insufficient evidence of attempts to find work, unavailability for work, incorrect completion of the Jobseeker's Agreement.

Continuity – The contributory side of JSA. Failure to consider all/any linking benefits, or incorrect action during the claim lifetime.

Contributions – Errors surrounding the contribution conditions for JSA(C).

Retirement Provision Income – Errors surrounding the Assessed Income Period or retirement provision income.

Savings Credit – Errors with the Savings Credit part of the award e.g. not awarded when the claimant is entitled, or awarded at the wrong level.

New Tax Credits – Errors where any New Tax Credits payable to the claimant are not taken into consideration correctly

Additional Amounts Guarantee Credit – Incorrect / missing award of additional amounts related to the Guarantee Credit component of the Pension Credit award (referred to as premiums in previous reports).

Others – Any error recorded in this category that does not fall into any of the other categories available.

5.8 The major types of overpayment found in 2005/6 were broadly the same as in previous years. They were:

- overpayments on Income Support cases due to conditions of entitlement;
- overpayments in Income Support, Jobseeker's Allowance and Pension Credit cases belonging to the error category "Income and other benefits".

5.9 The total official error underpayment rounded estimates are £84m for Income Support and Jobseeker's Allowance and £85m for Pension Credit. The major type of official error underpayment is where premiums have been incorrectly awarded e.g. severe disability premium.

Figure 5C: Estimated official error overpayment in Income Support, Jobseeker's Allowance and Pension Credit for 2005/6

Apr05-Mar06				
	Percentage of expenditure overpaid		Amount of expenditure overpaid	
Income Support				
Mortgage and Housing Costs	0.1%	<i>(0.1, 0.2)</i>	£9m	<i>(5 - 14)</i>
Income and Other Benefits	0.3%	<i>(0.2, 0.4)</i>	£25m	<i>(18 - 34)</i>
Premiums	0.2%	<i>(0.2, 0.3)</i>	£22m	<i>(14 - 29)</i>
CHB	0.0%	<i>(0.0, 0.0)</i>	£2m	<i>(1 - 4)</i>
Conditions of Entitlement	0.5%	<i>(0.3, 0.7)</i>	£44m	<i>(31 - 63)</i>
Incorrect Treatment of Final Earnings	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 1)</i>
Applicable Amounts	0.1%	<i>(0.1, 0.2)</i>	£11m	<i>(6 - 18)</i>
Arrears	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0 - 1)</i>
Date of Claim	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Capital	0.0%	<i>(0.0, 0.1)</i>	£3m	<i>(1 - 5)</i>
New Tax Credits	0.1%	<i>(0.0, 0.1)</i>	£5m	<i>(2 - 8)</i>
Other	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 1)</i>
Total	1.3%	<i>(0.9, 1.8)</i>	£120m	<i>(80 - 170)</i>
Jobseeker's Allowance				
Mortgage and Housing Costs	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0 - 1)</i>
Income and Other Benefits	0.2%	<i>(0.1, 0.4)</i>	£6m	<i>(3 - 9)</i>
Premiums	0.1%	<i>(0.0, 0.2)</i>	£2m	<i>(0 - 4)</i>
CHB	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0 - 2)</i>
Conditions of Entitlement	0.5%	<i>(0.2, 0.9)</i>	£12m	<i>(5 - 20)</i>
Incorrect Treatment of Final Earnings	0.1%	<i>(0.0, 0.1)</i>	£1m	<i>(0 - 3)</i>
Applicable Amounts	0.1%	<i>(0.0, 0.2)</i>	£2m	<i>(1 - 4)</i>
Arrears	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Date of Claim	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 1)</i>
Capital	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0 - 2)</i>
Labour Market Issues	0.5%	<i>(0.4, 0.7)</i>	£12m	<i>(8 - 17)</i>
Continuity	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Contributions	0.0%	<i>(0.0, 0.1)</i>	£0m	<i>(0 - 2)</i>
New Tax Credits	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0 - 2)</i>
Other	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0 - 1)</i>
Total	1.7%	<i>(1.1, 2.4)</i>	£40m	<i>(20 - 60)</i>

Figure 5C continued: Estimated official error overpayment in Income Support, Jobseeker's Allowance and Pension Credit for 2005/6

Apr05-Mar06				
	Percentage of expenditure overpaid		Amount of expenditure overpaid	
Income Support & Jobseeker's Allowance Combined				
Mortgage and Housing Costs	0.1%	<i>(0.1, 0.1)</i>	£9m	<i>(5 - 15)</i>
Income and Other Benefits	0.3%	<i>(0.2, 0.3)</i>	£30m	<i>(23 - 40)</i>
Premiums	0.2%	<i>(0.1, 0.3)</i>	£24m	<i>(16 - 31)</i>
CHB	0.0%	<i>(0.0, 0.0)</i>	£3m	<i>(2 - 5)</i>
Conditions of Entitlement	0.5%	<i>(0.4, 0.7)</i>	£56m	<i>(41 - 76)</i>
Incorrect Treatment of Final Earnings	0.0%	<i>(0.0, 0.0)</i>	£2m	<i>(0 - 3)</i>
Applicable Amounts	0.1%	<i>(0.1, 0.2)</i>	£13m	<i>(8 - 21)</i>
Arrears	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0 - 2)</i>
Date of Claim	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 1)</i>
Capital	0.0%	<i>(0.0, 0.1)</i>	£3m	<i>(1 - 6)</i>
Labour Market Issues	0.1%	<i>(0.1, 0.2)</i>	£12m	<i>(8 - 17)</i>
Continuity	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Contributions	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 2)</i>
New Tax Credits	0.1%	<i>(0.0, 0.1)</i>	£6m	<i>(3 - 9)</i>
Other	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0 - 2)</i>
Total	1.4%	<i>(1.0, 1.8)</i>	£160m	<i>(120 - 210)</i>
Pension Credit				
Mortgage and Housing Costs	0.1%	<i>(0.1, 0.2)</i>	£8m	<i>(4 - 12)</i>
Income and Other Benefits	0.9%	<i>(0.7, 1.2)</i>	£60m	<i>(45 - 78)</i>
Conditions of Entitlement	0.1%	<i>(0.0, 0.1)</i>	£4m	<i>(0 - 9)</i>
Applicable Amounts	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Arrears	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Date of Claim	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Capital	0.3%	<i>(0.2, 0.5)</i>	£19m	<i>(10 - 30)</i>
Retirement Income Provision	0.2%	<i>(0.1, 0.3)</i>	£11m	<i>(7 - 17)</i>
Savings Credit	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 1)</i>
New Tax Credits	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0 - 0)</i>
Additional Amounts Guarantee Credit	0.4%	<i>(0.2, 0.6)</i>	£26m	<i>(15 - 38)</i>
Other	0.0%	<i>(0.0, 0.0)</i>	£2m	<i>(0 - 4)</i>
Total	2.0%	<i>(1.7, 2.4)</i>	£130m	<i>(110 - 160)</i>

Estimates are rounded to the nearest £1m and presented with 95% confidence intervals, which quantify sampling uncertainty only. A figure of £0m indicates that the unrounded estimate is less than £0.5m. Columns may not sum to totals due to rounding.

Fraud and Error in Housing Benefit

- 5.10 *Figure 5D* overleaf gives a breakdown of HB overpayments into types of fraud and error. Note that unlike the previous chapter, these estimates include fraud, customer error *and* official error together in one table. The estimates are also split between those where the overpayment has occurred on the passporting benefit (and has affected Housing Benefit) and those where the overpayment is specific to Housing Benefit. *Figure 5E* gives a separate assessment of how responsibility for official error is split between the DWP, LAs and Her Majesty's Revenue and Customs (HMRC).
- 5.11 Both tables present extrapolated estimates. We have assumed the breakdown in the expenditure outside the scope of the sample is the same as the breakdown within the scope of the sample. However, there are certain error types which we expect to be more/less likely in new claims, so we may have understated/overstated the amount of expenditure overpaid for these errors. The different types are explained below:

Non-residence: Errors where we can confirm the claimant no longer lives at the HB address. This also includes a proportion of cases where non-residence is suspected but not proven and where the Review Officer was unable to contact the claimant. The likelihood that these cases really were non-resident is estimated as part of the final calculation.

Death, Temporary Absence and Institutions: Errors where the claimant has died, has breached the temporary absence rules or has moved into an institution (prison, nursing home or hospital) and is therefore no longer entitled to HB.

Earnings: Errors where the amount or existence of earnings was incorrect in the HB assessment or has changed since the original HB assessment, affecting eligibility to HB.

Tax Credits: This covers incorrect treatment of a Tax Credit award in the HB assessment. The review process cannot assess the correctness of the award itself. It includes Disabled Persons Tax Credit, Working Families Tax Credit, and from April 2003 Child Tax Credit and Working Tax Credit.

Living Together: Errors where a partner has been incorrectly included or excluded from the HB assessment, or related passporting benefit, or Pension Credit Savings Credit only assessment.

Capital: Errors where the amount or existence of capital was incorrect in the HB assessment.

Other Benefits: Errors where the amount or existence of other benefits means that the HB award is incorrect.

Other Income: Errors where the amount or existence of other income (excluding Tax Credits) means that the HB award is incorrect.

Other Means Testing: Errors due to changes in other parts of the means test not already mentioned above e.g. number of children or assessment of entitlement to premiums.

Non-dependants: Errors in HB due to an incorrect or missing non-dependant deduction.

Tenancy: Errors which occur because the claimant has no rent liability or is ineligible for HB.

Rent: Includes incorrect declaration of rent and incorrect conversion to a weekly amount.

Incorrectly Treated as Passporting: This covers all errors where information about passporting benefits has not been used or has been used incorrectly by the LA, but does not cover errors in entitlement to the passporting benefits.

Notification of Passporting Benefit: This covers all errors where information about passporting benefits has not been notified or has been incorrectly notified to Local Authorities. This does not cover errors in entitlement to the passporting benefits.

Figure 5D: Estimated fraud and error in Housing Benefit during 2005/6

Apr05-Mar06				
	Percentage of expenditure overpaid		Amount of expenditure overpaid	
Working Age				
Non Residence	1.6%	<i>(0.7, 2.2)</i>	£150m	<i>(60, 200)</i>
Death, moved to institution, temporary absence	0.1%	<i>(0.0, 0.2)</i>	£10m	<i>(0, 20)</i>
LA Means Test				
Earnings	1.4%	<i>(0.8, 1.8)</i>	£130m	<i>(70, 170)</i>
Tax Credits	0.8%	<i>(0.4, 1.1)</i>	£70m	<i>(40, 100)</i>
Passporting	0.6%	<i>(0.1, 1.1)</i>	£60m	<i>(10, 100)</i>
Living Together	0.1%	<i>(0.0, 0.2)</i>	£10m	<i>(0, 20)</i>
Capital	0.0%	<i>(0.0, 0.2)</i>	£0m	<i>(0, 10)</i>
Other Benefits	0.2%	<i>(0.0, 0.3)</i>	£20m	<i>(0, 30)</i>
Other Means testing	0.2%	<i>(0.0, 0.3)</i>	£10m	<i>(0, 30)</i>
Other income	0.1%	<i>(0.0, 0.2)</i>	£10m	<i>(0, 20)</i>
Non Dependants	0.3%	<i>(0.1, 0.6)</i>	£30m	<i>(10, 60)</i>
Tenancy	0.2%	<i>(0.0, 0.7)</i>	£20m	<i>(0, 70)</i>
Rent	0.1%	<i>(0.0, 0.2)</i>	£10m	<i>(0, 20)</i>
DWP Means Test				
Earnings	0.3%	<i>(0.0, 0.9)</i>	£30m	<i>(0, 80)</i>
Tax Credits	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Passporting	0.4%	<i>(0.0, 1.1)</i>	£40m	<i>(0, 100)</i>
Living Together	0.2%	<i>(0.0, 0.5)</i>	£20m	<i>(0, 40)</i>
Capital	0.1%	<i>(0.0, 0.6)</i>	£10m	<i>(0, 60)</i>
Other Benefits	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Other Means testing	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Other income	0.1%	<i>(0.0, 0.3)</i>	£10m	<i>(0, 20)</i>
Total	6.9%	<i>(5.1, 8.4)</i>	£640m	<i>(470, 770)</i>
Pensioners				
Non Residence	0.4%	<i>(0.0, 1.4)</i>	£20m	<i>(0, 70)</i>
Death, moved to institution, temporary absence	0.5%	<i>(0.0, 1.3)</i>	£30m	<i>(0, 60)</i>
LA Means Test				
Earnings	0.0%	<i>(0.0, 0.1)</i>	£0m	<i>(0, 0)</i>
Tax Credits	0.1%	<i>(0.0, 0.3)</i>	£0m	<i>(0, 20)</i>
Passporting	0.2%	<i>(0.0, 0.7)</i>	£10m	<i>(0, 30)</i>
Living Together	0.0%	<i>(0.0, 0.1)</i>	£0m	<i>(0, 0)</i>
Capital	0.2%	<i>(0.1, 0.6)</i>	£10m	<i>(0, 30)</i>
Other Benefits	0.2%	<i>(0.1, 0.4)</i>	£10m	<i>(0, 20)</i>
Other Means testing	0.0%	<i>(0.0, 0.1)</i>	£0m	<i>(0, 10)</i>
Other income	0.2%	<i>(0.1, 0.4)</i>	£10m	<i>(0, 20)</i>
Non Dependants	0.2%	<i>(0.0, 0.7)</i>	£10m	<i>(0, 30)</i>
Tenancy	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Rent	0.1%	<i>(0.0, 0.2)</i>	£0m	<i>(0, 10)</i>
DWP Means Test				
Earnings	0.0%	<i>(0.0, 0.1)</i>	£0m	<i>(0, 0)</i>
Tax Credits	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Passporting	0.1%	<i>(0.0, 0.9)</i>	£10m	<i>(0, 40)</i>
Living Together	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Capital	0.1%	<i>(0.0, 0.4)</i>	£0m	<i>(0, 20)</i>
Other Benefits	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Other Means testing	0.0%	<i>(0.0, 0.1)</i>	£0m	<i>(0, 0)</i>
Other income	0.2%	<i>(0.0, 0.8)</i>	£10m	<i>(0, 40)</i>
Total	2.7%	<i>(1.7, 5.0)</i>	£130m	<i>(80, 240)</i>

Figure 5D continued: Estimated fraud and error in Housing Benefit during 2005/6

Apr05-Mar06				
	Percentage of expenditure overpaid		Amount of expenditure overpaid	
Combined				
Non Residence	1.2%	<i>(0.6, 1.7)</i>	£160m	<i>(80, 250)</i>
Death, moved to institution, temporary absence	0.2%	<i>(0.0, 0.5)</i>	£30m	<i>(0, 80)</i>
LA Means Test				
Earnings	0.9%	<i>(0.6, 1.2)</i>	£130m	<i>(80, 170)</i>
Tax Credits	0.5%	<i>(0.3, 0.8)</i>	£70m	<i>(40, 110)</i>
Passporting	0.5%	<i>(0.1, 0.9)</i>	£70m	<i>(20, 120)</i>
Living Together	0.1%	<i>(0.0, 0.2)</i>	£10m	<i>(0, 30)</i>
Capital	0.1%	<i>(0.0, 0.2)</i>	£20m	<i>(0, 30)</i>
Other Benefits	0.2%	<i>(0.1, 0.3)</i>	£30m	<i>(10, 40)</i>
Other Means testing	0.1%	<i>(0.0, 0.2)</i>	£20m	<i>(0, 30)</i>
Other income	0.2%	<i>(0.1, 0.3)</i>	£20m	<i>(10, 40)</i>
Non Dependants	0.3%	<i>(0.1, 0.6)</i>	£40m	<i>(10, 80)</i>
Tenancy	0.2%	<i>(0.0, 0.5)</i>	£20m	<i>(0, 70)</i>
Rent	0.1%	<i>(0.0, 0.2)</i>	£10m	<i>(0, 30)</i>
DWP Means Test				
Earnings	0.2%	<i>(0.0, 0.6)</i>	£30m	<i>(0, 90)</i>
Tax Credits	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Passporting	0.3%	<i>(0.0, 0.9)</i>	£50m	<i>(0, 130)</i>
Living Together	0.2%	<i>(0.0, 0.3)</i>	£20m	<i>(0, 50)</i>
Capital	0.1%	<i>(0.0, 0.5)</i>	£20m	<i>(0, 70)</i>
Other Benefits	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Other Means testing	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Other income	0.2%	<i>(0.0, 0.4)</i>	£20m	<i>(0, 50)</i>
Total	5.5%	<i>(4.3, 6.7)</i>	£770m	<i>(600, 940)</i>

Estimates are rounded to the nearest £10m and presented with 95% confidence intervals, which quantify sampling uncertainty only. A figure of £0m indicates that the unrounded estimate is less than £5m. Columns may not sum to row totals due to rounding.

5.12 *Figure 5E* opposite gives a breakdown of official error overpayments in Housing Benefit. This shows how official errors can occur through incorrect assessments by DWP or the LA, but can also be due to late or incorrect transfer of information between the two.

Figure 5E: Reasons for official error in Housing Benefit during 2005/6

Apr05-Mar06			
Cause of Loss	Percentage of expenditure overpaid		Amount of expenditure overpaid
Working Age			
LA causes			
Incorrect assessment by LA, or software error	0.7%	<i>(0.0, 1.4)</i>	£60m <i>(0, 130)</i>
Post not yet actioned, or overlooked by LA	0.5%	<i>(0.1, 0.8)</i>	£40m <i>(10, 80)</i>
DWP causes			
Incorrect assessment by DWP	0.1%	<i>(0.0, 0.3)</i>	£10m <i>(0, 30)</i>
Post not yet actioned, or overlooked by DWP	0.0%	<i>(0.0, 0.0)</i>	£0m <i>(0, 0)</i>
Problems with DWP notification	0.4%	<i>(0.0, 1.1)</i>	£40m <i>(0, 100)</i>
Percentage uprating	0.0%	<i>(0.0, 0.0)</i>	£0m <i>(0, 0)</i>
Incorrect IR notification	0.0%	<i>(0.0, 0.2)</i>	£0m <i>(0, 20)</i>
Total	1.7%	<i>(0.4, 2.6)</i>	£160m <i>(30, 240)</i>
Pensioners			
LA causes			
Incorrect assessment by LA, or software error	0.3%	<i>(0.1, 0.6)</i>	£10m <i>(0, 30)</i>
Post not yet actioned, or overlooked by LA	0.2%	<i>(0.0, 0.5)</i>	£10m <i>(0, 20)</i>
DWP causes			
Incorrect assessment by DWP	0.0%	<i>(0.0, 0.2)</i>	£0m <i>(0, 10)</i>
Post not yet actioned, or overlooked by DWP	0.0%	<i>(0.0, 0.1)</i>	£0m <i>(0, 10)</i>
Problems with DWP notification	0.1%	<i>(0.0, 1.1)</i>	£10m <i>(0, 50)</i>
Percentage uprating	0.0%	<i>(0.0, 0.1)</i>	£0m <i>(0, 10)</i>
Incorrect IR notification	0.0%	<i>(0.0, 0.0)</i>	£0m <i>(0, 0)</i>
Total	0.6%	<i>(0.2, 1.7)</i>	£30m <i>(10, 80)</i>
Combined			
LA causes			
Incorrect assessment by LA, or software error	0.5%	<i>(0.1, 1.1)</i>	£70m <i>(10, 150)</i>
Post not yet actioned, or overlooked by LA	0.4%	<i>(0.1, 0.6)</i>	£50m <i>(20, 90)</i>
DWP causes			
Incorrect assessment by DWP	0.1%	<i>(0.0, 0.3)</i>	£10m <i>(0, 40)</i>
Post not yet actioned, or overlooked by DWP	0.0%	<i>(0.0, 0.0)</i>	£0m <i>(0, 10)</i>
Problems with DWP notification	0.3%	<i>(0.0, 0.9)</i>	£50m <i>(0, 130)</i>
Percentage uprating	0.0%	<i>(0.0, 0.0)</i>	£0m <i>(0, 10)</i>
Incorrect IR notification	0.0%	<i>(0.0, 0.1)</i>	£0m <i>(0, 20)</i>
Total	1.3%	<i>(0.5, 2.1)</i>	£190m <i>(80, 290)</i>

Estimates are rounded to the nearest £10m and presented with 95% confidence intervals, which quantify sampling uncertainty only. A figure of £0m indicates that the unrounded estimate is less than £5m. Columns may not sum to row totals due to rounding.

6. Further information and future reporting

Further information

- 6.1 Further figures and background documentation (including a technical appendix giving further information about the HB estimates) is presented on the DWP website as National Statistics at:

www.dwp.gov.uk/asd/asd2/fraud_error.asp

- 6.2 On 24th January 2006, the Department published its strategy to reduce error in the benefit system. This is available on the DWP website at:

www.dwp.gov.uk/publications/dwp/2007/error_strategy.asp

- 6.3 Estimates of fraud and error across the whole benefit system were previously only published in the Department's Resource Accounts, and not as National Statistics. The most recent Accounts (2005/6) were published on 5th November 2006 and are available on the DWP website at:

www.dwp.gov.uk/resourcecentre/policy_strategy.asp

- 6.4 The Office for National Statistics maintain a release schedule of all National Statistics publications, available on their website at:

www.statistics.gov.uk/ReleaseCalendar/currentreleases.asp

Future reporting

- 6.5 The Spending Review 2004 announced a new Public Service Agreement (PSA) target for IS and JSA fraud and error to take effect from April 2005. The target is a 15% reduction by March 2010.

- 6.6 The ending of the current set of targets and starting of a new target in 2005/06 presented the opportunity to introduce methodology and process improvements. Measurement on both the old and new basis took place during the past financial year to allow comparison of the two measurement methodologies.

- 6.7 The intention is to publish a report in the next few months presenting the baseline for the new Spending Review 2004 target, plus a further refinement of the 2005/6

estimates of fraud and error across the whole benefit system. These new figures will not give an update of performance against the targets assessed in this report, as they are not comparable on a 'like-for-like' basis.

6.8 This series will then continue to monitor progress against the new target for IS and JSA and the extension of the current HB target to 2007/8. During 2007, as part of the Comprehensive Spending Review, the Department will set further targets for the reduction of fraud and error through to 2010/11. Progress against these will also be monitored by these reports.

6.9 The National Statistics Code of Practice allows for revisions of figures under controlled circumstances:

“Statistics are by their nature subject to error and uncertainty. Initial estimates are often systematically amended to reflect more complete information. Improvements in methodologies and systems can help to make revised series more accurate and more useful.”

6.10 Unplanned revisions of figures in reports in this series may be necessary from time to time. Under this Code of Practice, the Department has a responsibility to ensure that any revisions to existing statistics are robust and freely available, with the same level of supporting information as new statistics.

Annex 1: Glossary of abbreviations and statistical terms

Abbreviations

CHB	Child Benefit
CTB	Council Tax Benefit
DWP	Department for Work and Pensions
HB	Housing Benefit
HMRC	Her Majesty's Revenue and Customs
IS	Income Support
JSA	Jobseeker's Allowance
JSA(C)	Jobseeker's Allowance (contributory)
JSA(IB)	Jobseeker's Allowance (income-based)
LA	Local Authority

Statistical terms

Confidence Interval:	The range of values in which we can be 95% sure that the true value we are trying to estimate lies. It is used as a measure of the statistical uncertainty in an estimate.
Estimate:	An indication of the value of an unknown quantity based on observed data.
Population:	A population is any entire collection of things from which we may collect data. It is the entire group we are interested in, which we wish to describe or draw conclusions about (generally benefit claimants or expenditure in the context of this report).
Sample:	A group selected (randomly in the context of this report) from a larger group (known as the population). By studying the sample it is hoped to draw valid conclusions about the larger group.
Statistic:	A statistic is a quantity that is calculated from a sample of data. It is used to give information about unknown values

in the population we are trying to measure.

Statistically significant: A statement about figures derived from samples is 'statistically significant' if there is less than a 5% chance (in the context of this report) that a particular result came about by chance rather than because of genuine underlying trends in the population.

Annex 2: Supporting material available

Income Support, Jobseeker's Allowance and Pension Credit extra tables

1. Overpayments by year
2. Breakdown of 2005/6 overpayments by client group:
 - Income Support lone parents
 - Income Support disabled, sick and other
 - Jobseeker's Allowance
 - Pension Credit
 - Total Income Support, Jobseeker's Allowance and Pension Credit
3. Breakdown of 2005/6 underpayments by client group
4. Breakdown of 2005/6 number of cases incorrect by client group

Housing Benefit documentation

1. Housing Benefit Review Technical Annex

Housing Benefit tables

1. Headline estimates of Housing Benefit fraud and error, split by year and client group (working age, pensioners)
2. Estimates for Housing Benefit fraud and error by the cause of incorrectness, split by error category, year and client group:
 - Working age in receipt of Income Support
 - Working age not in receipt of Income Support
 - Pensioner in receipt of Pension Credit (Guarantee Credit)
 - Pensioner not in receipt of Pension Credit (Guarantee Credit)
 - Total in receipt of Income Support / Pension Credit (Guarantee Credit)
 - Total not in receipt of Income Support / Pension Credit (Guarantee Credit)
3. Estimates for Housing Benefit incorrect payments and underpayments, split by year and client group:
 - Working age in receipt of Income Support
 - Working age not in receipt of Income Support
 - Pensioner in receipt of Pension Credit (Guarantee Credit)
 - Pensioner not in receipt of Pension Credit (Guarantee Credit)
4. Estimates for Housing Benefit fraud and error by the component of the Housing Benefit assessment that was incorrect, split by year and client group (working age, pensioner)

5. Estimates for Housing Benefit fraud and error by the component of the HB assessment that was incorrect, split by year and error category
6. Extrapolated estimates for the whole Housing Benefit caseload and expenditure, split by error category, year and client group (working age, pensioner)
7. Estimates for Housing Benefit official error overpayments by the cause of the incorrectness, by year and client group (working age, pensioner)
8. Estimates of fraud and error due to non-residence, broken down by the outcome of fraud investigations, split by year
9. 2005/6 sample information by the component of the Housing Benefit assessment that was incorrect

Housing Benefit charts

1. Estimates for working age expenditure overpaid by the cause of incorrectness
2. Estimates of change since the 2002/3 baseline for working age expenditure
3. Estimates for working age expenditure overpaid by the component of the Housing Benefit assessment that was incorrect

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