

**Fraud and Error in the Benefit System:
April 2008 to March 2009**

Information Directorate

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This report is available on the internet at:

http://research.dwp.gov.uk/asd/asd2/fraud_error_arc.asp

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Executive Summary

Headline results

Estimates of Fraud and Error across all benefits in 2008/09

It is estimated that during 2008/09 around 2.2 per cent, or £3.0bn, of total benefit expenditure was overpaid due to fraud and error, while around 0.9 per cent or £1.2bn of total benefit expenditure was estimated to have been underpaid.

Estimates of the individual benefits between April 2008 and March 2009

Key findings for the individual benefits that are measured on a continuous basis are that:

- Around 5.5 per cent, or £640m, of Income Support and Jobseeker's Allowance expenditure is estimated to have been overpaid;
- Around 4.9 per cent, or £840m, of Housing Benefit expenditure is estimated to have been overpaid;
- Around 5.1 per cent, or £390m, of Pension Credit expenditure is estimated to have been overpaid;
- Around 3.4 per cent, or £220m, of Incapacity Benefit expenditure is estimated to have been overpaid.

Comparisons with previous estimates

The last publication in May 2009 gave a preliminary estimate for overpayments and underpayments across all benefits in 2008/09 as well as estimates for Income Support, Jobseeker's Allowance, Pension Credit and Housing Benefit for the period October 2007 to September 2008.

Methodology changes

There has been one change to the measurement of fraud and error which affects comparisons of the estimates across all benefits with those last published. Improvements have been made to the measurement of Incapacity Benefit for fraud and customer error, which were previously based on a 2000/01 review, in order to provide a more robust estimate of fraud and error. As such, it is likely that some of the change in fraud and customer error is due to the change in measurement for Incapacity Benefit alongside real change.

Fraud and Error across all benefits

- The central estimate for the percentage of total benefit expenditure overpaid in 2008/09 is 2.2 per cent which is higher than the preliminary estimate for

2008/09 published in May 2009 which was 2.0%. Previous estimates for 2006/07 and 2007/08 were 2.2 per cent and 2.0 per cent respectively.

- The estimated value of overpayments has increased from £2.7bn in the preliminary estimate for 2008/09 to £3.0bn in the final estimate. Previous estimates for 2006/07 and 2007/08 were £2.6bn for both years.
- The central estimate for the percentage of total benefit expenditure underpaid in 2008/09 is 0.9 per cent which is the same level as the preliminary estimate for 2008/09 published in May 2009. Previous estimates for 2006/07 and 2007/08 were 0.8 per cent and 0.9 per cent respectively.
- The estimated value of underpayments remains unchanged at £1.2bn in 2008/09. Previous estimates for 2006/07 and 2007/08 were £1.0bn and £1.1bn respectively.

Fraud and Error across individual benefits

- The central estimate for the percentage of Income Support/Jobseeker's Allowance benefit expenditure overpaid has increased from 5.0 per cent in October 2007 to September 2008 to 5.5 per cent in April 2008 to March 2009, and from £550m to £640m.
- The central estimate for the percentage of total Housing Benefit expenditure overpaid has increased from 4.5 per cent in October 2007 to September 2008 to 4.9 per cent in April 2008 to March 2009. The value has increased from £770m to £840m.
- The central estimate for the percentage of Pension Credit benefit expenditure overpaid has increased from 4.6 per cent in October 2007 to September 2008 to 5.1 per cent in April 2008 to March 2009, and from £340m to £390m.

None of the changes above are statistically significant. However, on balance it is more likely than not that there has been an increase in the percentage of benefit overpaid for Pension Credit, Housing Benefit and Income Support/Jobseeker's Allowance.

Contents

| | |
|--|----|
| Executive Summary | 1 |
| 1 Introduction | 4 |
| 2 Fraud and error across the benefit system in 2008/09 | 8 |
| 3 Fraud and error across the benefit system over time | 12 |
| 4 Fraud and error in the continuously measured benefits for April 2008 to March 2009 | 20 |
| 5 Fraud and error in the continuously measured benefits over time..... | 24 |
| 6 Detailed estimates for continuously measured benefits | 46 |
| 7 Further information and future reporting..... | 61 |
| Annex 1: Glossary | 62 |
| Annex 2: Statistical terms | 63 |
| Annex 3: Supporting material | 64 |

1 Introduction

Background

- 1.1 This report provides estimates of fraud and error for benefits administered by the Department for Work and Pensions (DWP) and Local Authorities.
- 1.2 Some of the previous reports in this series focused on reporting Department of Work and Pensions (DWP) progress in reducing fraud and error in Income Support, Jobseeker's Allowance and Housing Benefit, in order to assess the Public Service Agreements (PSA 10A and 10B). These targets have now been replaced by the Departmental Strategic Objective 6 (DSO6) "to pay our customers the right benefits at the right time". As a result this report, as the one previously, focuses on estimates of the total overpayments and underpayments across the whole benefit system, but also includes estimates for individual benefits.
- 1.3 Estimates of fraud and error for various benefits have been derived using three different methods.

Continuously reviewed benefits

- 1.4 Fraud and error for Income Support, Jobseeker's Allowance, Pension Credit, Incapacity Benefit and Housing Benefit is measured on a continuous basis and expenditure on these benefits accounts for 32% of all benefit expenditure. Also official error (see paragraph 1.10 for definition) is measured continuously in Retirement Pension and Social Fund.
- 1.5 Estimates are produced by statistical analysis of data collected through continuous survey exercises, in which specially trained DWP staff review a randomly selected sample of cases each year.
- 1.6 The review process involves the following:
 - A preview of the case by collating 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;
 - The interview of the customer at their home, which follows a structured and detailed set of questions about the basis of their claim. This aims to identify any discrepancies between the customer's current circumstances and the circumstances upon which their benefit claim was based.
- 1.7 If a suspicion of fraud is identified, an investigation is undertaken by a trained Fraud Investigator with the aim of resolving the suspicion.

Occasionally reviewed benefits

- 1.8 Since 1995, the Department has carried out National Benefit Reviews (NBRs) for various benefits to estimate the level of fraud and error in a particular

financial year following the same process outlined in 1.4 and 1.5 above. These benefits cover 54% of total expenditure.

Unreviewed benefits

- 1.9 The remaining benefits, which account for around 14% of total benefit expenditure, have never been subject to a specific review. These benefits tend to have relatively low expenditure which means it is not cost effective to undertake a review. For these benefits the estimates are based on assumptions about the likely level of fraud and error. For some of these benefits the estimates of fraud and error are based on comparable measured benefits. For example, Council Tax Benefit has many similarities to Housing Benefit, both in terms of entitlement and its administration. Where there is no similar measured benefit it is assumed that fraud and error is equal to the average estimate of fraud and error across all measured benefits.

Definitions of fraud, customer error and official error

- 1.10 The tables presented in this report estimate fraud, customer error and official error. The definitions are explained further below.
- **Fraud:** This includes all cases where the following three conditions apply:
 - the basic conditions for receipt of benefit, or the rate of benefit in payment, are not being met;
 - the customer can reasonably be expected to be aware of the effect on entitlement; and
 - benefit stops or reduces as a result of the review.
 - **Customer Error:** The customer has provided inaccurate or incomplete information, or failed to report a change in their circumstances, but there is no fraudulent intent on the customer's part.
 - **Official Error:** Benefit has been paid incorrectly due to inaction, delay or a mistaken assessment by the DWP, a Local Authority or Her Majesty's Revenue and Customs.

Interpretation of the results

1.11 Care is required when interpreting the results that are presented in this report.

- **The estimates are subject to statistical sampling uncertainties.** All estimates are based on reviews of random samples drawn from the benefit caseloads. In any survey sampling exercise, the estimates derived from the sample may differ from what we would see if we examined the whole caseload. Further uncertainties occur due to the assumptions that have had to be made to account for incomplete or imperfect data or using older measurements. Where possible, these further uncertainties have been quantified and combined with the sampling uncertainties to give an overall assessment in the form of 95% confidence limits. These confidence limits show the range within which we can be 95% sure that the true value lies. A few remaining sources of uncertainty could not be quantified and have not been incorporated into the confidence limits; e.g. where the assessment of error involves subjective judgment that may be applied with varying degrees of strictness for different review cases or for different periods of time.
- **The estimates do not encompass all fraud and error.** This is because fraud is by its nature a covert activity, complex official error can be difficult to identify and some suspicions of fraud on the sample cases cannot be proven. For example, unreported earnings in the informal economy will be much harder to detect than those in the formal economy.
- **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 in 2008/09 were estimated to be over £550m, with more than half of this amount coming from Housing Benefit. The loss to the Department is therefore less 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 only been a short delay in processing.
- **A proportion of continuously measured benefit expenditure cannot be captured by the sampling process.** This is mainly because of the delay between sample selection and the interview of the customer, and also the time taken to process new benefit claims, which excludes the newest cases from the review. The estimates in the tables in this report have been extrapolated to cover all expenditure. The confidence intervals reflect some, but not all, of the uncertainty involved in applying the sample results to elements of expenditure that are not fully covered by the sample. We consider that the remaining unquantified uncertainty from this source is relatively small.

Report structure

1.12 The report is structured as follows:

- Section 2 provides the estimates of overpayments and underpayments across the whole benefit system in 2008/09.
- Section 3 provides the estimates of overpayments and underpayments across the whole benefit system over time.
- Section 4 provides estimates for the continuously measured benefits between April 2008 and March 2009.
- Section 5 provides estimates for the continuously measured benefits, over time.
- Section 6 provides detailed estimates, giving a breakdown of overpayments into the different types of fraud and error.
- Section 7 provides links to further information and describes plans for future reporting.
- The annexes provide a glossary of abbreviations and statistical terms used in the report, and a list of other supporting material available on fraud and error in the benefit system.

2 Fraud and error across the benefit system in 2008/09

2.1 This section presents estimates of overpayments and underpayments across all benefit expenditure in 2008/09. These are derived from the estimates produced for each individual DWP benefit.

2.2 These estimates are subject to the statistical uncertainties and other limitations discussed in Section 1.

Overpayments

2.3 The estimates of overpayments due to fraud and error in 2008/09 are shown in the Table 2.1 below.

Table 2.1: Estimated overpayments in 2008/09

| Benefit | Expenditure | Fraud & Error | | Fraud | | Customer Error | | Official Error | | Last Measured |
|--|-----------------|---------------|---------------|-------------|---------------|----------------|---------------|----------------|---------------|-----------------|
| Continuously reviewed | | | | | | | | | | |
| Income Support | £8.8bn | 5.5% | £480m | 2.9% | £250m | 1.2% | £110m | 1.4% | £130m | Apr 08 - Mar 09 |
| Jobseeker's Allowance | £2.9bn | 5.4% | £160m | 2.8% | £80m | 0.2% | £10m | 2.4% | £70m | Apr 08 - Mar 09 |
| Pension Credit ¹ | £7.8bn | 5.1% | £390m | 1.5% | £110m | 1.5% | £120m | 2.1% | £160m | Apr 08 - Mar 09 |
| Housing Benefit ² | £17.1bn | 4.9% | £840m | 1.5% | £260m | 2.8% | £480m | 0.6% | £100m | Apr 08 - Mar 09 |
| Incapacity Benefit ³ | £6.6bn | 3.4% | £220m | 1.0% | £70m | 0.6% | £40m | 1.8% | £120m | Apr 08 - Mar 09 |
| Instrument of Payment | | | £10m | | £10m | | | | | Apr 08 - Mar 09 |
| Occasionally reviewed | | | | | | | | | | |
| Disability Living Allowance ⁴ | £10.6bn | 1.9% | £200m | 0.5% | £50m | 0.6% | £70m | 0.8% | £80m | Apr 04 - Mar 05 |
| Retirement Pension ^{5,6} | £61.6bn | 0.1% | £80m | 0.0% | £0m | 0.1% | £50m | 0.0% | £30m | Apr 05 - Mar 06 |
| Carer's Allowance | £1.4bn | 5.5% | £80m | 3.9% | £50m | 1.0% | £10m | 0.6% | £10m | Apr 96 - Mar 97 |
| Interdependencies ⁷ | | | £40m | | £10m | | £10m | | £20m | Apr 08 - Mar 09 |
| Unreviewed | | | | | | | | | | |
| Unreviewed (excl CTB) ^{8,9} | £14.7bn | 2.0% | £300m | 0.7% | £110m | 0.5% | £70m | 0.8% | £110m | |
| Council Tax Benefit ¹⁰ | £4.2bn | 4.1% | £180m | 1.3% | £50m | 2.4% | £100m | 0.5% | £20m | Apr 08 - Mar 09 |
| Total¹¹ | £135.7bn | 2.2% | £3.0bn | 0.8% | £1.1bn | 0.8% | £1.1bn | 0.6% | £0.8bn | |
| Range ¹² | | (1.9,2.6) | (2.6,3.5) | (0.7,1.1) | (0.9,1.5) | (0.6,1.0) | (0.9,1.4) | (0.5,0.8) | (0.7,1.1) | |

Notes to table:

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

1 Minimum Income Guarantee expenditure is no longer included with Pension Credit. MIG expenditure has been moved to "Unreviewed".

2 Discretionary housing payments (DHP) expenditure is no longer included with Housing Benefit. DHP expenditure has been moved to "Unreviewed".

3 All IB figures are taken from the 2008/09 IB continuous measurement exercise, which provides a new baseline for IB customer error and fraud estimates. Prior to this, IB customer error and fraud were last reviewed in 2000/01 via a National Benefit Review exercise. Official error exercises have been carried out each year between 2000/01 and 2008/09.

4 The 2004/05 Disability Living Allowance (DLA) National Benefit Review identified cases where the change in customer's needs had 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 identify when the 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 sub-category are legally correct. The difference between what customers in these cases are receiving in DLA and related premiums in other benefits and what they would receive if their benefit was reassessed was estimated to be around £0.6 billion (+/-£0.2 billion). This component is not included in the total above.

5 The 2005/06 Retirement Pension pilot National Benefit Review 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, although a small amount may be fraudulent.

6 Official error estimates for Retirement Pension are derived from continuous measurement exercises in the period April 2008 - March 2009.

7 "Interdependencies" is an estimate of the knock-on effects of DLA overpayments on caring and disability premiums on income-related benefits, which depend on the rate of DLA in payment.

8 The rate of fraud and error on unreviewed benefits has been estimated. Where suitable proxies exist, percentage-of-expenditure results from reviewed benefits that are similar are used. Where such proxies are not available the average of all measured benefits has been used.

9 Social Fund forms part of the 'unreviewed' group of benefits. Official Error on Social Fund has been measured in 2008/09. It is estimated that 3.1% of expenditure was overpaid in 2008/09 corresponding to £13m of net expenditure. The confidence intervals surrounding this estimate were [2.3%-4.1%] or [£9m-£17m]. Fraud and customer error continue to be unmeasured and are estimated using a proxy.

10 The estimate of fraud and error in Council Tax Benefit (CTB) is based on the results of measurement of HB, adjusted to account for the greater proportion of pensioners in receipt of CTB.

11 Rows and columns may not sum to totals due to rounding.

12 Approximate 95% confidence intervals are given. These allow for non-sample error in periodically reviewed benefits and the additional uncertainty that comes from the use of older measurements.

Underpayments

2.4 The estimates of underpayments due to fraud and error in 2008/09 are shown in the Table 2.2 below.

2.5 Note that these estimates only include customers that are getting less than they are entitled to and do not include those people who are entitled to benefits but who do not apply, or whose applications are not awarded when they should be¹.

Table 2.2: Estimated underpayments in 2008/09

| Benefit | Expenditure | Fraud & Error | Fraud | Customer Error | Official Error | Last Measured | | | | |
|------------------------------------|-----------------|---------------|---------------|----------------|----------------|---------------|---------------|-------------|---------------|-----------------|
| Continuously reviewed | | | | | | | | | | |
| Income Support | £8.8bn | 1.4% | £120m | 0.1% | £10m | 0.6% | £50m | 0.7% | £70m | Apr 08 - Mar 09 |
| Jobseeker's Allowance | £2.9bn | 0.4% | £10m | 0.0% | £0m | 0.1% | £0m | 0.2% | £10m | Apr 08 - Mar 09 |
| Pension Credit ¹ | £7.8bn | 1.6% | £130m | 0.0% | £0m | 0.5% | £40m | 1.1% | £90m | Apr 08 - Mar 09 |
| Housing Benefit ² | £17.1bn | 1.4% | £230m | 0.0% | £0m | 1.1% | £190m | 0.2% | £40m | Apr 08 - Mar 09 |
| Incapacity Benefit ³ | £6.6bn | 0.7% | £40m | 0.0% | £0m | 0.1% | £0m | 0.6% | £40m | Apr 08 - Mar 09 |
| Occasionally reviewed | | | | | | | | | | |
| Disability Living Allowance | £10.6bn | 2.5% | £260m | 0.0% | £0m | 2.4% | £250m | 0.1% | £10m | Apr 04 - Mar 05 |
| Retirement Pension ⁴ | £61.6bn | 0.3% | £170m | 0.0% | £0m | 0.0% | £0m | 0.3% | £170m | Apr 05 - Mar 06 |
| Carer's Allowance | £1.4bn | 0.1% | £0m | 0.0% | £0m | 0.1% | £0m | 0.0% | £0m | Apr 96 - Mar 97 |
| Unreviewed | | | | | | | | | | |
| Unreviewed (ex CTB) ^{5,6} | £14.7bn | 1.3% | £190m | 0.0% | £0m | 1.0% | £150m | 0.3% | £40m | |
| Council Tax Benefit ⁷ | £4.2bn | 1.2% | £50m | 0.0% | £0m | 0.9% | £40m | 0.2% | £10m | Apr 08 - Mar 09 |
| Total⁸ | £135.7bn | 0.9% | £1.2bn | 0.0% | £0.0bn | 0.5% | £0.7bn | 0.4% | £0.5bn | |
| Range ⁹ | | (0.7,1.2) | (0.9,1.6) | (0.0,0.0) | (0.0,0.0) | (0.3,0.8) | (0.4,1.1) | (0.3,0.5) | (0.3,0.7) | |

Notes to table:

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

¹ Minimum Income Guarantee is no longer included with Pension Credit as MIG expenditure has been moved to "Unreviewed Benefits".

² Discretionary housing payments (DHP) expenditure is no longer included with Housing Benefit as DHP expenditure has been moved to "Unreviewed Benefits".

³ All IB figures are taken from the 2008/09 IB continuous measurement exercise, which provides a new baseline for IB customer error and fraud estimates. Prior to this, IB customer error and fraud were last reviewed in 2000/01 via a National Benefit Review exercise. Official error exercises have been carried out each year between 2000/01 and 2008/09.

⁴ Official error estimates for Retirement Pension are derived from continuous measurement exercises in the period April 2008 - March 2009.

⁵ The rate of fraud and error on unreviewed benefits has been estimated. Where suitable proxies exist, percentage-of-expenditure results from reviewed benefits that are similar are used. Where such proxies are not available the average of all measured benefits has been used.

¹ For estimates of 'non-take-up' of some benefits see <http://research.dwp.gov.uk/asd/irb.asp>

6 Social Fund forms part of the 'unreviewed' group of benefits. Official Error on Social Fund has been measured in 2008/09. It is estimated that 0.3% of expenditure was underpaid in 2008/09 corresponding to £1m of net expenditure. The confidence intervals surrounding this estimate were [0.1%-0.6%] or [£0m-£2m]. Fraud and customer error continue to be unmeasured and are estimated using a proxy.

7 The estimate of fraud and error in Council Tax Benefit (CTB) is based on the results of measurement of HB, adjusted to account for the greater proportion of pensioners in receipt of CTB.

8 Rows and columns may not sum to totals due to rounding.

9 Approximate 95% confidence intervals are given. These allow for non-sample error in periodically reviewed benefits and the additional uncertainty that comes from the use of older measurements.

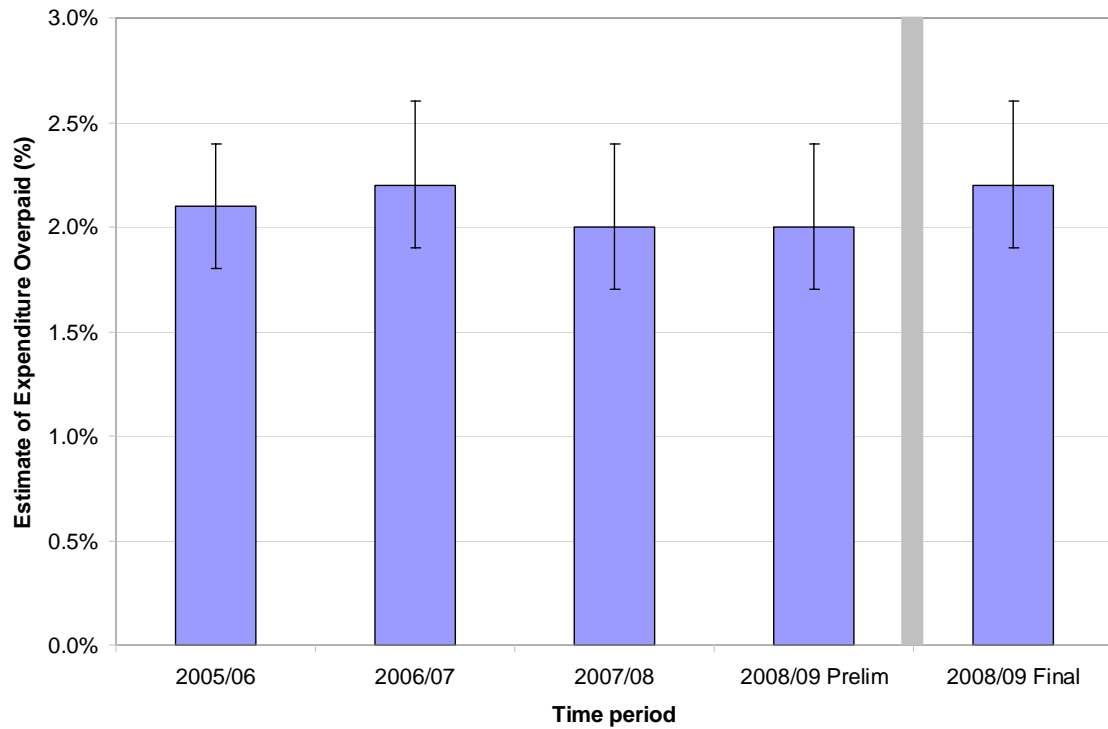
3 Fraud and error across the benefit system over time

- 3.1 This section provides a comparison of estimates of total fraud and error across all benefits over time for both overpayments and underpayments.
- 3.2 Estimates of the total overpayments and underpayments across all benefits have previously been published as National Statistics since 2005/06. Over this period the methods used to produce these estimates were consistent so the estimates are directly comparable up to 2008/09 preliminary estimate.
- 3.3 The graphs include the preliminary 2008/09 estimates, published in May 2009. The preliminary estimates were based on measurement activity from October 2007 to September 2008, where the estimates from this period were applied to expenditure in 2008/09. The full year 2008/09 estimates are based on measurement activity from April 2008 to March 2009 and are the final estimates of overpayments and underpayments across all benefit expenditure in 2008/09.
- 3.4 There has been one change to the measurement of fraud and error which affects comparisons of the estimates across total overpayments and underpayments with those last published. The final 2008/09 estimates based on measurement from April 2008 to March 2009 is the first year since 2000/01 when Incapacity Benefit has been fully measured for customer error and fraud. Official error has been continuously measured between these time periods but customer error and fraud have not. For the 2008/09 review of customer error and fraud, a number of changes were implemented to the measurement methodology to ensure that the estimates better reflected the true level of fraud and error. However these improvements make it more difficult to establish changes over time and it has not been possible to quantify the impact of this change in the estimates. As such, it is likely that some of the change in fraud and customer error is due to the change in measurement for Incapacity Benefit alongside real change. The 2008/09 final estimates have been included in the graphs for completeness but a grey line is also included to note the measurement differences when compared back to the previous estimates.

Overpayments

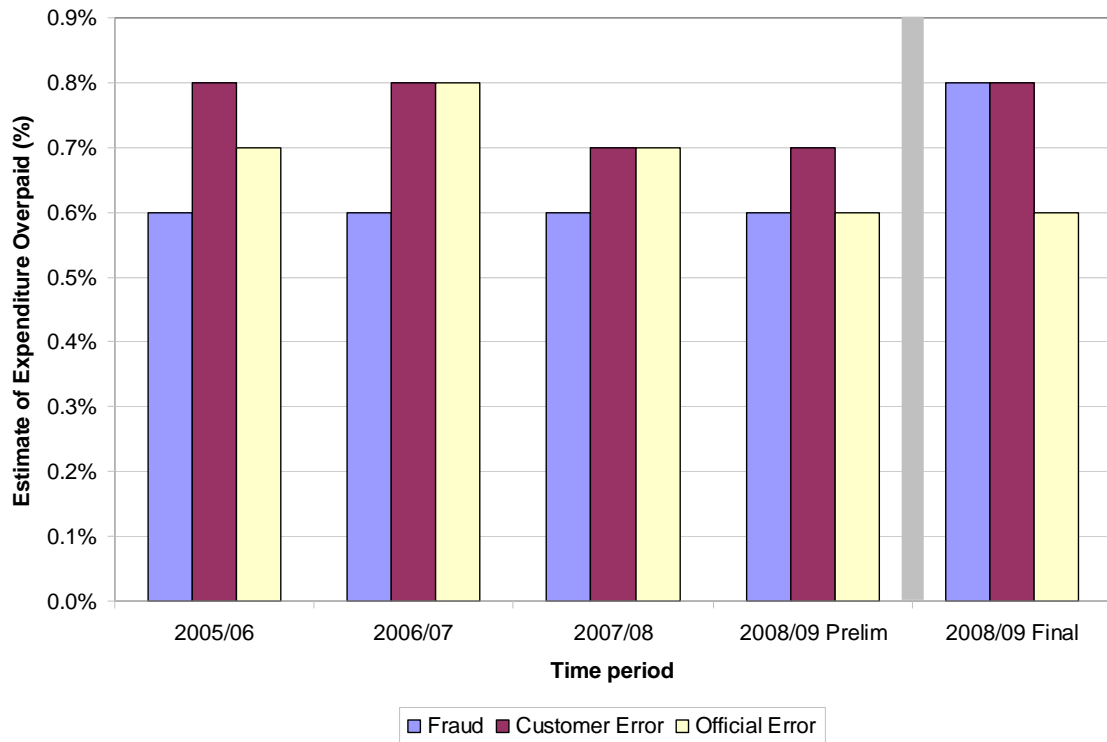
3.5 Figure 3.1 shows the estimated percentage of expenditure overpaid since 2005/06. Estimated 95% confidence intervals are also illustrated by the black lines.

Figure 3.1: Estimated percentage of expenditure overpaid since 2005/06



3.6 Figure 3.2 shows the estimated percentage of expenditure overpaid due to fraud, customer error and official error since 2005/06.

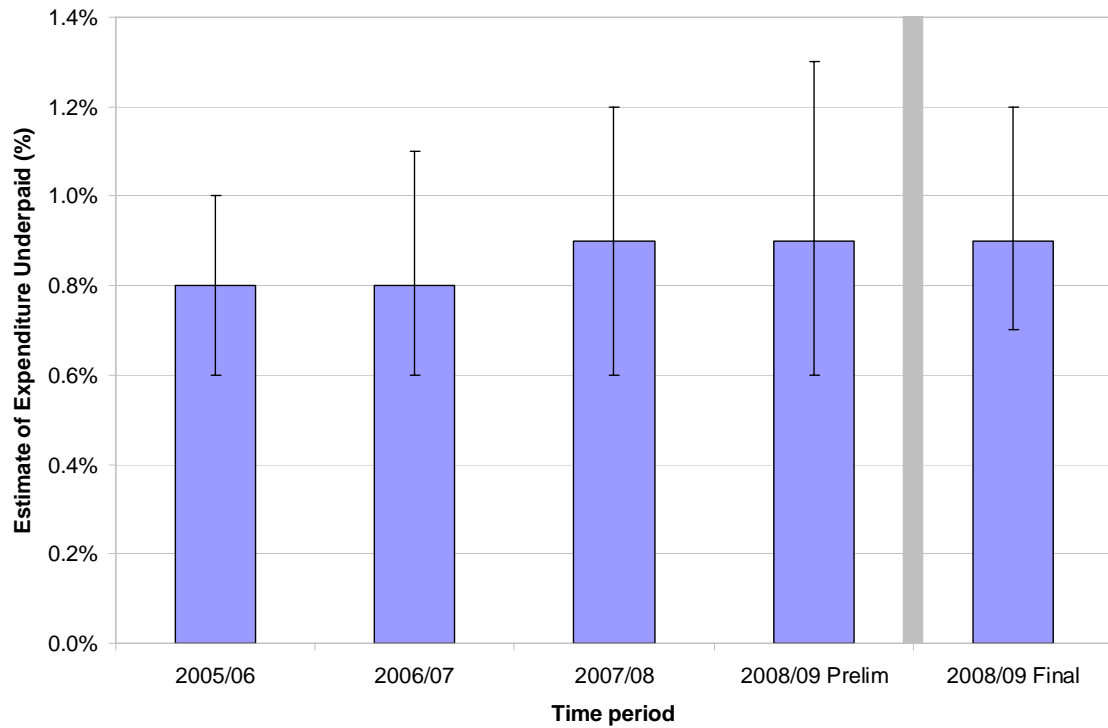
Figure 3.2: Estimated percentage of expenditure overpaid due to fraud, customer error and official error since 2005/06



Underpayments

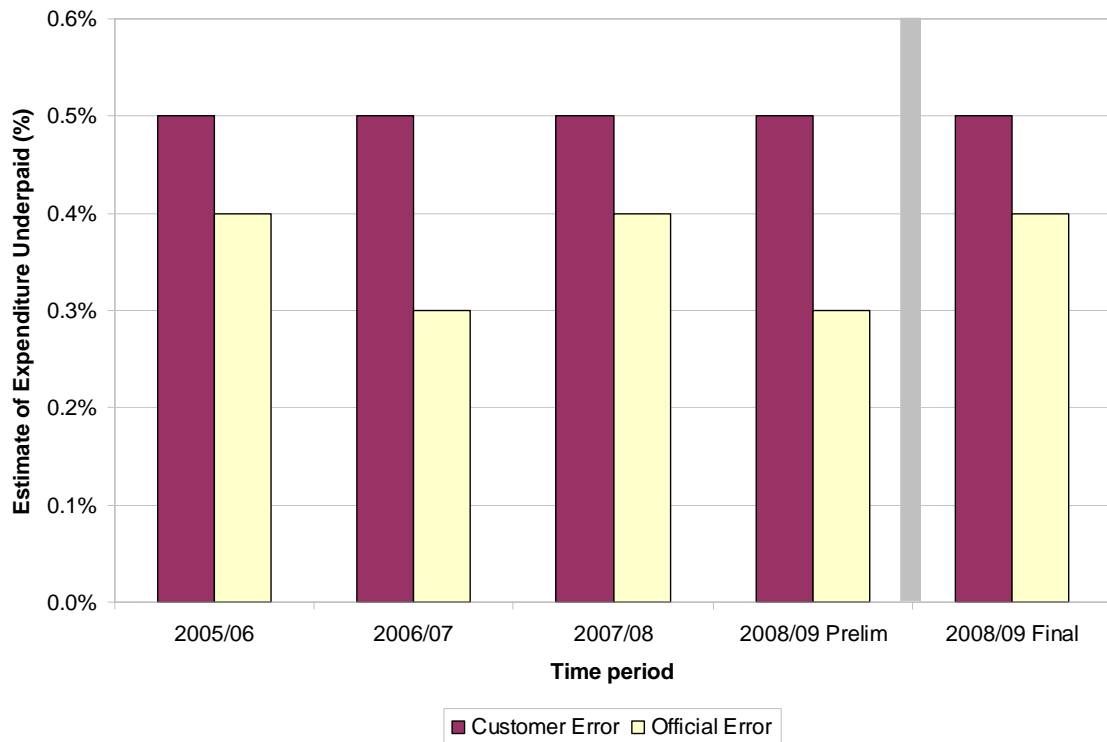
3.7 Figure 3.3 below shows the estimated percentage of expenditure underpaid since 2005/06. Estimated 95% confidence intervals are also shown by the black lines.

Figure 3.3: Estimated percentage of expenditure underpaid since 2005/06



3.8 Figure 3.4 shows the estimated percentage of expenditure underpaid due to customer error and official error since 2005/06. The official error estimate has increased from 0.3% to 0.4% but there is no effect to the total underpayments as seen in figure 3.3 due to the rounding.

Figure 3.4: Estimated percentage of expenditure underpaid due to customer error and official error since 2005/06



Estimates of overpayments and underpayments before 2005/06

- 3.9 Estimates for the periods 2000/01 to 2004/05 have been produced in order to provide an indication of change in fraud and error over a longer term. It is not possible to provide estimates for earlier years as too few benefits had been subject to measurement.
- 3.10 The methods used to derive estimates for some benefits for 2000/01 to 2004/05 differ from the period 2005/06 onwards. Between 2000/01 and 2004/05, as DWP improved its understanding of fraud and error, a number of changes were implemented to ensure that the estimates better reflected the true level of fraud and error. However, these improvements make it more difficult to establish changes over time. Any comparison between estimates from 2005/06 onwards with the earlier estimates should be treated with caution as some part of the differences may be due to a change in method rather than a change in the level of fraud and error.
- 3.11 The next table provides this series of estimates followed by details of the improvements. It has been possible to estimate the impact of some of the improvements in the year they were implemented, but it is not possible to estimate the impact for previous years as the data is not available, although it is likely that the impacts will be of a similar scale.
- 3.12 Table 3.1 shows the best available estimates for total overpayments due to fraud and error since 2000/01. Estimates prior to 2000/01 are not available.

Table 3.1: Estimated overpayments due to fraud and error since 2000/01

| Year | Fraud | | Customer Error | | Official Error | | Fraud and Error | | | |
|-----------------------------|-------|--------|----------------|--------|----------------|--------|-----------------|------------|--------|------------|
| | % | £bn | % | £bn | % | £bn | % | 95% CI | £bn | 95% CI |
| 2000/01 | 2.1% | £2.2bn | 0.7% | £0.7bn | 0.4% | £0.4bn | 3.2% | (-, -) | £3.3bn | (-, -) |
| 2001/02 | 2.0% | £2.2bn | 0.7% | £0.7bn | 0.4% | £0.4bn | 3.1% | (-, -) | £3.3bn | (-, -) |
| 2002/03 | 1.6% | £1.8bn | 0.6% | £0.6bn | 0.6% | £0.6bn | 2.8% | (-, -) | £3.1bn | (-, -) |
| 2003/04 | 1.0% | £1.0bn | 0.7% | £0.7bn | 0.8% | £0.8bn | 2.4% | (2.2, 2.7) | £2.6bn | (2.3, 2.8) |
| 2004/05 | 0.8% | £0.8bn | 0.8% | £0.9bn | 0.8% | £0.9bn | 2.3% | (2.1, 2.6) | £2.6bn | (2.3, 2.9) |
| 2005/06 | 0.6% | £0.6bn | 0.8% | £1.0bn | 0.7% | £0.9bn | 2.1% | (1.8, 2.5) | £2.5bn | (2.1, 2.9) |
| 2006/07 | 0.6% | £0.8bn | 0.8% | £0.9bn | 0.8% | £0.9bn | 2.2% | (1.9, 2.6) | £2.6bn | (2.3, 3.1) |
| 2007/08 | 0.6% | £0.8bn | 0.7% | £0.8bn | 0.7% | £0.9bn | 2.0% | (1.7, 2.4) | £2.6bn | (2.1, 3.0) |
| 2008/09 Prelim ¹ | 0.6% | £0.9bn | 0.7% | £0.9bn | 0.6% | £0.9bn | 2.0% | (1.7, 2.3) | £2.7bn | (2.3, 3.2) |
| 2008/09 Final ² | 0.8% | £1.1bn | 0.8% | £1.1bn | 0.6% | £0.8bn | 2.2% | (1.9, 2.6) | £3.0bn | (2.6, 3.5) |

Notes to table:

Percentage figures refer to an estimate of the percentage of benefit overpaid during the time period.

Monetary values refer to an estimate of the amount of benefit overpaid during the time period.

95% confidence intervals are indicated by the figures within brackets. These indicate the range within which we can be 95% sure that the true value lies for each of the estimates presented.

Where confidence intervals are not available a “-“ is presented.

Where there is a discontinuity in a time series due to a change in methodology a grey line has been inserted in the table – further information on changes is given below.

Rows may not sum to totals due to rounding.

Estimates of official error for Incapacity Benefit prior to 2004/05 do not include a type of official error involving missing Personal Capability Assessment documents. The impact of this error in 2004/05 was to add around £25m to the Incapacity Benefit estimate.

The 2004/05 Disability Living Allowance (DLA) National Benefit Review identified cases where the change in customer’s needs had 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 did not result in a recoverable overpayment as we could not identify when the 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 sub-category were legally correct. The difference between what customers in these cases were receiving in DLA and related premiums in other benefits and what they would receive if their benefit was reassessed was estimated to be around £0.6 billion (+/- £0.2 billion) in 2004/05. A revised estimate for 2003/04 was produced and applied to the estimate across all benefits for that year but estimates prior to 2003/04 contain this expenditure in the estimates as it is not possible to identify what the impact was in these years.

For Income Support, Jobseeker’s Allowance and Pension Credit improvements to the methodology were introduced in 2005/06 and for all subsequent estimates of overpayments. The changes create a discontinuity in the time series between the estimates up to 2004/05 and the estimates from 2005/06 onwards. The impact of the change for the 2005/06 estimates (which were produced with both methodologies) was to add £70m to total fraud and error.

In 2005/06 improvements to the methods used for the estimates for unreviewed benefits were introduced. For Council Tax Benefit (CTB), the working age rate of fraud and error for Housing Benefit (HB) was applied to the working age caseload of CTB, and similarly for the pensioner caseload. Prior to 2005/06 the overall HB estimate had been applied to overall CTB expenditure. Also since 2005/06 unmeasured benefits have been grouped into “families” containing at least one measured benefit. The fraud and error rate of the measured benefit is then applied to all the unreviewed benefits in the group. Where no similar reviewed benefit exists, the overall error rate of measured benefits has been applied. Taken together these changes were estimated to have reduced the estimate of overpayments by around £150m.

1 The 2008/09 preliminary estimates were based on measurement activity from October 2007 to September 2008.

2 The 2008/09 final estimates were based on measurement activity from April 2008 to March 2009 and include customer error and customer fraud estimates for Incapacity benefit for the first time since 2000/01. For the 2008/09 review of customer error and fraud in Incapacity Benefit, a number of changes were implemented to the measurement methodology to ensure that the estimates were sufficiently robust. However these improvements make it more difficult to establish changes over time and it has not been possible to quantify the impact of this change in the estimates, although it is in the range (£0m-£80m) across fraud and customer error together. As such, it is likely that some of the change in fraud and customer error is due to the change in measurement for Incapacity Benefit alongside real change. The 2008/09 final estimates have been included in the table for completeness but a grey line is also included to note the measurement differences when compared back to the previous estimates.

3.13 Table 3.2 shows the best available estimates for total underpayments due to fraud and error since 2004/05. Estimates prior to 2004/05 are not available.

Table 3.2: Estimated underpayments due to fraud and error since 2004/05

| Year | Fraud | | Customer Error | | Official Error | | Fraud and Error | | | |
|-----------------------------|-------|--------|----------------|--------|----------------|--------|-----------------|------------|--------|------------|
| | % | £bn | % | £bn | % | £bn | % | (£bn) | £bn | (£bn) |
| 2004/05 | 0.0% | £0.0bn | 0.4% | £0.4bn | 0.3% | £0.4bn | 0.7% | (0.6, 0.8) | £0.8bn | (0.7, 0.9) |
| | | | | | | | | | | |
| 2005/06 | 0.0% | £0.0bn | 0.5% | £0.5bn | 0.4% | £0.4bn | 0.8% | (0.6, 1.1) | £1.0bn | (0.7, 1.2) |
| 2006/07 | 0.0% | £0.0bn | 0.5% | £0.6bn | 0.3% | £0.4bn | 0.8% | (0.6, 1.1) | £1.0bn | (0.7, 1.4) |
| 2007/08 | 0.0% | £0.0bn | 0.5% | £0.6bn | 0.4% | £0.4bn | 0.9% | (0.6, 1.2) | £1.1bn | (0.8, 1.5) |
| 2008/09 Prelim ¹ | 0.0% | £0.0bn | 0.5% | £0.7bn | 0.3% | £0.5bn | 0.9% | (0.6, 1.2) | £1.2bn | (0.9, 1.7) |
| | | | | | | | | | | |
| 2008/09 Final ² | 0.0% | £0.0bn | 0.5% | £0.7bn | 0.4% | £0.5bn | 0.9% | (0.7, 1.2) | £1.2bn | (0.9, 1.6) |

Notes to table:

Percentage figures refer to an estimate of the percentage of benefit underpaid during the time period.

Monetary values refer to an estimate of the amount of benefit underpaid during the time period.

95% confidence intervals are indicated by the figures within brackets. These indicate the range within which we can be 95% sure that the true value lies for each of the estimates presented.

Where there is a discontinuity in a time series due to a change in methodology a grey line has been inserted in the table.

Rows may not sum to totals due to rounding.

For Income Support, Jobseeker's Allowance and Pension Credit improvements to the methodology were introduced in 2005/06 and for all subsequent estimates of underpayments. The changes create a discontinuity in the time series between the estimates up to 2004/05 and the estimates from 2005/06 onwards.

In 2005/06 improvements to the methods used for the estimates for unreviewed benefits were introduced. For Council Tax Benefit (CTB), the working age rate of fraud and error for Housing Benefit (HB) was applied to the working age caseload of CTB, and similarly for the pensioner caseload. Prior to 2005/06 the overall HB estimate had been applied to overall CTB expenditure. Also since 2005/06 unmeasured benefits have been grouped into "families" containing at least one measured benefit. The fraud and error rate of the measured benefit is then applied to all the unreviewed benefits in the group. Where no similar reviewed benefit exists, the overall error rate of measured benefits has been applied. Taken together these changes were estimated to have increased the estimate of underpayments by around £60m.

1 The 2008/09 preliminary estimates were based on measurement activity from October 2007 to September 2008.

2 The 2008/09 final estimates were based on measurement activity from April 2008 to March 2009 and include customer error and customer fraud estimates for Incapacity benefit for the first time since 2000/01. For the 2008/09 review of customer error and fraud in Incapacity Benefit, a number of changes were implemented to the measurement methodology to ensure that the estimates better reflected the true level of fraud and error. However these improvements make it more difficult to establish changes over time and it has not been possible to quantify the impact of this change in the estimates. As such, it is likely that some of the change in fraud and customer error is due to the change in measurement for Incapacity Benefit alongside real change. The 2008/09 final estimates have been included in the table for completeness but a grey line is also included to note the measurement differences when compared back to the previous estimates.

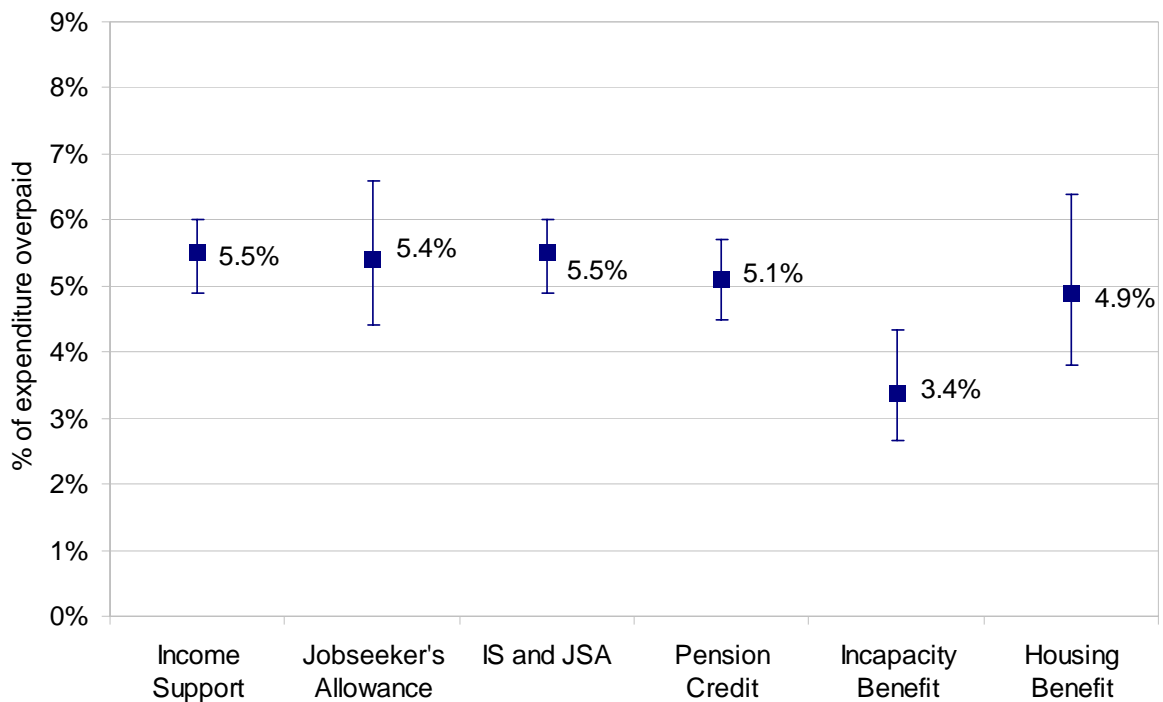
4 Fraud and error in the continuously measured benefits for April 2008 to March 2009

4.1 This section presents estimates for the period April 2008 to March 2009 for those benefits for which fraud, customer error and official error have been continuously measured (Income Support, Jobseeker's Allowance, Pension Credit, Incapacity Benefit and Housing Benefit).

Overpayments

4.2 Figure 4.1 shows estimates of the overpayments between April 2008 and March 2009 for those benefits which are continuously measured.

Figure 4.1: Estimated expenditure overpaid between April 2008 and March 2009 for each continuously measured benefit



4.3 Table 4.1 shows the estimated overpayments broken down by fraud, customer error and official error.

Table 4.1: Estimated overpayments between April 2008 and March 2009 for each continuously measured benefit

| Benefit | Fraud | | Customer Error | | Official Error | | Total | |
|-----------------------|------------|------------|----------------|------------|----------------|------------|------------|-------------|
| | Percentage | 95% CI | Percentage | 95% CI | Percentage | 95% CI | Percentage | 95% CI |
| Income Support | 2.9% | (2.4, 3.4) | 1.2% | (1.0, 1.4) | 1.4% | (1.2, 1.7) | 5.5% | (4.9, 6.0) |
| | £250m | (210, 300) | £110m | (80, 130) | £130m | (110, 150) | £480m | (430, 530) |
| Jobseeker's Allowance | 2.8% | (2.0, 3.6) | 0.2% | (0.0, 0.5) | 2.4% | (1.7, 3.1) | 5.4% | (4.4, 6.6) |
| | £80m | (60, 100) | £10m | (0, 10) | £70m | (50, 90) | £160m | (130, 190) |
| IS and JSA Combined | 2.8% | (2.4, 3.3) | 1.0% | (0.8, 1.2) | 1.7% | (1.4, 1.9) | 5.5% | (4.9, 6.0) |
| | £330m | (280, 380) | £110m | (90, 140) | £200m | (170, 230) | £640m | (570, 700) |
| Pension Credit | 1.5% | (1.1, 1.9) | 1.5% | (1.3, 1.8) | 2.1% | (1.7, 2.4) | 5.1% | (4.5, 5.7) |
| | £110m | (80, 150) | £120m | (100, 140) | £160m | (130, 190) | £390m | (350, 440) |
| Incapacity Benefit | 1.0% | (0.5, 1.9) | 0.6% | (0.2, 0.9) | 1.8% | (1.5, 2.1) | 3.4% | (2.6, 4.3) |
| | £70m | (30, 120) | £40m | (20, 60) | £120m | (100, 140) | £220m | (170, 290) |
| Housing Benefit | 1.5% | (1.0, 2.6) | 2.8% | (2.0, 3.7) | 0.6% | (0.2, 1.0) | 4.9% | (3.8, 6.4) |
| | £260m | (170, 450) | £480m | (340, 630) | £100m | (30, 180) | £840m | (650, 1090) |

Notes to table:

Percentage figures refer to an estimate of the percentage of benefit overpaid during the time period.

Monetary values refer to an estimate of the amount of benefit overpaid during the time period.

95% confidence intervals are indicated by the figures within brackets. These indicate the range within which we can be 95% sure that the true value lies for each of the estimates presented.

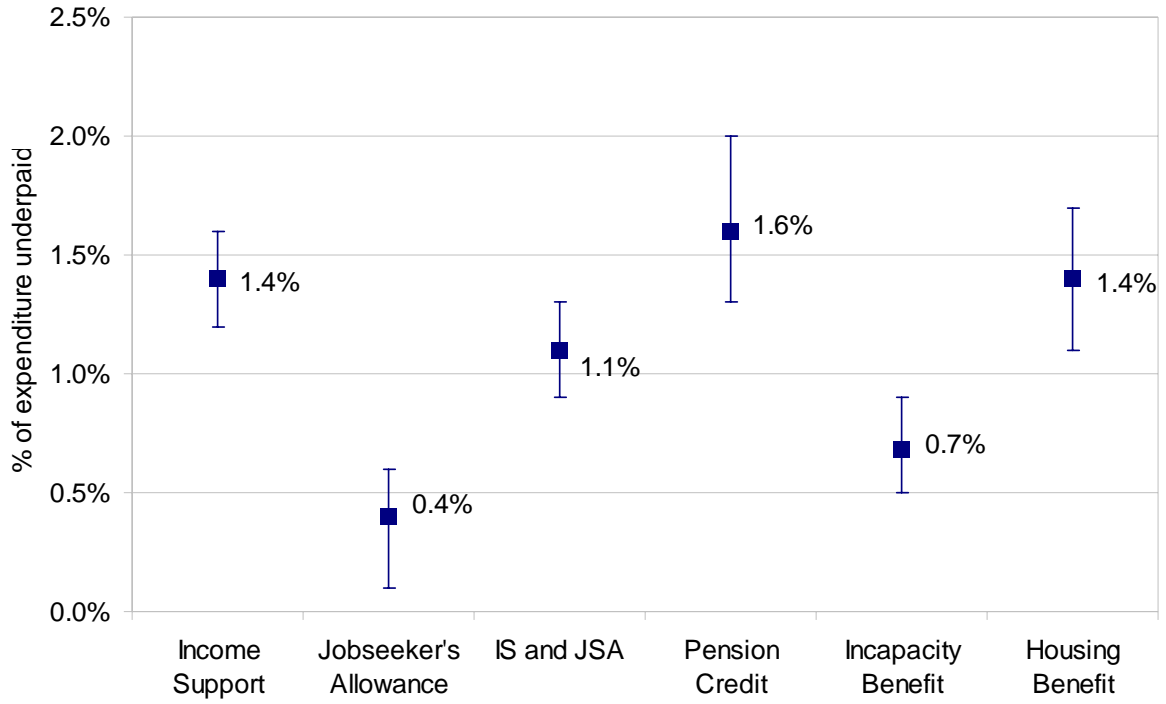
Rows may not sum to totals due to rounding.

4.4 See Section 6 for a more detailed assessment of the different types of fraud, customer error and official error overpayments. Please note, more detail on Incapacity Benefit is not available due to the small sample size of cases reviewed for this benefit.

Underpayments

4.5 Figure 4.2 shows estimates of the underpayments between April 2008 and March 2009 for those benefits which are continuously measured.

Figure 4.2: Estimated expenditure underpaid between April 2008 and March 2009 for each continuously measured benefit



4.6 Table 4.2 shows the estimated underpayments broken down by fraud, customer error and official error.

Table 4.2: Estimated underpayments between April 2008 and March 2009 for each continuously measured benefit

| Benefit | Fraud | | Customer Error | | Official Error | | Total | |
|-----------------------|------------|------------|----------------|------------|----------------|------------|------------|------------|
| | Percentage | 95% CI | Percentage | 95% CI | Percentage | 95% CI | Percentage | 95% CI |
| Income Support | 0.1% | (0.0, 0.2) | 0.6% | (0.4, 0.7) | 0.7% | (0.6, 0.9) | 1.4% | (1.2, 1.6) |
| | £10m | (0, 20) | £50m | (40, 60) | £70m | (50, 80) | £120m | (100, 140) |
| Jobseeker's Allowance | 0.0% | (0.0, 0.1) | 0.1% | (0.0, 0.3) | 0.2% | (0.0, 0.3) | 0.4% | (0.1, 0.6) |
| | £0m | (0, 0) | £0m | (0, 10) | £10m | (0, 10) | £10m | (0, 20) |
| IS and JSA Combined | 0.1% | (0.0, 0.1) | 0.4% | (0.3, 0.6) | 0.6% | (0.5, 0.7) | 1.1% | (0.9, 1.3) |
| | £10m | (0, 20) | £50m | (40, 70) | £70m | (60, 90) | £130m | (110, 160) |
| Pension Credit | 0.0% | (0.0, 0.0) | 0.5% | (0.4, 0.7) | 1.1% | (0.9, 1.4) | 1.6% | (1.3, 2.0) |
| | £0m | (0, 0) | £40m | (30, 50) | £90m | (70, 110) | £130m | (100, 150) |
| Incapacity Benefit | 0.0% | (0.0, 0.0) | 0.1% | (0.0, 0.2) | 0.6% | (0.5, 0.8) | 0.7% | (0.5, 0.9) |
| | £0m | (0, 0) | £0m | (0, 10) | £40m | (30, 50) | £40m | (30, 60) |
| Housing Benefit | 0.0% | (0.0, 0.0) | 1.1% | (0.9, 1.4) | 0.2% | (0.2, 0.3) | 1.4% | (1.1, 1.7) |
| | £0m | (0, 0) | £190m | (160, 250) | £40m | (30, 50) | £230m | (200, 290) |

Notes to table:

Percentage figures refer to an estimate of the percentage of benefit underpaid during the time period.

Monetary values refer to an estimate of the amount of benefit underpaid during the time period.

95% confidence intervals are indicated by the figures within brackets. These indicate the range within which we can be 95% sure that the true value lies for each of the estimates presented.

Rows may not sum to totals due to rounding.

4.7 See Annex 3 for the location of a more detailed assessment of the different types of fraud, customer error and official error underpayments. Please note, more detail on Incapacity Benefit is not available due to the small sample size of cases reviewed for this benefit.

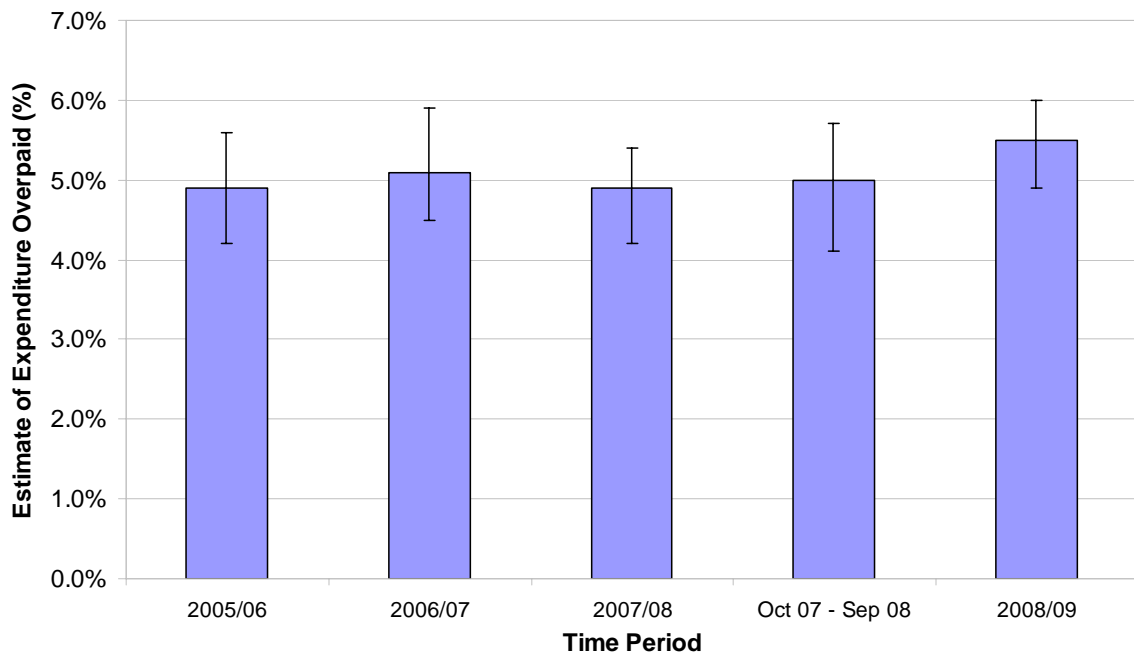
5 Fraud and error in the continuously measured benefits over time

- 5.1 This section presents estimates of fraud and error over time for the continuously measured benefits for both overpayments and underpayments.
- 5.2 The time series for each of the continuously measured benefits do not necessarily start at the same year, since it depends when the continuous measurement for a particular benefit started.
- 5.3 For some benefits, improvements to the methodology used to produce the estimates were introduced in 2005/06. Within this section the graphs presented show the time series for each benefit where estimates have been produced using a consistent methodology. Tables have been provided which show the entire time series of estimates with notes to indicate when changes in methodology occurred.

Estimates for Income Support and Jobseeker's Allowance overpayments over time

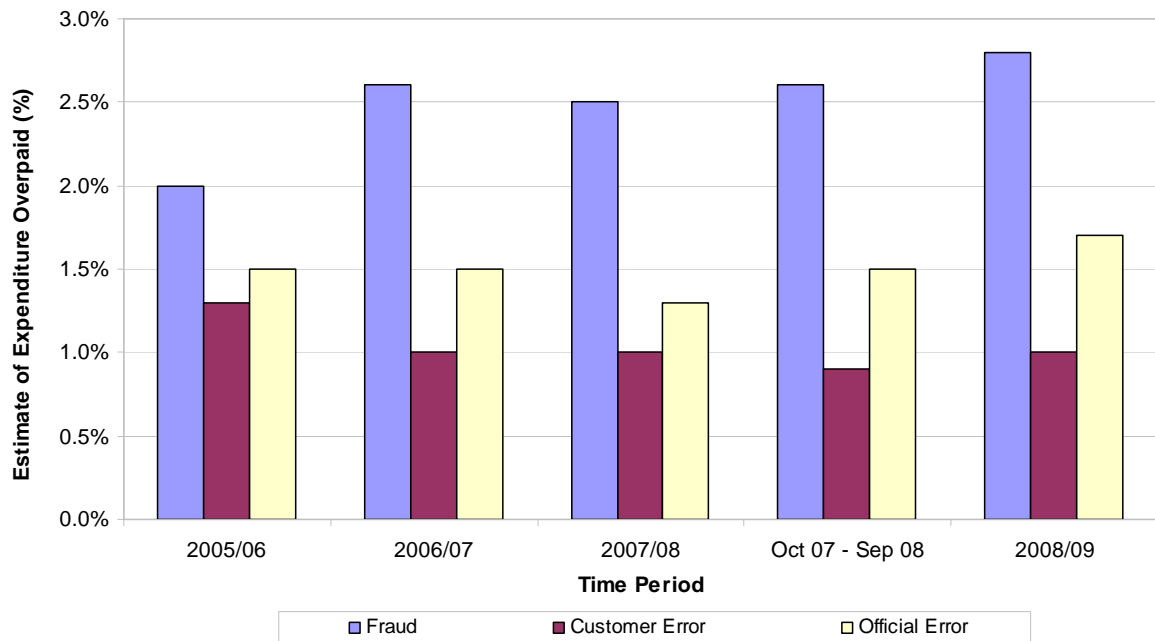
5.4 For Income Support and Jobseeker's Allowance improvements to the methodology were introduced in 2005/06 and for all subsequent estimates of overpayments. The changes create a discontinuity in the time series between the estimates up to 2004/05 and the estimates from 2005/06 onwards. The estimated IS and JSA percentage of expenditure overpaid since 2005/06 is shown in Figure 5.1 below. Estimated 95% confidence intervals are also shown by the black lines. Alongside the regular annual estimates, the time series includes the last published estimates for information which cover the period October 2007 to September 2008.

Figure 5.1: Estimated IS and JSA total overpayments since 2005/06



5.5 Figure 5.2, below, illustrates the estimated percentage of expenditure overpaid broken down by fraud, customer error and official error.

Figure 5.2: Estimated IS and JSA overpayments due to fraud, customer error and official error since 2005/06



5.6 Table 5.1 shows the estimates for IS and JSA overpayments due to fraud and error since they were first measured in 1997/98. Estimates prior to 1997/98 are not available.

Table 5.1: Estimated IS and JSA overpayments since 1997/98

| Year | Fraud | | Customer Error | | Official Error | | Fraud and Error | | | |
|-----------------|-------|-------|----------------|-------|----------------|-------|-----------------|-----------|--------|------------|
| | % | £m | % | £m | % | £m | % | £m | 95% CI | £m |
| 1997/98 | 7.2% | £850m | 0.8% | £100m | 2.4% | £280m | 10.4% | (-,-) | £1220m | (-,-) |
| 1998/99 | 6.6% | £780m | 0.8% | £90m | 2.8% | £330m | 10.1% | (-,-) | £1190m | (-,-) |
| 1999/00 | 6.3% | £760m | 0.8% | £90m | 2.2% | £260m | 9.3% | (-,-) | £1120m | (-,-) |
| 2000/01 | 5.6% | £690m | 0.7% | £80m | 1.7% | £200m | 8.0% | (-,-) | £980m | (-,-) |
| 2001/02 | 4.8% | £600m | 1.0% | £120m | 1.8% | £220m | 7.6% | (7.1,8.0) | £940m | (890,1000) |
| 2002/03 | 4.5% | £570m | 0.9% | £110m | 1.9% | £250m | 7.3% | (6.9,7.7) | £920m | (870,970) |
| 2003/04 | 3.1% | £400m | 1.2% | £160m | 2.2% | £290m | 6.4% | (5.8,7.1) | £840m | (760,930) |
| 2004/05 | 2.3% | £290m | 1.2% | £140m | 2.0% | £250m | 5.4% | (4.9,6.1) | £680m | (610,750) |
| | | | | | | | | | | |
| 2005/06 | 2.0% | £240m | 1.3% | £150m | 1.5% | £180m | 4.9% | (4.2,5.6) | £570m | (490,660) |
| 2006/07 | 2.6% | £300m | 1.0% | £110m | 1.5% | £170m | 5.1% | (4.5,5.9) | £590m | (510,680) |
| 2007/08 | 2.5% | £280m | 1.0% | £120m | 1.3% | £140m | 4.9% | (4.2,5.4) | £540m | (460,610) |
| Oct 07 - Sep 08 | 2.6% | £290m | 0.9% | £100m | 1.5% | £170m | 5.0% | (4.1,5.7) | £550m | (460,630) |
| 2008/09 | 2.8% | £330m | 1.0% | £110m | 1.7% | £200m | 5.5% | (4.9,6.0) | £640m | (570,700) |

Notes to table:

Percentage figures refer to an estimate of the percentage of benefit overpaid during the time period.

Monetary values refer to an estimate of the amount of benefit overpaid during the time period.

95% confidence intervals are indicated by the figures within brackets. These indicate the range within which we can be 95% sure that the true value lies for each of the estimates presented.

Where confidence intervals are not available a “-” is presented.

Where there is a discontinuity in a time series due to a change in methodology a grey line has been inserted in the table. Details of the changes are given below.

Rows may not sum to totals due to rounding.

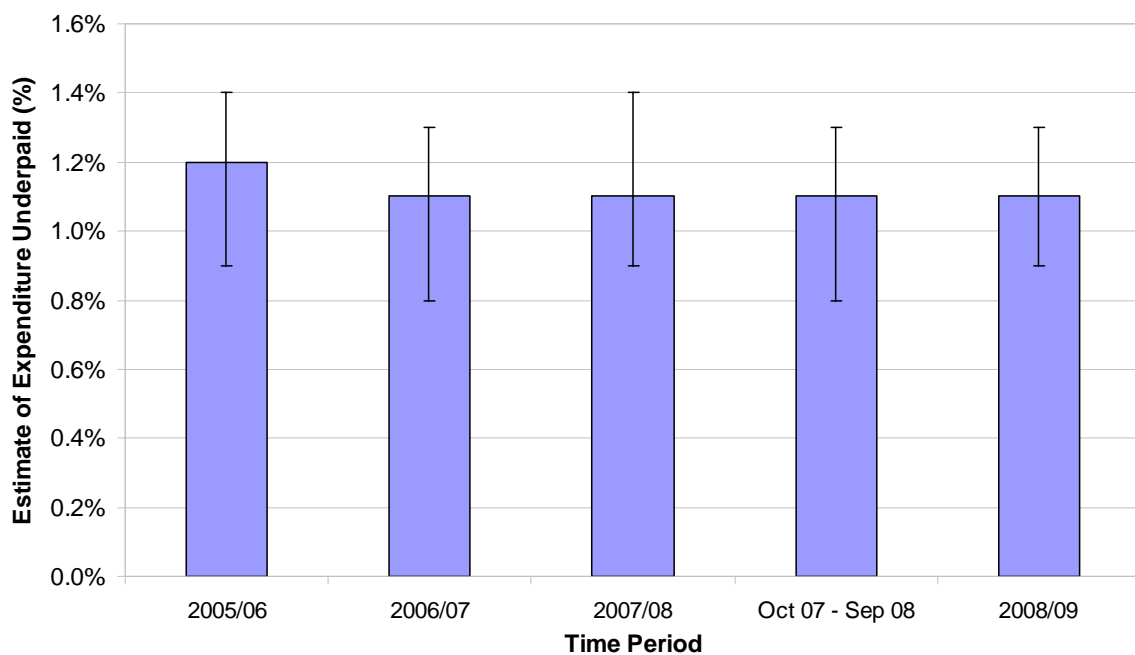
For Income Support and Jobseeker's Allowance improvements to the methodology were introduced in 2005/06 and for all subsequent estimates of overpayments. The changes create a discontinuity in the time series between the estimates up to 2004/05 and the estimates from 2005/06 onwards. Therefore comparisons over time should be made with caution. The impact of the change for IS/JSA for the 2005/06 estimates (which were produced with both methodologies) was to add 0.2% (or £20m) to total fraud and error. Details of the changes and more detailed impact assessment can be found in the technical appendix at: http://research.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf

For the 2008/09 estimates, there were external factors that affected the data collection for JSA for a specific type of error that introduced a bias into the data collection process. An adjustment was implemented to deal with the issue based on existing methods where there is incomplete information and so there is not a discontinuity in the time series and comparisons can still be made.

Estimates for Income Support and Jobseeker's Allowance underpayments over time

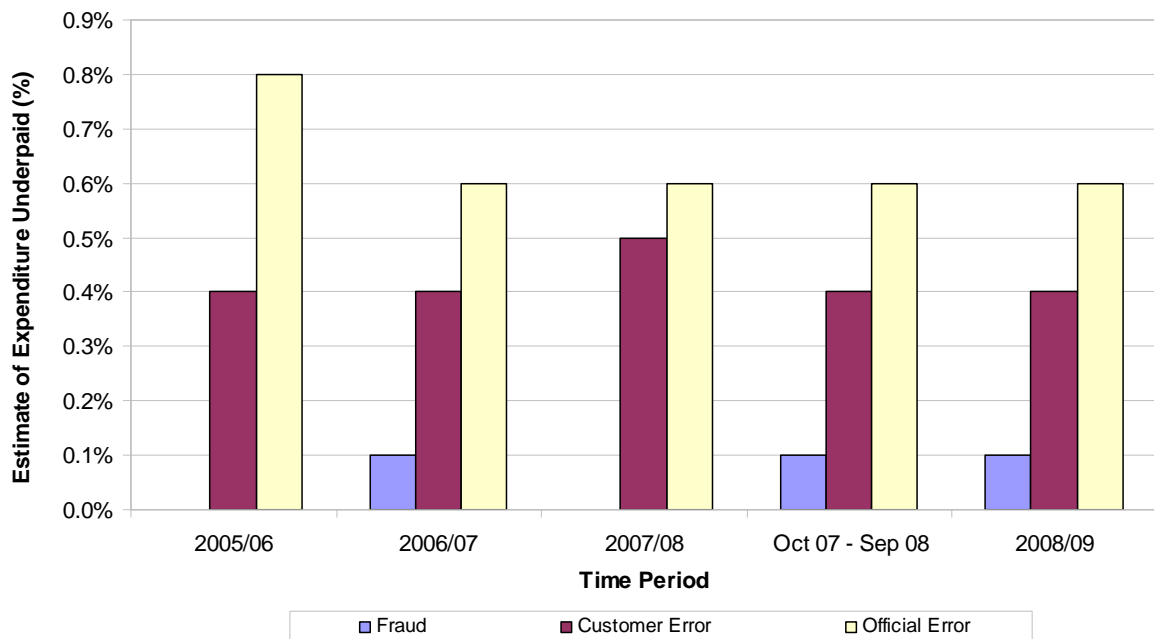
5.7 For Income Support and Jobseeker's Allowance improvements to the methodology were introduced in 2005/06 and for all subsequent estimates of underpayments. The changes create a discontinuity in the time series between the estimate for 2004/05 and the estimates from 2005/06 onwards. The estimated IS and JSA percentage of expenditure underpaid since 2005/06 is shown in Figure 5.3 below. Estimated 95% confidence intervals are also shown by the black lines.

Figure 5.3: Estimated Income Support and Jobseeker's Allowance total underpayments since 2005/06



- 5.8 Figure 5.4 shows the estimated percentage of expenditure underpaid broken down by fraud, customer error and official error.
- 5.9 Underpayments due to fraud can occur on IS and JSA because the methodology takes into account the true financial impact of the fraud by recognising entitlement to an alternative benefit when the one in payment is being paid erroneously. The most common occurrence is fraud on an IS Lone Parent claim, but the customer is entitled to JSA instead. Where the subsequent award is greater than the initial award, a fraudulent underpayment can result. More details on this methodology is available on page 11 of the technical appendix at:
http://research.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf

Figure 5.4: Estimated Income Support and Jobseeker’s Allowance underpayments due to fraud, customer error and official error since 2005/06



5.10 Table 5.2 shows the estimates for IS and JSA underpayments due to fraud and error since 2001/02. Estimates prior to 2001/02 are not available.

Table 5.2: Estimated IS and JSA underpayments since 2001/02

| Year | Fraud | | Customer Error | | Official Error | | Fraud and Error | | | |
|-----------------|------------|------|----------------|------|----------------|------|-----------------|-----------|-------|-----------|
| | Percentage | £m | Percentage | £m | Percentage | £m | Percentage | 95% CI | £m | 95% CI |
| 2001/02 | 0.2% | £20m | 0.4% | £50m | 0.5% | £60m | 1.0% | (0.9,1.2) | £130m | (110,150) |
| 2002/03 | 0.2% | £20m | 0.4% | £50m | 0.5% | £70m | 1.1% | (1.0,1.2) | £140m | (120,160) |
| 2003/04 | 0.1% | £20m | 0.4% | £60m | 0.7% | £90m | 1.3% | (1.1,1.4) | £170m | (150,190) |
| 2004/05 | 0.0% | £0m | 0.3% | £40m | 0.6% | £80m | 1.0% | (0.9,1.1) | £120m | (110,140) |
| | | | | | | | | | | |
| 2005/06 | 0.0% | £0m | 0.4% | £40m | 0.8% | £90m | 1.2% | (0.9,1.4) | £140m | (100,170) |
| 2006/07 | 0.1% | £10m | 0.4% | £40m | 0.6% | £70m | 1.1% | (0.8,1.3) | £120m | (90,150) |
| 2007/08 | 0.0% | £0m | 0.5% | £60m | 0.6% | £70m | 1.1% | (0.9,1.4) | £130m | (100,160) |
| Oct 07 - Sep 08 | 0.1% | £10m | 0.4% | £50m | 0.6% | £60m | 1.1% | (0.8,1.3) | £120m | (90,150) |
| 2008/09 | 0.1% | £10m | 0.4% | £50m | 0.6% | £70m | 1.1% | (0.9,1.3) | £130m | (110,160) |

Notes to table:

Percentage figures refer to an estimate of the percentage of benefit underpaid during the time period.

Monetary values refer to an estimate of the amount of benefit underpaid during the time period.

95% confidence intervals are indicated by the figures within brackets. These indicate the range within which we can be 95% sure that the true value lies for each of the estimates presented.

Where there is a discontinuity in a time series due to a change in methodology a grey line has been inserted in the table.

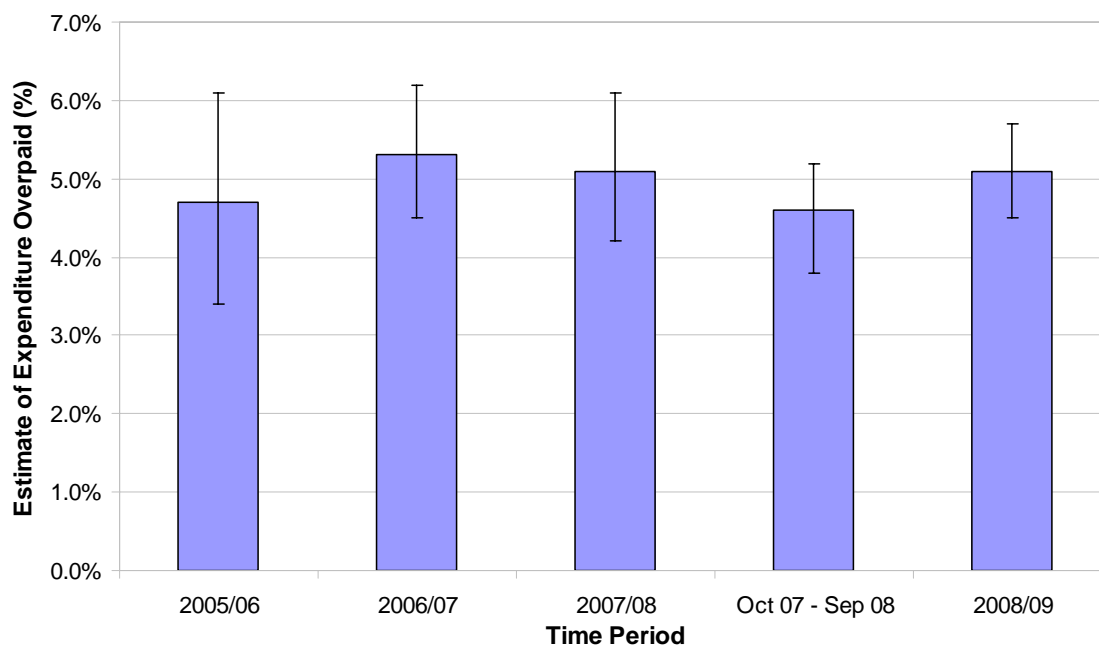
Rows may not sum to totals due to rounding.

There were improvements to the methodology in the 2005/06 estimates which have been carried forward for all subsequent estimates but create a discontinuity in the time series between the estimates up to 2004/05 and the estimates from 2005/06 onwards. Therefore comparisons over time should be made with caution. The change for IS/JSA for the 2005/06 estimates (which were produced with both methodologies) did not have an effect on the percentage estimate of total fraud and error nor to the £m estimate rounded to the nearest £10m. Details of the changes and more detailed impact assessment can be found in the technical appendix at: http://research.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf

Estimates for Pension Credit overpayments over time

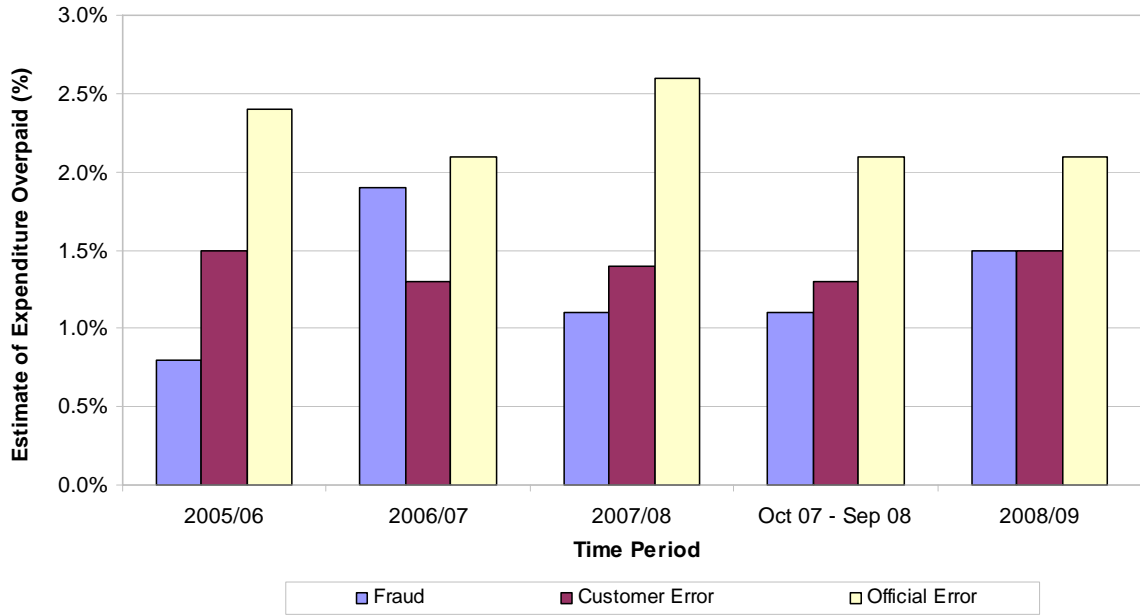
5.11 For Pension Credit improvements to the methodology were introduced in 2005/06 and for all subsequent estimates. This creates a discontinuity in the time series between the estimates for 2004/05 and the estimates from 2005/06 onwards. Figure 5.5 below shows the estimated Pension Credit percentage of expenditure overpaid since the improved methodology was introduced in 2005/06. Estimated 95% confidence intervals are also shown by the black lines.

Figure 5.5: Estimated Pension Credit total overpayments since 2005/06



5.12 Figure 5.6 shows the estimated percentage of expenditure overpaid broken down by fraud, customer error and official error.

Figure 5.6: Estimated Pension Credit overpayments due to fraud, customer error and official error since 2005/06



5.13 Table 5.3 illustrates the estimates for Pension Credit overpayments due to fraud and error since 2004/05, the first full financial year since Pension Credit was introduced in October 2003.

Table 5.3: Estimated Pension Credit overpayments since 2004/05

| Year | Fraud | | Customer Error | | Official Error | | Fraud and Error | | | |
|-----------------|------------|-------|----------------|-------|----------------|-------|-----------------|-----------|-------|-----------|
| | Percentage | £m | Percentage | £m | Percentage | £m | Percentage | 95% CI | £m | £m |
| 2004/05 | 1.0% | £60m | 1.5% | £90m | 2.1% | £130m | 4.6% | (3.9,5.4) | £280m | (240,330) |
| | | | | | | | | | | |
| 2005/06 | 0.8% | £50m | 1.5% | £100m | 2.4% | £160m | 4.7% | (3.4,6.1) | £310m | (220,400) |
| 2006/07 | 1.9% | £130m | 1.3% | £90m | 2.1% | £150m | 5.3% | (4.5,6.2) | £370m | (320,430) |
| 2007/08 | 1.1% | £80m | 1.4% | £110m | 2.6% | £200m | 5.1% | (4.2,6.1) | £380m | (310,450) |
| Oct 07 - Sep 08 | 1.1% | £80m | 1.3% | £100m | 2.1% | £160m | 4.6% | (3.8,5.2) | £340m | (290,400) |
| 2008/09 | 1.5% | £110m | 1.5% | £120m | 2.1% | £160m | 5.1% | (4.5,5.7) | £390m | (350,440) |

Notes to table:

Percentage figures refer to an estimate of the percentage of benefit overpaid during the time period.

Monetary values refer to an estimate of the amount of benefit overpaid during the time period.

95% confidence intervals are indicated by the figures within brackets. These indicate the range within which we can be 95% sure that the true value lies for each of the estimates presented.

Where there is a discontinuity in a time series due to a change in methodology a grey line has been inserted in the table.

Rows may not sum to totals due to rounding.

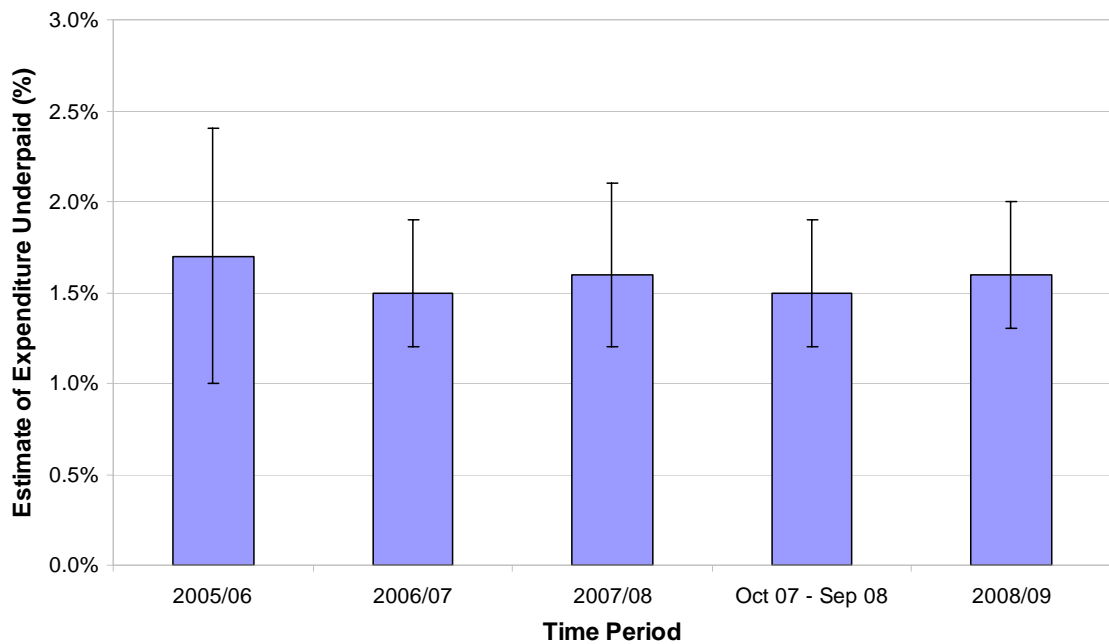
For Pension Credit improvements to the methodology were introduced in 2005/06 and for all subsequent estimates. This creates a discontinuity in the time series between the estimates up to 2004/05 and the estimates from 2005/06 onwards. Therefore comparisons over time should be made with caution. The impact of the change for SPC for the 2005/06 estimates (which were produced with both methodologies) was to add 0.6% (or £40m) to total fraud and error. Details of the changes and more detailed impact assessment can be found in the technical appendix at:

http://research.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf

Estimates for Pension Credit underpayments over time

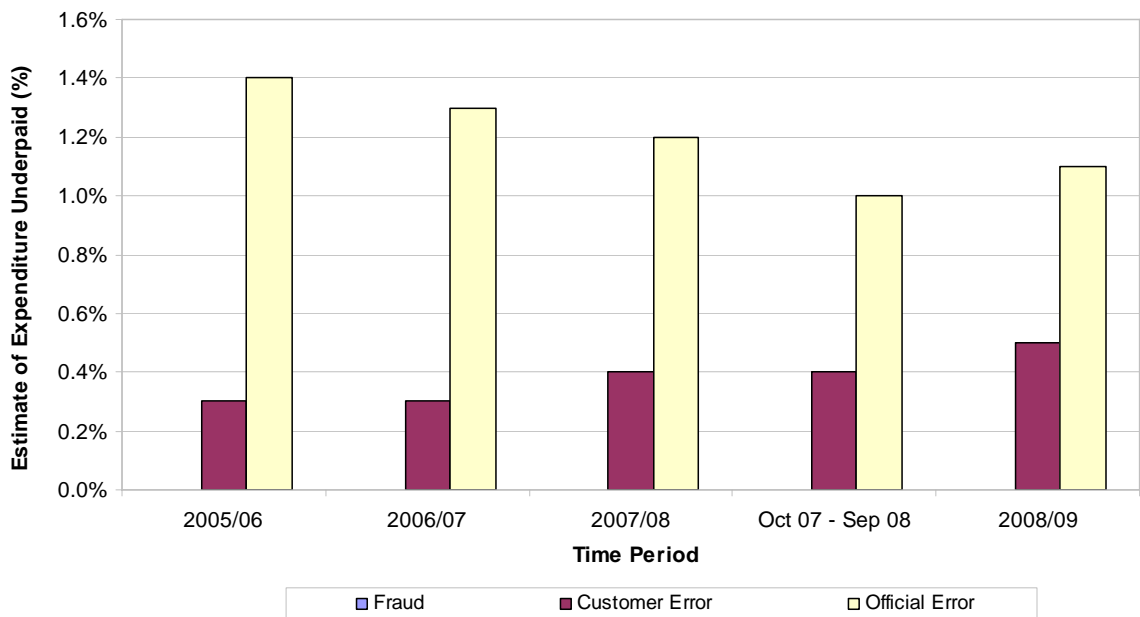
5.14 For Pension Credit improvements to the methodology were introduced in 2005/06 and for all subsequent estimates. This creates a discontinuity in the time series between the estimates for 2004/05 and the estimates from 2005/06 onwards. Figure 5.7 below shows the estimated Pension Credit percentage of expenditure underpaid since the improved methodology was introduced in 2005/06. Estimated 95% confidence intervals are also shown by the black lines.

Figure 5.7: Estimated Pension Credit total underpayments since 2005/06



- 5.15 Figure 5.8 shows the estimated percentage of expenditure underpaid broken down by fraud, customer error and official error.
- 5.16 Underpayments due to fraud can occur on Pension Credit because the methodology takes into account the true financial impact of the fraud by recognising entitlement to an alternative benefit when the one in payment is being paid erroneously. However, they are extremely rare. More details on this methodology is available on page 11 of the technical appendix at: http://research.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf

Figure 5.8: Estimated Pension Credit underpayments due to fraud, customer error and official error since 2005/06



5.17 Table 5.4 shows the estimates for Pension Credit underpayments due to fraud and error since 2004/05, the first full financial year since Pension Credit was introduced in October 2003.

Table 5.4: Estimated Pension Credit underpayments since 2004/05

| Year | Fraud | | Customer Error | | Official Error | | Fraud and Error | | | |
|-----------------|------------|-----|----------------|------|----------------|------|-----------------|-----------|-------|-----------|
| | Percentage | £m | Percentage | £m | Percentage | £m | Percentage | 95% CI | £m | 95% CI |
| 2004/05 | 0.0% | £0m | 0.5% | £30m | 1.4% | £90m | 2.0% | (1.6,2.3) | £120m | (100,140) |
| | | | | | | | | | | |
| 2005/06 | 0.0% | £0m | 0.3% | £20m | 1.4% | £90m | 1.7% | (1.0,2.4) | £110m | (70,150) |
| 2006/07 | 0.0% | £0m | 0.3% | £20m | 1.3% | £90m | 1.5% | (1.2,1.9) | £110m | (80,130) |
| 2007/08 | 0.0% | £0m | 0.4% | £30m | 1.2% | £90m | 1.6% | (1.2,2.1) | £120m | (90,150) |
| Oct 07 - Sep 08 | 0.0% | £0m | 0.4% | £30m | 1.0% | £80m | 1.5% | (1.2,1.9) | £110m | (90,140) |
| 2008/09 | 0.0% | £0m | 0.5% | £40m | 1.1% | £90m | 1.6% | (1.3,2.0) | £130m | (100,150) |

Notes to table:

Percentage figures refer to an estimate of the percentage of benefit underpaid during the time period.

Monetary values refer to an estimate of the amount of benefit underpaid during the time period.

95% confidence intervals are indicated by the figures within brackets. These indicate the range within which we can be 95% sure that the true value lies for each of the estimates presented.

Where there is a discontinuity in a time series due to a change in methodology a grey line has been inserted in the table.

Rows may not sum to totals due to rounding.

There were improvements to the methodology in the 2005/06 estimates which have been carried forward for all subsequent estimates but create a discontinuity in the time series between the estimates up to 2004/05 and the estimates from 2005/06 onwards. Therefore comparisons over time should be made with caution. The impact of the change for Pension Credit for the 2005/06 estimates (which were produced with both methodologies) was to add 0.1% to total fraud and error (but no effect in the £m rounded to the nearest £10m). Details of the changes and more detailed impact assessment can be found in the technical appendix at: http://research.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf

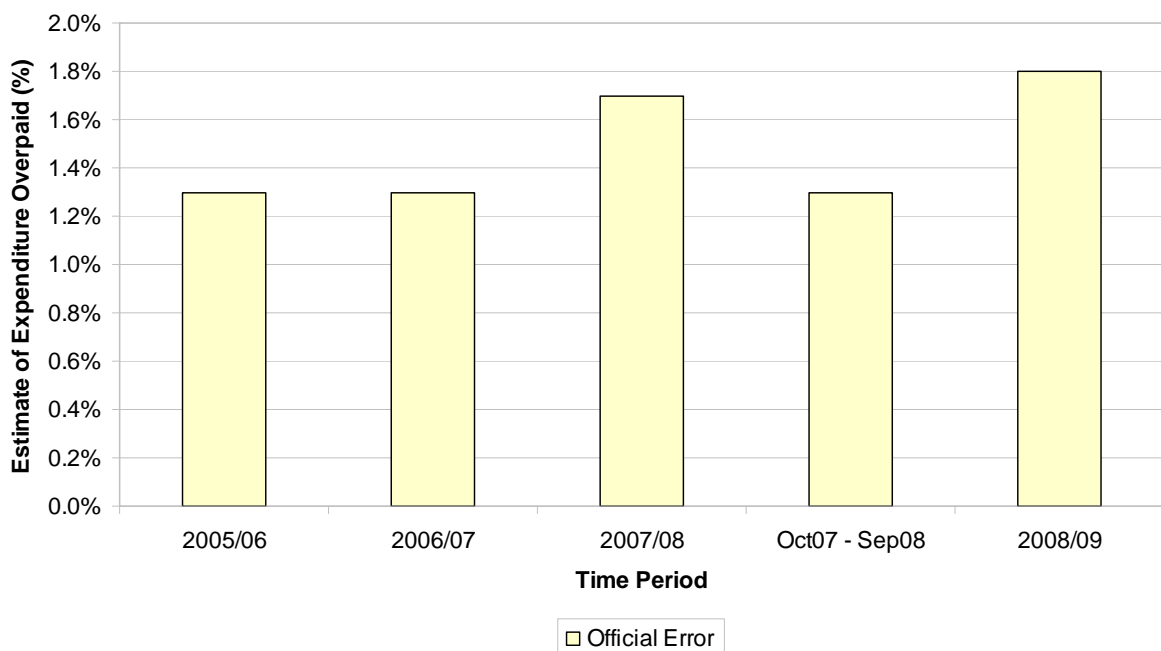
Estimates for Incapacity Benefit overpayments over time

5.18 The April 2008 to March 2009 estimate is the first year since 2000/01 when Incapacity Benefit has been fully measured for official error, customer error and fraud. Customer error and fraud has not been measured between these time periods. Official error has been continuously measured between these time periods, however this was not on a consistent basis for each year between 2000/01 and 2004/05. Therefore, the comparisons over time on Incapacity Benefit in this section of the report are limited to official error estimates from 2005/06 onwards as these are the only estimates that have been measured on a consistent basis over time.

Official error

5.19 Figure 5.9, below, illustrates the estimated percentage of Incapacity Benefit expenditure overpaid since 2005/06 for official error.

Figure 5.9: Estimated Incapacity Benefit overpayments due to official error since 2005/06



5.20 Table 5.5 shows the estimates for Incapacity Benefit overpayments due to official error since 2005/06.

Table 5.5: Estimated Incapacity Benefit overpayments due to official error since 2005/06

| Year | Official Error | |
|---------------|----------------|-------|
| 2005/06 | 1.3% | £90m |
| 2006/07 | 1.3% | £90m |
| 2007/08 | 1.7% | £110m |
| Oct07 - Sep08 | 1.3% | £80m |
| 2008/09 | 1.8% | £120m |

Notes to table:

Percentage figures refer to an estimate of the percentage of benefit overpaid during the time period.

Monetary values refer to an estimate of the amount of benefit overpaid during the time period, rounded to the nearest £10m.

Customer error and fraud

5.21 Customer error and fraud in Incapacity Benefit was measured in 2000/01 as part of a National Benefit Review, but has not been measured between then and the data available in this report for 2008/09.

5.22 Between 2000/01 and 2008/09, as DWP improved its understanding of fraud and error, a number of changes were implemented to the measurement methodology to ensure that the estimates better reflected the true level of fraud and error. However, these improvements make it more difficult to establish changes over time and it has not been possible to quantify the impact of this change in the estimates. Therefore this chapter does not make comparisons over time of the customer error and fraud estimates for Incapacity Benefit.

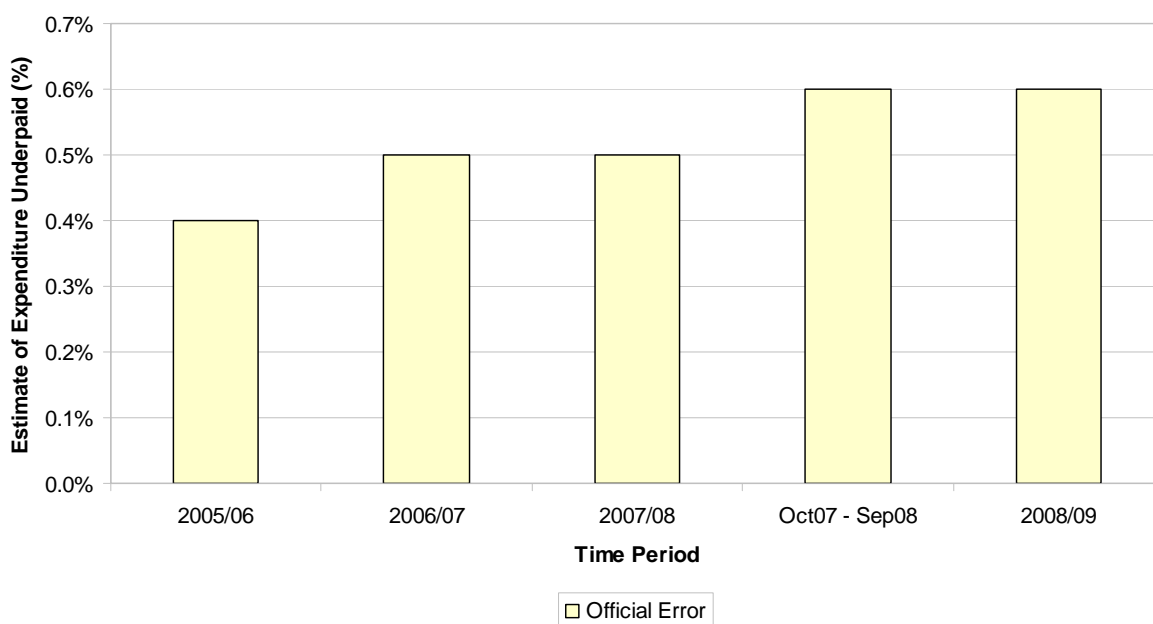
Estimates for Incapacity Benefit underpayments over time

5.23 The April 2008 to March 2009 estimate is the first year since 2000/01 when Incapacity Benefit has been fully measured for official error, customer error and fraud. Customer error and fraud has not been measured between these time periods. Official error has been continuously measured between these time periods, however this was not on a consistent basis for each year between 2000/01 and 2004/05. Therefore, the comparisons over time on Incapacity Benefit in this section of the report are limited to official error estimates from 2005/06 onwards as these are the only estimates that have been measured on a consistent basis over time.

Official error

5.24 Figure 5.10, below, illustrates the estimated percentage of Incapacity Benefit expenditure underpaid since 2005/06 for official error.

Figure 5.10: Estimated Incapacity Benefit underpayments due to official error since 2005/06



5.25 Table 5.6 shows the estimates for Incapacity Benefit underpayments due to official error since 2005/06.

Table 5.6: Estimated Incapacity Benefit underpayments due to official error since 2005/06

| Year | Official Error | |
|---------------|----------------|------|
| 2005/06 | 0.4% | £30m |
| 2006/07 | 0.5% | £40m |
| 2007/08 | 0.5% | £30m |
| Oct07 - Sep08 | 0.6% | £40m |
| 2008/09 | 0.6% | £40m |

Notes to table:

Percentage figures refer to an estimate of the percentage of benefit underpaid during the time period.

Monetary values refer to an estimate of the amount of benefit underpaid during the time period, rounded to the nearest £10m.

Customer error and fraud

5.26 Customer error and fraud in Incapacity Benefit was measured in 2000/01 as part of a National Benefit Review, but has not been measured between then and the data available in this report for 2008/09.

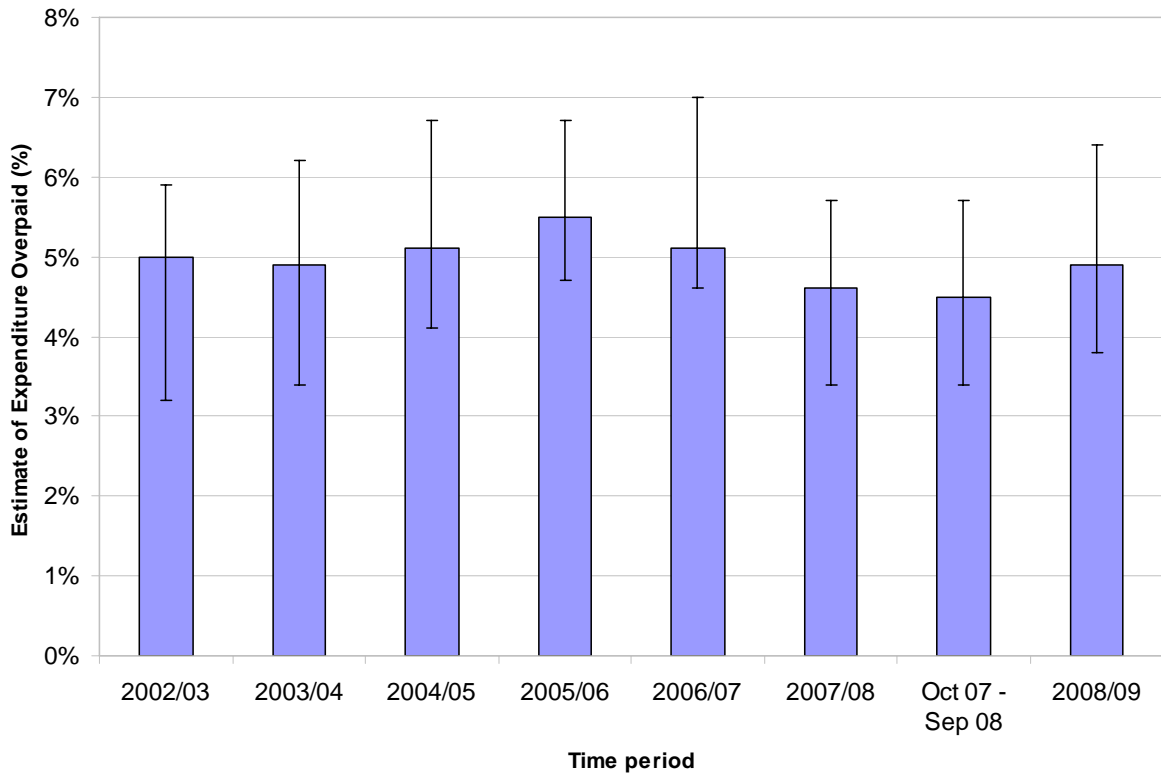
5.27 Between 2000/01 and 2008/09, as DWP improved its understanding of fraud and error, a number of changes were implemented to the measurement methodology to ensure that the estimates better reflected the true level of fraud and error. However, these improvements make it more difficult to establish changes over time and it has not been possible to quantify the impact of this change in the estimates. Therefore this chapter does not make comparisons over time of the customer error and fraud estimates for Incapacity Benefit.

Estimates for Housing Benefit overpayments over time

5.28 For Housing Benefit a consistent method has been used to produce the estimates of overpayment since 2002/03.

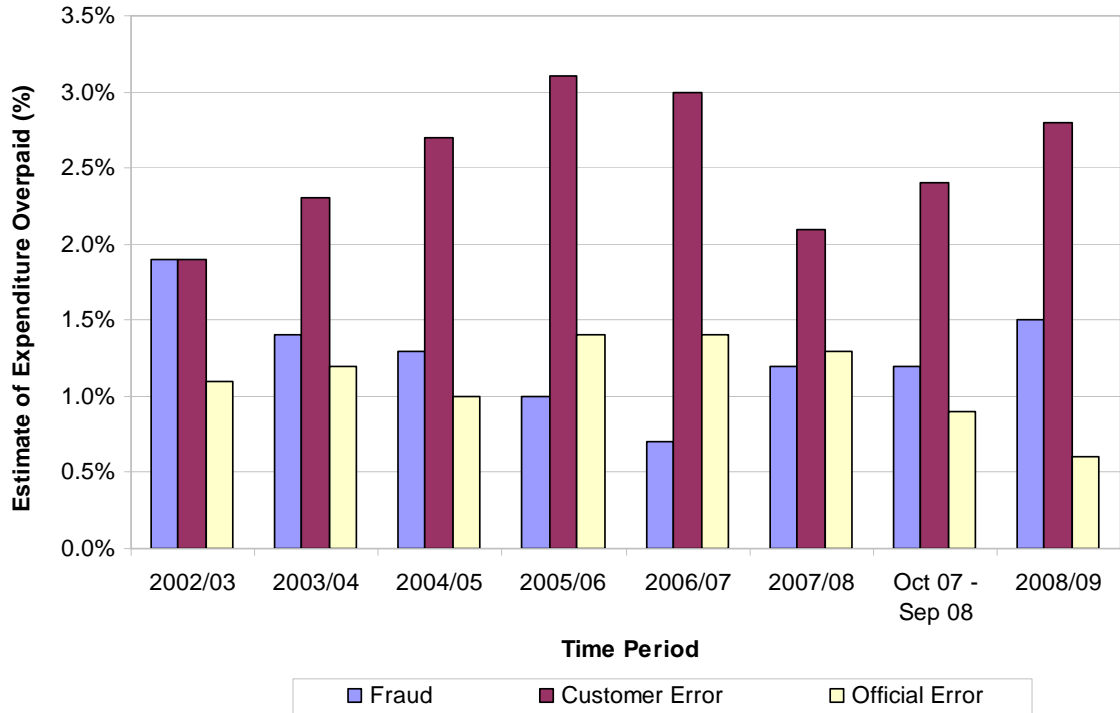
5.29 Figure 5.11, below, shows the estimated Housing Benefit percentage of expenditure overpaid since 2002/03. Estimated 95% confidence intervals are also shown by the black lines.

Figure 5.11: Estimated Housing Benefit total overpayments since 2002/03



5.30 Figure 5.12 shows the estimated percentage of expenditure overpaid broken down by fraud, customer error and official error.

Figure 5.12: Estimated Housing Benefit overpayments due to fraud, customer error and official error since 2002/03



5.31 Table 5.7, shows the estimates for Housing Benefit overpayments due to fraud and error since 2002/03. Estimates prior to 2002/03 are not available.

Table 5.7: Estimated Housing Benefit overpayments since 2002/03

| Year | Fraud | | Customer Error | | Official Error | | Fraud and Error | | | |
|-----------------|------------|-------|----------------|-------|----------------|-------|-----------------|-----------|-------|------------|
| | Percentage | £m | Percentage | £m | Percentage | £m | Percentage | 95% CI | £m | £m |
| 2002/03 | 1.9% | £250m | 1.9% | £240m | 1.1% | £140m | 5.0% | (3.2,5.9) | £630m | (410,750) |
| 2003/04 | 1.4% | £170m | 2.3% | £280m | 1.2% | £150m | 4.9% | (3.4,6.2) | £600m | (420,760) |
| 2004/05 | 1.3% | £180m | 2.7% | £360m | 1.0% | £130m | 5.1% | (4.1,6.7) | £670m | (550,880) |
| 2005/06 | 1.0% | £140m | 3.1% | £440m | 1.4% | £190m | 5.5% | (4.3,6.7) | £760m | (600,930) |
| 2006/07 | 0.7% | £100m | 3.0% | £450m | 1.4% | £210m | 5.1% | (4.6,7.0) | £750m | (690,1040) |
| 2007/08 | 1.2% | £190m | 2.1% | £340m | 1.3% | £200m | 4.6% | (3.4,5.7) | £720m | (540,890) |
| Oct 07 - Sep 08 | 1.2% | £210m | 2.4% | £410m | 0.9% | £150m | 4.5% | (3.4,5.7) | £770m | (580,970) |
| 2008/09 | 1.5% | £260m | 2.8% | £480m | 0.6% | £100m | 4.9% | (3.8,6.4) | £840m | (650,1090) |

Notes to table:

Percentage figures refer to an estimate of the percentage of benefit overpaid during the time period.

Monetary values refer to an estimate of the amount of benefit overpaid during the time period.

95% confidence intervals are indicated by the figures within brackets. These indicate the range within which we can be 95% sure that the true value lies for each of the estimates presented.

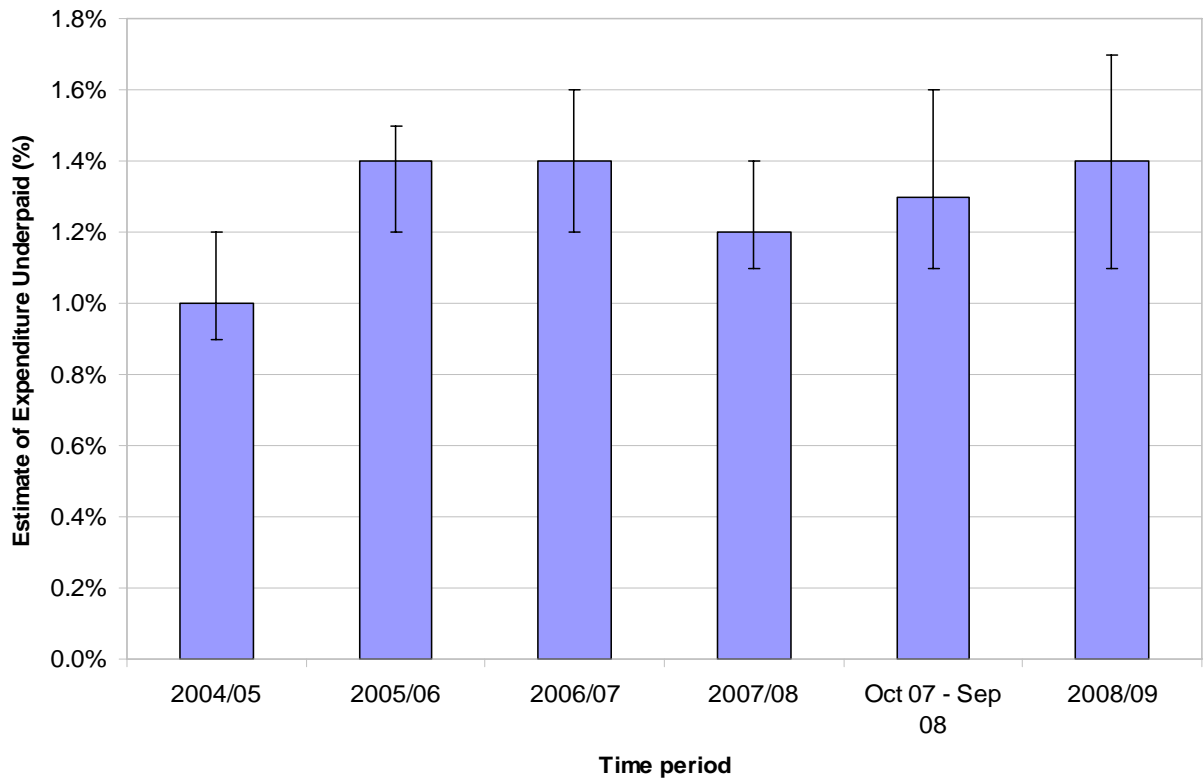
Rows may not sum to totals due to rounding.

Estimates for Housing Benefit underpayments over time

5.32 For Housing Benefit a consistent method has been used to produce estimates of underpayments since 2004/05.

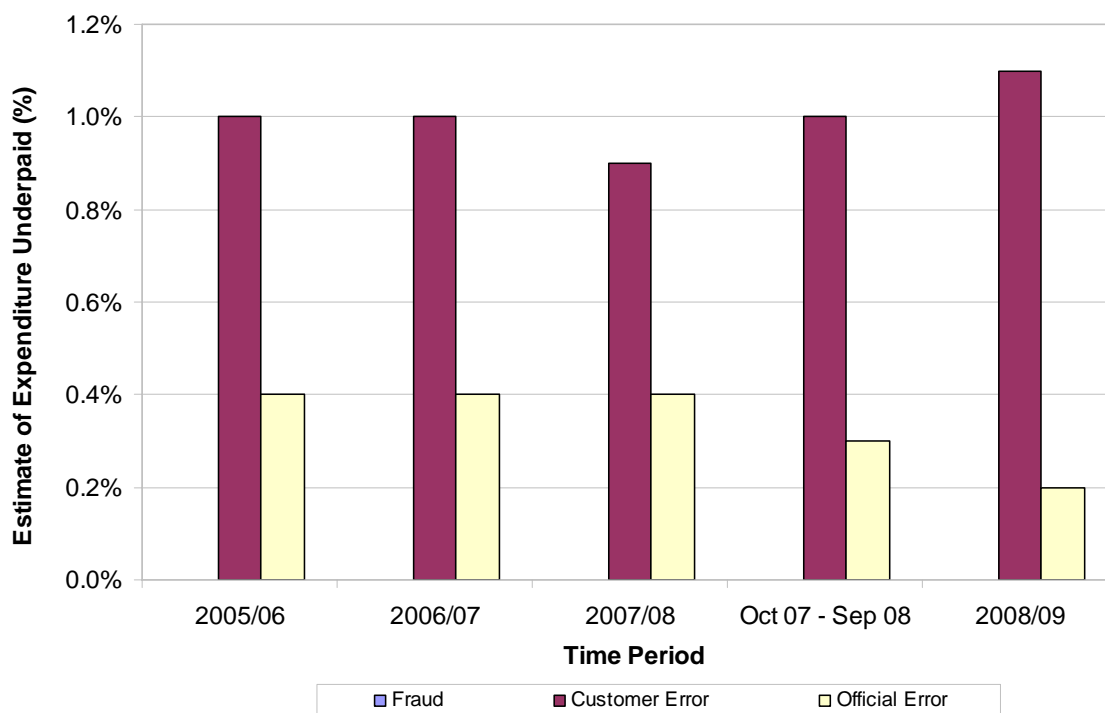
5.33 Figure 5.13 below shows the estimated Housing Benefit percentage of expenditure underpaid since 2004/05. Estimated 95% confidence intervals are also shown by the black lines.

Figure 5.13: Estimated Housing Benefit total underpayments since 2004/05



5.34 Figure 5.14 shows the estimated percentage of expenditure underpaid broken down by fraud, customer error and official error.

Figure 5.14: Estimated Housing Benefit underpayments due to customer error and official error since 2005/06



5.35 Table 5.8, shows the time series for Housing Benefit underpayments due to error since 2004/05. There are no estimates available prior to 2004/05.

Table 5.8: Estimated Housing Benefit underpayments since 2004/05

| Year | Fraud | | Customer Error | | Official Error | | Fraud and Error | | | |
|-----------------|------------|-----|----------------|-------|----------------|------|-----------------|-----------|-------|-----------|
| | Percentage | £m | Percentage | £m | Percentage | £m | Percentage | 95% CI | £m | 95% CI |
| 2004/05 | - | - | - | - | - | - | 1.0% | (0.9,1.2) | £130m | (110,160) |
| 2005/06 | 0.0% | £0m | 1.0% | £140m | 0.4% | £50m | 1.4% | (1.2,1.5) | £190m | (170,210) |
| 2006/07 | 0.0% | £0m | 1.0% | £140m | 0.4% | £60m | 1.4% | (1.2,1.6) | £210m | (180,240) |
| 2007/08 | 0.0% | £0m | 0.9% | £140m | 0.4% | £60m | 1.2% | (1.1,1.4) | £190m | (170,220) |
| Oct 07 - Sep 08 | 0.0% | £0m | 1.0% | £170m | 0.3% | £50m | 1.3% | (1.1,1.6) | £210m | (180,270) |
| 2008/09 | 0.0% | £0m | 1.1% | £190m | 0.2% | £40m | 1.4% | (1.1,1.7) | £230m | (200,290) |

Notes to table:

A breakdown of underpayments into customer error and official error is not available for 2004/05.

Percentage figures refer to an estimate of the percentage of benefit underpaid during the time period.

Monetary values refer to an estimate of the amount of benefit underpaid during the time period.

95% confidence intervals are indicated by the figures within brackets. These indicate the range within which we can be 95% sure that the true value lies for each of the estimates presented.

Rows may not sum to totals due to rounding.

6 Detailed estimates for continuously measured benefits

Introduction

- 6.1 This section presents breakdowns of the estimates for the continuously measured benefits into more detailed causes of incorrectness.
- 6.2 The estimates are often very small percentages of expenditure, and are sometimes 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. Nevertheless, they can give a useful indication of which types of error are causing the most overpaid expenditure and how error typically enters the system.
- 6.3 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 (LAs), but entitlement often hinges on the award of other benefits by DWP. This leads to quite different error types so the estimates for Housing Benefit are broken down in different ways and are presented separately.
- 6.4 Additional tables including detailed estimates of underpayments, and historical results for Housing Benefit are available on the DWP website at http://research.dwp.gov.uk/asd/asd2/fraud_error_arc.asp. A list of these tables is given in Annex 3 of this report.

Fraud and Customer Error in Income Support, Jobseeker's Allowance and Pension Credit by type

- 6.5 Tables 6.1 and 6.2 presents 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 customer's partner.
 - Capital – incorrect or undeclared amount of capital held.
 - Dependants – claiming incorrectly for number or type of dependants.
 - Income – other undeclared source of income e.g. occupational pension or sick pay.

- Living Together as Husband and Wife / Living Together as Civil Partners (LTAHAW / LTACP) – the customer has a partner, but is receiving benefit as a single person.
- Identity (ID) – false or assumed identity.
- Address / Not at Address – customer 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 – customer receiving other benefit (or premiums).
- College – customer in education and may be receiving funding.
- Abroad – customer continuing to receive benefit whilst living abroad.
- Hospitalisation – customers 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 – this covers a range of different cases not covered in the categories above. Examples include alteration of documents (e.g. medical certificate) and appointee fraud.

Table 6.1: Estimated fraud overpayment in Income Support, Jobseeker's Allowance and Pension Credit by type

| | April 2008 - March 2009 | | | |
|--------------------------------|------------------------------------|------------|--------------------------------|------------|
| | Percentage of expenditure overpaid | | Amount of expenditure overpaid | |
| Income Support | | | | |
| Earnings | 0.4% | (0.2, 0.5) | £32m | (21, 44) |
| Partner Earnings | 0.0% | (0.0, 0.1) | £3m | (1, 6) |
| Capital | 0.1% | (0.1, 0.2) | £11m | (6, 18) |
| Dependants | 0.3% | (0.1, 0.4) | £22m | (11, 35) |
| Income | 0.1% | (0.0, 0.1) | £7m | (3, 11) |
| LTAHAW | 1.1% | (0.8, 1.3) | £93m | (70, 115) |
| ID | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Address / Not at Address | 0.4% | (0.3, 0.6) | £36m | (24, 49) |
| Housing | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Benefits | 0.1% | (0.1, 0.2) | £11m | (5, 19) |
| College | 0.0% | (0.0, 0.0) | £2m | (0, 4) |
| Abroad | 0.2% | (0.1, 0.3) | £19m | (10, 30) |
| Hospitalisation | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Maintenance | 0.1% | (0.1, 0.2) | £11m | (6, 16) |
| Non-Dependants | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Prison | 0.1% | (0.0, 0.1) | £6m | (2, 11) |
| Other | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Total | 2.9% | (2.4, 3.4) | £250m | (210, 300) |
| April 2008 - March 2009 | | | | |
| | Percentage of expenditure overpaid | | Amount of expenditure overpaid | |
| Jobseeker's Allowance | | | | |
| Earnings | 1.5% | (1.0, 2.1) | £43m | (28, 60) |
| Partner Earnings | 0.1% | (0.0, 0.3) | £4m | (1, 9) |
| Capital | 0.2% | (0.1, 0.4) | £6m | (2, 11) |
| Dependants | 0.1% | (0.0, 0.2) | £2m | (0, 5) |
| Income | 0.1% | (0.0, 0.1) | £2m | (0, 4) |
| LTAHAW | 0.5% | (0.3, 0.8) | £15m | (7, 24) |
| ID | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Address / Not at Address | 0.3% | (0.1, 0.5) | £9m | (4, 15) |
| Housing | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Benefits | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| College | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Abroad | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Hospitalisation | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Maintenance | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Non-Dependants | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Prison | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Other | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Total | 2.8% | (2.0, 3.6) | £80m | (60, 100) |

Notes to table:

Estimates are rounded to the nearest £1m and presented with 95% confidence intervals, which include adjustments to incorporate some non-sampling sources of uncertainty.

A figure of £0m indicates that the unrounded estimate is less than £0.5m. Total estimates are rounded to the nearest £10m.

Columns may not sum to totals due to rounding.

Fraud and error due to "Benefits" also includes errors relating to premiums.

Table 6.1 continued: Estimated fraud overpayment in Income Support, Jobseeker's Allowance and Pension Credit by type

| | April 2008 - March 2009 | | | |
|--|------------------------------------|-------------------|--------------------------------|-------------------|
| | Percentage of expenditure overpaid | | Amount of expenditure overpaid | |
| Income Support & Jobseeker's Allowance Combined | | | | |
| Earnings | 0.6% | (0.5, 0.8) | £75m | (59, 98) |
| Partner Earnings | 0.1% | (0.0, 0.1) | £7m | (3, 14) |
| Capital | 0.1% | (0.1, 0.2) | £17m | (10, 27) |
| Dependants | 0.2% | (0.1, 0.3) | £24m | (12, 36) |
| Income | 0.1% | (0.0, 0.1) | £9m | (5, 13) |
| LTAHAW | 0.9% | (0.7, 1.1) | £108m | (81, 132) |
| ID | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Address / Not at Address | 0.4% | (0.3, 0.5) | £45m | (31, 59) |
| Housing | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Benefits | 0.1% | (0.0, 0.2) | £11m | (5, 18) |
| College | 0.0% | (0.0, 0.0) | £2m | (0, 4) |
| Abroad | 0.2% | (0.1, 0.3) | £19m | (10, 30) |
| Hospitalisation | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Maintenance | 0.1% | (0.0, 0.1) | £11m | (6, 15) |
| Non-Dependants | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Prison | 0.0% | (0.0, 0.1) | £6m | (2, 10) |
| Other | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Total | 2.8% | (2.4, 3.3) | £330m | (280, 380) |
| April 2008 - March 2009 | | | | |
| | Percentage of expenditure overpaid | | Amount of expenditure overpaid | |
| Pension Credit | | | | |
| Earnings | 0.1% | (0.0, 0.2) | £7m | (1, 16) |
| Partner Earnings | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Capital | 0.1% | (0.0, 0.3) | £11m | (3, 21) |
| Dependants | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Income | 0.4% | (0.2, 0.5) | £28m | (17, 38) |
| LTAHAW | 0.0% | (0.0, 0.1) | £2m | (0, 4) |
| ID | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Address / Not at Address | 0.3% | (0.1, 0.6) | £27m | (9, 47) |
| Housing | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Benefits | 0.0% | (0.0, 0.0) | £1m | (0, 2) |
| College | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Abroad | 0.5% | (0.2, 0.7) | £35m | (16, 56) |
| Hospitalisation | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Maintenance | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Non-Dependants | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Prison | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Other | 0.0% | (0.0, 0.1) | £2m | (0, 6) |
| Total | 1.5% | (1.1, 1.9) | £110m | (80, 150) |

Notes to table:

Estimates are rounded to the nearest £1m and presented with 95% confidence intervals, which include adjustments to incorporate some non-sampling sources of uncertainty.

A figure of £0m indicates that the unrounded estimate is less than £0.5m. Total estimates are rounded to the nearest £10m.

Columns may not sum to totals due to rounding.

Fraud and error due to "Benefits" also includes errors relating to premiums.

Table 6.2: Estimated customer error overpayment in Income Support, Jobseeker's Allowance and Pension Credit by type

| | April 2008 - March 2009 | | | |
|--------------------------------|------------------------------------|-------------------|--------------------------------|------------------|
| | Percentage of expenditure overpaid | | Amount of expenditure overpaid | |
| Income Support | | | | |
| Earnings | 0.1% | (0.0, 0.1) | £5m | (3, 8) |
| Partner Earnings | 0.0% | (0.0, 0.0) | £2m | (1, 4) |
| Capital | 0.2% | (0.2, 0.3) | £19m | (14, 27) |
| Dependants | 0.2% | (0.1, 0.3) | £13m | (6, 23) |
| Income | 0.1% | (0.1, 0.2) | £11m | (6, 18) |
| LTAHAW | 0.1% | (0.0, 0.1) | £5m | (2, 8) |
| ID | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Address / Not at Address | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Housing | 0.0% | (0.0, 0.0) | £1m | (0, 2) |
| Benefits | 0.3% | (0.2, 0.4) | £30m | (22, 40) |
| College | 0.0% | (0.0, 0.0) | £2m | (1, 4) |
| Abroad | 0.0% | (0.0, 0.0) | £1m | (0, 3) |
| Hospitalisation | 0.0% | (0.0, 0.0) | £0m | (0, 2) |
| Maintenance | 0.1% | (0.1, 0.2) | £11m | (7, 14) |
| Non-Dependants | 0.0% | (0.0, 0.0) | £1m | (0, 2) |
| Prison | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Other | 0.0% | (0.0, 0.0) | £1m | (0, 2) |
| Total | 1.2% | (1.0, 1.4) | £110m | (80, 130) |
| April 2008 - March 2009 | | | | |
| | Percentage of expenditure overpaid | | Amount of expenditure overpaid | |
| Jobseeker's Allowance | | | | |
| Earnings | 0.0% | (0.0, 0.1) | £1m | (0, 4) |
| Partner Earnings | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Capital | 0.1% | (0.0, 0.3) | £3m | (0, 8) |
| Dependants | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Income | 0.1% | (0.0, 0.2) | £2m | (0, 6) |
| LTAHAW | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| ID | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Address / Not at Address | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Housing | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Benefits | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| College | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Abroad | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Hospitalisation | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Maintenance | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Non-Dependants | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Prison | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Other | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Total | 0.2% | (0.0, 0.5) | £10m | (0, 10) |

Notes to table:

Estimates are rounded to the nearest £1m and presented with 95% confidence intervals, which include adjustments to incorporate some non-sampling sources of uncertainty.

A figure of £0m indicates that the unrounded estimate is less than £0.5m. Total estimates are rounded to the nearest £10m.

Columns may not sum to totals due to rounding.

Fraud and error due to "Benefits" also includes errors relating to premiums.

Table 6.2 continued: Estimated customer error overpayment in Income Support, Jobseeker's Allowance and Pension Credit by type

| | April 2008 - March 2009 | | | |
|--|------------------------------------|-------------------|--------------------------------|-------------------|
| | Percentage of expenditure overpaid | | Amount of expenditure overpaid | |
| Income Support & Jobseeker's Allowance Combined | | | | |
| Earnings | 0.1% | (0.0, 0.1) | £6m | (4, 10) |
| Partner Earnings | 0.0% | (0.0, 0.0) | £2m | (1, 4) |
| Capital | 0.2% | (0.1, 0.3) | £22m | (16, 31) |
| Dependants | 0.1% | (0.0, 0.2) | £13m | (6, 23) |
| Income | 0.1% | (0.1, 0.2) | £13m | (7, 21) |
| LTAHAW | 0.0% | (0.0, 0.1) | £5m | (2, 8) |
| ID | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Address / Not at Address | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Housing | 0.0% | (0.0, 0.0) | £1m | (0, 2) |
| Benefits | 0.3% | (0.2, 0.3) | £30m | (21, 40) |
| College | 0.0% | (0.0, 0.0) | £2m | (1, 4) |
| Abroad | 0.0% | (0.0, 0.0) | £1m | (0, 3) |
| Hospitalisation | 0.0% | (0.0, 0.0) | £0m | (0, 2) |
| Maintenance | 0.1% | (0.1, 0.1) | £11m | (7, 15) |
| Non-Dependants | 0.0% | (0.0, 0.0) | £1m | (0, 2) |
| Prison | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Other | 0.0% | (0.0, 0.0) | £1m | (0, 2) |
| Total | 1.0% | (0.8, 1.2) | £110m | (90, 140) |
| April 2008 - March 2009 | | | | |
| | Percentage of expenditure overpaid | | Amount of expenditure overpaid | |
| Pension Credit | | | | |
| Earnings | 0.0% | (0.0, 0.1) | £3m | (0, 6) |
| Partner Earnings | 0.0% | (0.0, 0.0) | £1m | (0, 2) |
| Capital | 0.4% | (0.3, 0.6) | £32m | (23, 43) |
| Dependants | 0.0% | (0.0, 0.1) | £1m | (0, 4) |
| Income | 0.6% | (0.4, 0.7) | £44m | (32, 55) |
| LTAHAW | 0.0% | (0.0, 0.0) | £1m | (0, 3) |
| ID | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Address / Not at Address | 0.1% | (0.0, 0.2) | £5m | (0, 16) |
| Housing | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Benefits | 0.4% | (0.2, 0.5) | £28m | (18, 39) |
| College | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Abroad | 0.0% | (0.0, 0.1) | £2m | (0, 7) |
| Hospitalisation | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Maintenance | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Non-Dependants | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Prison | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Other | 0.0% | (0.0, 0.0) | £1m | (0, 3) |
| Total | 1.5% | (1.3, 1.8) | £120m | (100, 140) |

Notes to table:

Estimates are rounded to the nearest £1m and presented with 95% confidence intervals, which include adjustments to incorporate some non-sampling sources of uncertainty.

A figure of £0m indicates that the unrounded estimate is less than £0.5m. Total estimates are rounded to the nearest £10m.

Columns may not sum to totals due to rounding.

Fraud and error due to "Benefits" also includes errors relating to premiums.

Official Error in Income Support, Jobseeker's Allowance and Pension Credit by type

6.6 A breakdown by error type of official error in Income Support, Jobseeker's Allowance and Pension Credit is given in Table 6.3. 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. customer no longer a single parent or no longer unfit for work.
- Incorrect Treatment of Final Earnings – Treatment of final earnings affects the date the customer first qualifies for IS or JSA, 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 customer'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 IS, JSA(IB) or Pension Credit. Can involve property and/or income that is to be treated as capital.
- Labour Market Issues – Insufficient evidence of attempts to find work, unavailability for work, incorrect completion of the Jobseeker's Agreement.
- Continuity – Failure to consider all/any linking benefits, or incorrect action during the claim lifetime. This affects contributory JSA (JSA(C)) only.
- Contributions – Errors surrounding the contribution conditions for JSA(C).
- Retirement Income Provision – Errors surrounding the Assessed Income Period or retirement income provision.

- Savings Credit – Errors with the Savings Credit part of the award e.g. not awarded when the customer is entitled, or awarded at the wrong level.
- New Tax Credits – Errors where any New Tax Credits payable to the customer are not taken into consideration correctly.
- Additional Amounts Guarantee Credit – Incorrect or missing award of additional amounts related to the Guarantee Credit component of the Pension Credit award (referred to as premiums in previous reports).
- Other – Any error recorded in this category that does not fall into any of the other categories available.

Table 6.3: Estimated official error overpayment in Income Support, Jobseeker's Allowance and Pension Credit by type

| | April 2008 - March 2009 | | | |
|---------------------------------------|------------------------------------|-------------------|--------------------------------|-------------------|
| | Percentage of expenditure overpaid | | Amount of expenditure overpaid | |
| Income Support | | | | |
| Mortgage and Housing Costs | 0.0% | (0.0, 0.1) | £4m | (2, 6) |
| Income and Other Benefits | 0.4% | (0.3, 0.5) | £32m | (25, 42) |
| Premiums | 0.3% | (0.2, 0.4) | £27m | (20, 34) |
| CHB | 0.0% | (0.0, 0.0) | £2m | (1, 3) |
| Conditions of Entitlement | 0.4% | (0.3, 0.6) | £40m | (27, 53) |
| Incorrect Treatment of Final Earnings | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Applicable Amounts | 0.2% | (0.1, 0.3) | £13m | (7, 22) |
| Arrears | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Date of Claim | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Capital | 0.1% | (0.0, 0.1) | £5m | (2, 10) |
| New Tax Credits | 0.0% | (0.0, 0.1) | £3m | (0, 7) |
| Other | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| TOTAL | 1.4% | (1.2, 1.7) | £130m | (110, 150) |
| April 2008 - March 2009 | | | | |
| | Percentage of expenditure overpaid | | Amount of expenditure overpaid | |
| Jobseeker's Allowance | | | | |
| Mortgage and Housing Costs | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Income and Other Benefits | 0.7% | (0.4, 1.0) | £19m | (11, 28) |
| Premiums | 0.0% | (0.0, 0.1) | £1m | (0, 3) |
| CHB | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Conditions of Entitlement | 0.4% | (0.2, 0.8) | £13m | (6, 22) |
| Incorrect Treatment of Final Earnings | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Applicable Amounts | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Arrears | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Date of Claim | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Capital | 0.1% | (0.0, 0.2) | £2m | (0, 5) |
| Labour Market Issues | 1.0% | (0.6, 1.4) | £28m | (17, 41) |
| Continuity | 0.0% | (0.0, 0.1) | £1m | (0, 4) |
| Contributions | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| New Tax Credits | 0.0% | (0.0, 0.1) | £1m | (0, 2) |
| Other | 0.1% | (0.0, 0.3) | £3m | (0, 8) |
| Total | 2.4% | (1.7, 3.1) | £70m | (50, 90) |

Notes to table:

Estimates are rounded to the nearest £1m and presented with 95% confidence intervals, which include adjustments to incorporate some non-sampling sources of uncertainty.

A figure of £0m indicates that the unrounded estimate is less than £0.5m. Total estimates are rounded to the nearest £10m.

Columns may not sum to totals due to rounding.

Table 6.3 continued: Estimated official error overpayment in Income Support, Jobseeker's Allowance and Pension Credit by type

| | April 2008 - March 2009 | | | |
|--|------------------------------------|-------------------|--------------------------------|-------------------|
| | Percentage of expenditure overpaid | | Amount of expenditure overpaid | |
| Income Support & Jobseeker's Allowance Combined | | | | |
| Mortgage and Housing Costs | 0.0% | (0.0, 0.1) | £4m | (2, 7) |
| Income and Other Benefits | 0.4% | (0.3, 0.6) | £52m | (40, 64) |
| Premiums | 0.2% | (0.2, 0.3) | £28m | (21, 36) |
| CHB | 0.0% | (0.0, 0.0) | £2m | (1, 3) |
| Conditions of Entitlement | 0.4% | (0.3, 0.6) | £52m | (37, 69) |
| Incorrect Treatment of Final Earnings | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Applicable Amounts | 0.1% | (0.1, 0.2) | £14m | (8, 23) |
| Arrears | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Date of Claim | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Capital | 0.1% | (0.0, 0.1) | £7m | (3, 13) |
| Labour Market Issues | 0.2% | (0.1, 0.3) | £28m | (17, 39) |
| Continuity | 0.0% | (0.0, 0.0) | £1m | (0, 3) |
| Contributions | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| New Tax Credits | 0.0% | (0.0, 0.1) | £4m | (1, 8) |
| Other | 0.0% | (0.0, 0.1) | £3m | (0, 8) |
| Total | 1.7% | (1.4, 1.9) | £200m | (170, 230) |
| April 2008 - March 2009 | | | | |
| | Percentage of expenditure overpaid | | Amount of expenditure overpaid | |
| Pension Credit | | | | |
| Mortgage and Housing Costs | 0.1% | (0.1, 0.2) | £8m | (4, 14) |
| Income and Other Benefits | 0.7% | (0.5, 0.9) | £52m | (38, 67) |
| Conditions of Entitlement | 0.0% | (0.0, 0.1) | £2m | (0, 4) |
| Applicable Amounts | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Arrears | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Date of Claim | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Capital | 0.2% | (0.1, 0.3) | £17m | (10, 25) |
| Retirement Income Provision | 0.5% | (0.3, 0.6) | £35m | (25, 46) |
| Savings Credit | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| New Tax Credits | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Additional Amounts Guarantee Credit | 0.6% | (0.4, 0.8) | £47m | (32, 64) |
| Other | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Total | 2.1% | (1.7, 2.4) | £160m | (130, 190) |

Notes to table:

Estimates are rounded to the nearest £1m and presented with 95% confidence intervals, which include adjustments to incorporate some non-sampling sources of uncertainty.

A figure of £0m indicates that the unrounded estimate is less than £0.5m. Total estimates are rounded to the nearest £10m.

Columns may not sum to totals due to rounding.

Fraud and Error in Housing Benefit by type

- 6.7 Table 6.4 presents a breakdown of Housing Benefit overpayments into categories of fraud and error. Note that, unlike the previous section, these estimates include fraud, customer error and official error together in one table. Table 6.5 gives a separate assessment of how the responsibility for official error is split between the DWP, Local Authorities and Her Majesty's Revenue and Customs (HMRC).
- 6.8 Both tables present the extrapolated estimates. We have assumed that 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 fraud or error types which we might expect to be more or less likely in new claims, thus we may have under- or overstated the amount of expenditure overpaid for these errors. The different types are explained below:
- **Non-residence:** Errors where we can confirm the customer no longer lives at the Housing Benefit 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 customer. The likelihood that these cases really were non-resident is estimated as part of the final calculation.
 - **Earnings:** Errors where the amount or existence of earnings was incorrect in the HB assessment or has changed since the original HB assessment, thus affecting eligibility to the benefit.
 - **Tax Credits:** This covers incorrect treatment of a Tax Credit award in the HB assessment. The review process cannot assess the correctness of the Tax Credit award itself.
 - **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 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.
 - **Other Income:** Errors where the amount or existence of other income (excluding Tax Credits) means that the HB award is incorrect.

- Non-dependants: Errors in HB due to an incorrect or missing non-dependant deduction.
- Tenancy: Errors which occur because the customer has no rent liability or is not eligible for HB.
- Rent: Includes the incorrect declaration of rent and incorrect conversion to a weekly amount.
- Incorrectly Treated as in receipt of a Passporting Benefit by the LA: This covers all errors where information about passporting benefits has not been used or has been used incorrectly by the LA, but it does not cover errors in entitlement to the passporting benefits.
- Notification of Passporting Benefit by DWP to LA: 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.
- Local Housing Allowance (LHA) came into effect on 1st April 2008. For the time period covered in this report, April 2008 to March 2009, there were very few sample cases with LHA in payment.

Table 6.4: Estimated fraud and error in Housing Benefit by type

| April 2008 - March 2009 | | | | |
|--|------------------------------------|-------------------|--------------------------------|-------------------|
| | Percentage of expenditure overpaid | | Amount of expenditure overpaid | |
| Working Age | | | | |
| Non-residence | 1.1% | (0.3, 2.0) | £121m | (29, 222) |
| Confirmed non-residence | 0.6% | (0.0, 1.4) | £65m | (0, 156) |
| Suspected non-residence | 0.2% | (0.0, 0.4) | £21m | (0, 50) |
| No claimant contact | 0.3% | (0.0, 0.7) | £33m | (0, 77) |
| Identity, death or temporary absence | 0.0% | (0.0, 0.1) | £3m | (0, 13) |
| Earnings | 2.0% | (1.3, 2.8) | £222m | (152, 318) |
| Unreported Earnings | 0.6% | (0.2, 1.2) | £71m | (20, 137) |
| Incorrect Earnings | 1.3% | (0.9, 1.9) | £150m | (104, 210) |
| Tax Credits | 1.1% | (0.8, 1.5) | £122m | (88, 165) |
| Unreported Tax Credits | 0.3% | (0.1, 0.5) | £29m | (8, 58) |
| Incorrect Tax Credits | 0.8% | (0.6, 1.1) | £94m | (72, 121) |
| Living Together | 0.5% | (0.0, 1.3) | £61m | (0, 143) |
| Capital | 0.2% | (0.0, 0.7) | £20m | (0, 76) |
| Other Benefits | 0.2% | (0.1, 0.4) | £23m | (7, 47) |
| Other Means testing | 0.3% | (0.0, 0.8) | £30m | (0, 85) |
| Other Income | 0.3% | (0.0, 0.8) | £38m | (4, 85) |
| Non-dependants | 0.3% | (0.1, 0.5) | £31m | (8, 62) |
| Tenancy | 0.2% | (0.0, 0.5) | £18m | (0, 55) |
| Rent | 0.1% | (0.0, 0.3) | £14m | (0, 39) |
| Passporting | 0.2% | (0.0, 0.7) | £19m | (0, 79) |
| Incorrectly treated as in receipt of a passporting benefit by the LA | 0.1% | (0.0, 0.7) | £16m | (0, 74) |
| Incorrect information about passporting benefit on DWP systems | 0.0% | (0.0, 0.1) | £3m | (0, 17) |
| Total | 6.4% | (4.8, 8.4) | £720m | (540, 950) |
| Pensioners | | | | |
| Non-residence | 0.3% | (0.1, 0.6) | £19m | (7, 35) |
| Confirmed non-residence | 0.1% | (0.0, 0.2) | £6m | (0, 12) |
| Suspected non-residence | 0.0% | (0.0, 0.0) | £1m | (0, 2) |
| No claimant contact | 0.1% | (0.0, 0.4) | £9m | (0, 23) |
| Identity, death or temporary absence | 0.1% | (0.0, 0.2) | £4m | (0, 9) |
| Earnings | 0.2% | (0.1, 0.3) | £10m | (5, 17) |
| Unreported Earnings | 0.0% | (0.0, 0.1) | £3m | (0, 6) |
| Incorrect Earnings | 0.1% | (0.1, 0.2) | £7m | (4, 13) |
| Tax Credits | 0.0% | (0.0, 0.0) | £2m | (2, 3) |
| Unreported Tax Credits | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Incorrect Tax Credits | 0.0% | (0.0, 0.0) | £2m | (2, 2) |
| Living Together | 0.2% | (0.1, 0.3) | £10m | (7, 15) |
| Capital | 0.4% | (0.2, 0.7) | £24m | (11, 39) |
| Other Benefits | 0.2% | (0.1, 0.3) | £9m | (5, 15) |
| Other Means testing | 0.0% | (0.0, 0.0) | £1m | (0, 1) |
| Other Income | 0.4% | (0.2, 0.7) | £25m | (13, 42) |
| Non-dependants | 0.1% | (0.1, 0.3) | £8m | (3, 15) |
| Tenancy | 0.1% | (0.0, 0.2) | £4m | (0, 14) |
| Rent | 0.0% | (0.0, 0.0) | £1m | (0, 3) |
| Passporting | 0.0% | (0.0, 0.0) | £1m | (0, 2) |
| Incorrectly treated as in receipt of a passporting benefit by the LA | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Incorrect information about passporting benefit on DWP systems | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Total | 2.0% | (1.6, 2.5) | £120m | (90, 150) |

Notes to table:

Estimates are rounded to the nearest £1m and presented with 95% confidence intervals, which include adjustments to incorporate some non-sampling sources of uncertainty.

A figure of £0m indicates that the unrounded estimate is less than £0.5m. Total estimates are rounded to the nearest £10m.

Columns may not sum to totals due to rounding.

Table 6.4 continued: Estimated fraud and error in Housing Benefit

| April 2008 - March 2009 | | | | |
|--|------------------------------------|------------|--------------------------------|-------------|
| | Percentage of expenditure overpaid | | Amount of expenditure overpaid | |
| Combined | | | | |
| Non-residence | 0.8% | (0.3, 1.5) | £141m | (58, 249) |
| Confirmed non-residence | 0.4% | (0.1, 0.9) | £71m | (9, 156) |
| Suspected non-residence | 0.1% | (0.0, 0.3) | £21m | (0, 49) |
| No claimant contact | 0.2% | (0.0, 0.6) | £41m | (4, 95) |
| Identity, death or temporary absence | 0.0% | (0.0, 0.1) | £8m | (0, 22) |
| Earnings | 1.4% | (1.0, 1.9) | £231m | (164, 321) |
| Unreported Earnings | 0.4% | (0.2, 0.8) | £74m | (28, 137) |
| Incorrect Earnings | 0.9% | (0.7, 1.3) | £157m | (112, 214) |
| Tax Credits | 0.7% | (0.5, 1.0) | £125m | (92, 163) |
| Unreported Tax Credits | 0.2% | (0.1, 0.3) | £29m | (10, 56) |
| Incorrect Tax Credits | 0.6% | (0.4, 0.7) | £96m | (75, 121) |
| Living Together | 0.4% | (0.1, 0.9) | £71m | (15, 148) |
| Capital | 0.3% | (0.0, 0.6) | £44m | (2, 107) |
| Other Benefits | 0.2% | (0.1, 0.4) | £33m | (15, 62) |
| Other Means testing | 0.2% | (0.0, 0.5) | £31m | (4, 83) |
| Other Income | 0.4% | (0.1, 0.7) | £63m | (24, 125) |
| Non-dependants | 0.2% | (0.1, 0.4) | £40m | (16, 73) |
| Tenancy | 0.1% | (0.0, 0.4) | £22m | (0, 68) |
| Rent | 0.1% | (0.0, 0.2) | £16m | (0, 39) |
| Passporting | 0.1% | (0.0, 0.4) | £19m | (0, 75) |
| Incorrectly treated as in receipt of a passporting benefit by the LA | 0.1% | (0.0, 0.4) | £16m | (0, 70) |
| Incorrect information about passporting benefit on DWP systems | 0.0% | (0.0, 0.1) | £3m | (0, 16) |
| Total | 4.9% | (3.8, 6.4) | £840m | (650, 1090) |

Notes to table:

Estimates are rounded to the nearest £1m and presented with 95% confidence intervals, which include adjustments to incorporate some non-sampling sources of uncertainty.

A figure of £0m indicates that the unrounded estimate is less than £0.5m. Total estimates are rounded to the nearest £10m.

Columns may not sum to totals due to rounding.

6.9 Table 6.5 presents a breakdown of the official error overpayments in Housing Benefit. This illustrates how official errors can occur through incorrect assessments by DWP, the LA or HMRC. Errors may also be caused by the late or incorrect transfer of data between agencies.

Table 6.5: Estimated official error in Housing Benefit by type

| April 2008 - March 2009 | | | | |
|---|------------------------------------|------------|--------------------------------|-----------|
| | Percentage of expenditure overpaid | | Amount of expenditure overpaid | |
| Working Age | | | | |
| LA causes | | | | |
| Incorrect assessment by LA, or software error | 0.2% | (0.0, 0.5) | £24m | (1, 51) |
| Post not yet actioned, or overlooked by LA | 0.3% | (0.0, 0.7) | £36m | (1, 76) |
| DWP causes | | | | |
| Incorrect assessment by DWP | 0.0% | (0.0, 0.1) | £2m | (0, 14) |
| Post not yet actioned, or overlooked by DWP | 0.1% | (0.0, 0.6) | £15m | (0, 66) |
| Problems with DWP notification | 0.0% | (0.0, 0.2) | £4m | (0, 19) |
| Percentage uprating | 0.0% | (0.0, 0.0) | £1m | (0, 2) |
| Incorrect HMRC notification | 0.0% | (0.0, 0.0) | £1m | (0, 3) |
| Total | 0.7% | (0.1, 1.4) | £80m | (10, 160) |
| Pensioner | | | | |
| LA causes | | | | |
| Incorrect assessment by LA, or software error | 0.1% | (0.0, 0.1) | £4m | (1, 6) |
| Post not yet actioned, or overlooked by LA | 0.1% | (0.0, 0.2) | £5m | (2, 9) |
| DWP causes | | | | |
| Incorrect assessment by DWP | 0.0% | (0.0, 0.1) | £2m | (0, 8) |
| Post not yet actioned, or overlooked by DWP | 0.0% | (0.0, 0.1) | £2m | (0, 9) |
| Problems with DWP notification | 0.0% | (0.0, 0.0) | £0m | (0, 1) |
| Percentage uprating | 0.1% | (0.0, 0.1) | £3m | (1, 4) |
| Incorrect HMRC notification | 0.0% | (0.0, 0.0) | £0m | (0, 0) |
| Total | 0.3% | (0.1, 0.4) | £20m | (10, 30) |
| Combined | | | | |
| LA causes | | | | |
| Incorrect assessment by LA, or software error | 0.2% | (0.0, 0.3) | £27m | (4, 55) |
| Post not yet actioned, or overlooked by LA | 0.2% | (0.0, 0.5) | £41m | (7, 82) |
| DWP causes | | | | |
| Incorrect assessment by DWP | 0.0% | (0.0, 0.1) | £5m | (0, 23) |
| Post not yet actioned, or overlooked by DWP | 0.1% | (0.0, 0.4) | £17m | (0, 69) |
| Problems with DWP notification | 0.0% | (0.0, 0.1) | £4m | (0, 19) |
| Percentage uprating | 0.0% | (0.0, 0.0) | £4m | (1, 8) |
| Incorrect HMRC notification | 0.0% | (0.0, 0.0) | £1m | (0, 3) |
| Total | 0.6% | (0.2, 1.0) | £100m | (30, 180) |

Notes to table:

Estimates are rounded to the nearest £1m and presented with 95% confidence intervals, which include adjustments to incorporate some non-sampling sources of uncertainty.

A figure of £0m indicates that the unrounded estimate is less than £0.5m. Total estimates are rounded to the nearest £10m.

Columns may not sum to totals due to rounding.

7 Further information and future reporting

Further information

- 7.1 Further fraud and error figures and background documentation are available on the DWP website as National Statistics at http://research.dwp.gov.uk/asd/asd2/fraud_error.asp
- 7.2 In 2007, the Department published its strategy to reduce error in the benefit system. This is available on the DWP website at <http://www.dwp.gov.uk/docs/error-strategy-report.pdf>
- 7.3 Estimates of fraud and error across the whole benefit system are also published in the Department's Resource Account. The latest account available at the time of publication is the 2007/08 Resource Account, at: <http://www.dwp.gov.uk/docs/resource-ac-2008-09.pdf>
- 7.4 The United Kingdom Statistics Authority provide a release schedule of all National Statistics publications, it is available on their website at <http://www.statistics.gov.uk/hub/release-calendar/index.html>

Future reporting

- 7.5 The next set of fraud and error statistics will be published in spring 2010. This report will provide preliminary estimates for the continuously measured benefits for 2009/10.
- 7.6 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."
- 7.7 Unplanned revisions of figures in reports in this series might 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 are freely available, with the same level of supporting information as new statistics.

Annex 1: Glossary

A glossary of abbreviations is given below.

| | |
|------|-----------------------------------|
| CHB | Child Benefit |
| CTB | Council Tax Benefit |
| DLA | Disability Living Allowance |
| DHP | Discretionary Housing Payment |
| DWP | Department for Work and Pensions |
| HB | Housing Benefit |
| HMRC | Her Majesty's Revenue and Customs |
| IB | Incapacity Benefit |
| IS | Income Support |
| JSA | Jobseeker's Allowance |
| LA | Local Authority |
| MIG | Minimum Income Guarantee |
| NBR | National Benefit Review |
| PC | Pension Credit |

Annex 2: Statistical terms

The statistical terms used in this report are explained below.

| | |
|------------------------|---|
| Confidence Interval: | The range of values within 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 estimate is an indication of the value of an unknown quantity based on observed data. It provides information about unknown values in the population that we are trying to measure. |
| Population (Caseload): | A population is any entire collection of items from which we may collect data. It is the entire group that we are interested in, which we wish to describe or to draw conclusions about (generally benefit customers 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). Through analysing the sample it is hoped to draw valid conclusions about the larger group. |

Annex 3: Supporting material

The supporting information is available on the DWP website at:
http://research.dwp.gov.uk/asd/asd2/fraud_error_arc.asp

Income Support, Jobseeker's Allowance and Pension Credit Documentation

- 1 Income Support, Jobseeker's Allowance and Pension Credit Technical Annex at: http://research.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf

Income Support, Jobseeker's Allowance and Pension Credit Tables

Additional tables for Income Support, Jobseeker's Allowance and Pension Credit are available from table 9 onwards at:
http://research.dwp.gov.uk/asd/asd2/fem/fem_apr08_mar09.xls

The tables cover the following client groups:

- Income Support Disabled, Sick and Other;
- Income Support Lone Parents;
- Income Support Working Age;
- Jobseeker's Allowance;
- Income Support Working Age and Jobseeker's Allowance;
- Pension Credit.

The tables available are:

- 1 April 2008 to March 2009 overpayments by client group
- 2 April 2008 to March 2009 underpayments by client group
- 3 April 2008 to March 2009 cases incorrect by client group, covering overpayments and underpayments
- 4 Breakdown of April 2008 to March 2009 overpayment incorrectness by error amount for each client group
- 5 Breakdown of April 2008 to March 2009 underpayment incorrectness by error amount for each client group
- 6 Breakdown of April 2008 to March 2009 underpayments by the different causes of fraud and error
- 7 Overpayment time series from 2005/06 to latest estimates for each client group

Housing Benefit documentation

- 1 Housing Benefit Review Technical Annex.

Housing Benefit tables

Additional tables and charts for Housing Benefit are available from tables 1 to 8 at: http://research.dwp.gov.uk/asd/asd2/fem/fem_apr08_mar09.xls

- 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 split by the cause of incorrectness, year and client group:
 - Working age not in receipt of Income Support or Jobseeker's Allowance (Income Based);
 - Working age in receipt of Income Support or Jobseeker's Allowance (Income Based);
 - Working Age total;
 - Pensioner not in receipt of Pension Credit (Guarantee Credit);
 - Pensioner in receipt of Pension Credit (Guarantee Credit);
 - Pensioner total;
 - Total not in receipt of Income Support / Jobseeker's Allowance (Income Based) / Pension Credit (Guarantee Credit);
 - Total in receipt of Income Support / Jobseeker's Allowance (Income Based) / Pension Credit (Guarantee Credit);
 - Total
- 3 Estimates for Housing Benefit incorrect payments and underpayments, split by year and client group:
 - Working age not in receipt of Income Support or Jobseeker's Allowance (Income Based);
 - Working age in receipt of Income Support or Jobseeker's Allowance (Income Based);
 - Pensioner not in receipt of Pension Credit (Guarantee Credit);

- Pensioner in receipt of Pension Credit (Guarantee Credit);
 - Total
- 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 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 for working age expenditure overpaid by the component of the Housing Benefit assessment that was incorrect.
- 3 Estimates for total expenditure overpaid by the component of the Housing Benefit assessment that was incorrect.

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