

**Fraud and Error in the Benefit System
April 2005 to March 2006:
Spending Review 2004 target baseline**

INFORMATION DIRECTORATE

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Summary

Background

1. This report gives estimates of the level of fraud and error in benefits administered by the Department for Work and Pensions (DWP) and Local Authorities.
2. The Spending Review 2004 (SR04) announced a new Public Service Agreement (PSA) target for Income Support (IS) and Jobseeker's Allowance (JSA) fraud and error to take effect from April 2005. The ending of the Spending Review 2002 (SR02) set of targets and starting of a new target in 2005/06 presented the opportunity to introduce methodology and process improvements.
3. This report presents estimates of fraud and error in the financial year 2005/06 based on a new measurement methodology for IS, JSA and Pension Credit as well as a further refinement of the 2005/06 estimates of fraud and error across the whole benefit system. The estimates establish a new baseline against which to measure the Department's progress against its SR04 PSA target for fraud and error in IS and JSA. Although no new target was set for Pension Credit under SR04, improvements were made to Pension Credit at the same time as IS and JSA, both to improve the global estimate of fraud and error across all benefits, and to maintain consistency of measurement across benefits. No changes have been made to the methodology used to estimate overpayments on Housing Benefit expenditure.
4. The estimates based on the new methodology for measuring fraud and error in IS, JSA and Pension Credit should not be used to update the assessment of the Department's performance against its SR02 set of targets. They do not allow for a like-for-like comparison with the 1997/98 and 2001/02 baseline estimates as they are based on a different methodology. The assessment of performance against SR02 targets published in February 2007 was based on estimates derived from the same methodology and should continue to be used.
5. As measurement based on both the old and the new methodologies took place during the 2005/06 financial year, it has been possible to provide a comparison of the effects on the estimated levels of fraud and error and this is presented in this report.

SR04 targets and the rebaselined estimates

6. The target for the reduction of fraud and error in IS and JSA announced in SR04 is:

PSA target 10A: To reduce the proportion of Income Support (IS) and Jobseeker's Allowance (JSA) expenditure overpaid through fraud and error between 2005/06 and 2009/10 by 15%.

7. The target for the reduction in overpayment of Housing Benefit expenditure was also extended as part of SR04:

PSA target 10B: To reduce the proportion of working age Housing Benefit (HB) expenditure overpaid through fraud and error between 2002/03 and 2007/08 by 25%

8. The baseline levels of fraud and error in IS, JSA and Pension Credit during the period April 2005 to March 2006 for the purposes of measuring the Department's progress going forward are:

- Around **4.9%**, or **£570m**, of **IS and JSA** expenditure is estimated to have been overpaid;
- Around **4.7%**, or **£310m**, of **Pension Credit** expenditure is estimated to have been overpaid

Fraud and error across the benefit system

9. The estimates of fraud and error on IS, JSA, Pension Credit and HB are combined with historical results in other benefits and other assumptions to produce estimates of overpayments across the whole benefit system.

10. Refinements to the estimates of fraud and error in those benefits which have not been directly measured, plus inclusion of new methodology estimates for IS, JSA and Pension Credit, lead to the conclusion that during the period April 2005 to March 2006:

- Around **2.1%**, or **£2.5bn**, of overall benefit expenditure is estimated to have been overpaid. Overall expenditure on benefits was £116 billion in 2005/06.

11. As this estimate relies on assumptions about the level of fraud and error in benefits that have not been measured, and on historical results for benefits that are not measured every year, it is subject to a large degree of uncertainty.

12. These results can be regarded as further revisions of the estimates which were originally published in the Department's accounts for 2005/06.

Differences between these results and those published in February

13. The 2005/06 results presented in this report are different from those presented in February 2007 for three main reasons:
- Definitional and methodological changes made to IS, JSA and Pension Credit measurement for SR04 to more closely measure the true financial impact of errors, and to make the sample and results more representative. These account for a net upwards effect of about £10m.
 - Changes for IS, JSA and Pension Credit resulting from data that has fed through since the February 2007 report, including an assessment of data quality bias following the completion of an assurance checking exercise. These lead to an upwards effect of about £50m.
 - The methodological changes made to the estimates for the benefits which have not been directly measured following a review of the assumptions on which these estimates have been based. The net effect of these is downwards by about £150m.

Interpretation of results

14. The estimates presented in this report are based on analysis of reviews of random samples drawn from benefit caseloads. This means that they are subject to a relatively large degree of statistical uncertainty, which is quantified in the form of '95% confidence intervals'. These give the range in which we can be 95% sure that the true value lies for each of the estimates presented. Further uncertainties arise from imperfections in the design and operation of the review process. Where possible these have been quantified and incorporated into the 95% confidence intervals.
15. Care is needed when interpreting the results presented in this report. In particular:-
- The results are imprecise, because of sampling and other uncertainties. 95% confidence intervals are used in the report to express the extent of sampling uncertainty together with other uncertainties that we have been able to quantify;
 - They do not encompass all fraud and error;
 - Some overpaid benefit is subsequently recovered;

- Some incorrect payments may be practically unavoidable;
- Some expenditure cannot be reviewed by the measurement system.

Future reporting

16. The release of this report has been substantially delayed beyond the estimated publication timeframe given in February 2007 as it took much longer than expected to implement the complex new calculation methodology.
17. The rebaselined 2005/06 estimate is not directly comparable with previous estimates because of the methodological changes. It is directly comparable with the September 2006 estimate, as the same methodology has been applied. Headline estimates for this period are being released in conjunction with this report to allow progress towards the target to be assessed.
18. This series will continue to monitor progress against the new target for IS and JSA and the extension of the HB target to 2007/08. Further targets for the reduction of fraud and error may be set as part of the 2007 Comprehensive Spending Review. Progress against these will also be monitored in future reports.

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1. Introduction

Background

- 1.1 The focus of this report is to establish baseline estimates to judge future progress against the SR04 fraud and error targets. These estimates are based on a new methodology introduced to improve the measurement of fraud and error in Income Support (IS), Jobseeker's Allowance (JSA) and Pension Credit. The new estimates of fraud and error in IS, JSA and Pension Credit have been combined with estimates for Housing Benefit and improved estimates for other benefits to provide a global estimate of fraud and error across all benefits. Results are presented for the period April 2005 to March 2006.
- 1.2 Estimates of fraud and error in IS, JSA, Pension Credit and Housing Benefit (HB) are produced by statistical analysis of data collected via continuous survey exercises, in which Department for Work and Pensions (DWP) staff review a randomly selected sample of cases each year.
- 1.3 For most cases, the review process involves:
 - *Preview*: the collation of information from a variety of DWP or Local Authority (LA) systems to build up an initial picture of the case and to identify any discrepancies between information from different sources;
 - *Interview*: the interview of the customer at their home, which follows a structured and detailed set of questions about the basis of the claim, aimed at identifying any discrepancies between the customer's current circumstances and the circumstances upon which their benefit claim was based.and if a suspicion of fraud is identified:
 - *Fraud Investigation*: carried out by a trained Fraud Investigator with the aim of resolving the suspicion.
- 1.4 This report also provides estimates of fraud and error across the whole benefit system, produced by combining the results of these survey exercises with earlier surveys in other benefits and by making other assumptions about expenditure not previously measured in a comparable survey exercise.

Structure

1.5 The report is structured as follows:

- Chapter 2 presents the headline overpayments in Income Support, Jobseeker's Allowance and Pension Credit for 2005/06 using the new measurement methodology, with a commentary including notes on interpreting results from the tables.
- Chapter 3 presents descriptions and impact analyses for the process and methodology changes introduced for IS, JSA and Pension Credit.
- Chapter 4 presents estimates of overpayments and underpayments across the whole benefit system, including a description of the methodological changes to the estimates for the 'unmeasured' benefits.
- Chapter 5 presents a breakdown of overpayments by the different causes of frauds and errors.
- Chapter 6 presents links to further information and outlines plans for future reporting.
- The Annexes give a glossary of abbreviations and statistical terms used in the report, and a list of other estimates and information available on fraud and error in the benefit system.

2. Headline Results: 2005/06 Estimates

Headline levels of fraud and error

2.1 *Figures 2A and 2B* give estimates of overpayments during 2005/06 for those benefits which are continuously measured. These estimates are expressed as a percentage of expenditure for that benefit and as a monetary amount. The estimates for IS, JSA and Pension Credit are based on a new methodology for measuring fraud and error. The key findings are:

- Around **4.9%**, or **£570m**, of **Income Support and Jobseeker's Allowance** expenditure is estimated to have been overpaid;
- Around **4.7%**, or **£310m**, of **Pension Credit** expenditure is estimated to have been overpaid.

The estimates of Housing Benefit expenditure overpaid during 2005/06 have not been updated since the February 2007 report, as the review methodology has not changed.

Figure 2A: Estimated overpayments during 2005/06

Estimated overpayments during 2005/6	Percentage overpaid			Amount overpaid		
	Central	Lower	Upper	Central	Lower	Upper
Income Support	5.1%	(4.3, 6.0)		£480m	(400, 560)	
Jobseeker's Allowance	3.9%	(3.0, 5.0)		£90m	(70, 120)	
IS & JSA Combined	4.9%	(4.2, 5.6)		£570m	(490, 660)	
Pension Credit	4.7%	(3.4, 6.1)		£310m	(220, 400)	
Housing Benefit Working Age	6.9%	(5.1, 8.4)		£640m	(470, 770)	
Housing Benefit Pensioners	2.7%	(1.7, 5.0)		£130m	(80, 240)	
Housing Benefit	5.5%	(4.3, 6.7)		£770m	(600, 940)	

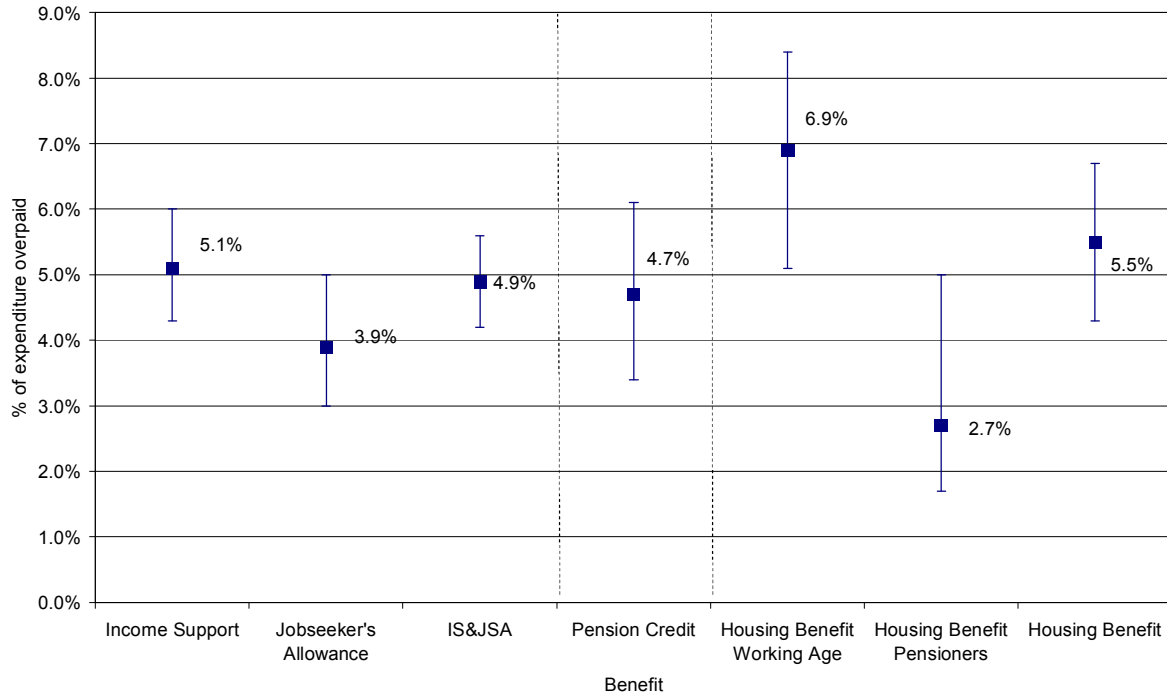
2.2 *Figure 2B* overleaf illustrates the width of the confidence intervals relative to the size of the central estimates. It demonstrates, for example, that:

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

Benefit;

- Because the confidence intervals are all relatively wide and overlapping, the differences in the estimated levels of fraud and error in IS, JSA, Pension Credit and HB (overall) are not statistically significant.

Figure 2B: Estimated percentage of expenditure overpaid



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

The estimates are subject to uncertainties: All estimates are based on the examination of a random sample of benefit claims. With any survey sampling exercise, the estimates derived from the sample may be different from what we would see if we examined the whole caseload. Further uncertainties in the measurement exercises arise from assumptions that have had to be made to account for incomplete or imperfect data. Where possible these further uncertainties have been quantified and combined with the sampling uncertainties to give an overall assessment of uncertainty in the results as 95 per cent confidence limits. These confidence limits show the range within which we can be 95% sure that the true value lies. Some 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 different degrees of strictness for different review cases or for different periods of time.

The estimates do not encompass all fraud and error: While we have tried to make our measurement process as rigorous as possible, it will not capture all fraud and error. Examples include official errors relating to incorrect start and end dates for Housing Benefit payments, and Housing Benefit instrument of payment fraud. It is also likely that some fraud and error, if present on sample cases, would not have been uncovered, e.g. because fraud is by its nature a covert activity, because complex official error can be difficult to identify, and because some suspicions of fraud on sample cases cannot be proven. For example, unreported earnings in the informal economy will be much harder to detect than unreported earnings 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 are of the order of £500m annually, with over half of this coming from Housing Benefit. The loss to the public purse is therefore lower than the figures shown in this report.

Some incorrect payments may be unavoidable: The measurement methodology will treat a case as incorrect, even where the customer has promptly reported a change and there has been only a short delay in processing, because the change has not been processed before the next payment is made.

Some expenditure cannot be reviewed: A proportion of continuously measured benefit expenditure, currently estimated to be about 15%, cannot be captured by the samples. This is mainly because of (a) the delay between sample selection and the interview of the customer, and (b) the time taken to process new benefit claims, which excludes the newest cases from the review. The estimates in the tables in this report have been extrapolated to cover the missing expenditure. The confidence intervals reflect some of the uncertainty around the rates of fraud and error assumed for the groups not covered in the sample. It should be noted that the confidence intervals do not reflect the range of possible assumptions that could have been made about these rates of fraud and error or the proportion of expenditure outside the scope of the sample. It is estimated that this missing uncertainty is relatively small.

Causes of incorrect payments

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

- **Fraud:** This includes all cases where:
 - the basic conditions for receipt of benefit, or the rate of benefit in payment, are not being met;
 - the 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 an incorrect assessment by the DWP, a Local Authority or Her Majesty's Revenue and Customs.

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

Figure 2C: Estimated overpayments by cause

Estimated overpayments during 2005/06	Fraud	Customer Error	Official Error	Total
Income Support	2.2% (1.6, 2.9) £200m (150, 280)	1.5% (1.2, 1.8) £140m (110, 170)	1.4% (1.0, 1.8) £140m (100, 170)	5.1% (4.3, 6.0) £480m (400, 560)
Jobseeker's Allowance	1.4% (0.7, 2.2) £30m (10, 50)	0.5% (0.0, 1.1) £10m (0, 20)	1.9% (1.5, 2.5) £40m (40, 60)	3.9% (3.0, 5.0) £90m (70, 120)
IS & JSA Combined	2.0% (1.5, 2.7) £240m (170, 310)	1.3% (1.0, 1.6) £150m (120, 190)	1.5% (1.2, 1.9) £180m (140, 220)	4.9% (4.2, 5.6) £570m (490, 660)
Pension Credit	0.8% (0.5, 1.2) £50m (30, 80)	1.5% (1.0, 2.2) £100m (70, 140)	2.4% (1.2, 3.6) £160m (80, 230)	4.7% (3.4, 6.1) £310m (220, 400)
Housing Benefit	1.0% (0.5, 1.6) £140m (70, 230)	3.1% (2.3, 4.0) £440m (330, 550)	1.3% (0.5, 2.1) £190m (80, 290)	5.5% (4.3, 6.7) £770m (600, 940)

Estimates are rounded to the nearest £10m and presented with 95% confidence intervals, which quantify sampling uncertainty and where possible further non-sampling uncertainties. Columns may not sum to row totals due to rounding.

3. Changes to fraud and error measurement estimates for IS, JSA and Pension Credit

Introduction

- 3.1 The ending of the Spending Review 2002 targets for IS, JSA and Pension Credit presented the opportunity to introduce some methodology and process improvements, without interrupting our ability to measure progress over time.
- 3.2 The key objectives of the new methodology are to:
- Bring the methodology closer to establishing the true financial impact of fraud and error.
 - Make the sample and results more representative.
 - Move toward aligning the measurement methodology with that of the Housing Benefit Review (HBR).
- 3.3 In this chapter we examine the key aspects where the results from the new methodology differ from those from its predecessor.
- 3.4 Changes to the results have also arisen from data that has fed through since the February 2007 report, in particular an assessment of data quality following the completion of an assurance checking exercise. The impacts and implications of these changes are also examined in this chapter.
- 3.5 Further details about the changes are given in a technical appendix, which can be found at www.dwp.gov.uk/asd/asd2/fraud_error.asp/fem_tec_app.pdf

Main changes to IS, JSA and Pension Credit estimates

Definitional changes

3.6 The following definitional changes to what is being measured were introduced primarily to make the estimates better relate to the actual impact of fraud and error on expenditure.

- Downwards effects of about £20m resulted from
 - Recognition of entitlement to an alternative benefit when the one in payment is being paid erroneously;
 - Recognition that not all failures by DWP staff to follow procedures have a financial impact on the benefit award.
- An upwards effect of about £10m resulted from
 - Rectifying a measurement process imperfection whereby official errors identified by DWP local offices after the fact were excluded from measurement

3.7 The net effect of these definitional changes is downwards by about £10m.

Methodological changes

3.8 The following changes to sampling and calculation methods were aimed primarily at making the estimates better represent overpayments in the *whole* of IS, JSA and Pension Credit expenditure.

- Upwards effects of about £40m come from
 - A main effect from changes to sampling and calculation methods to remove a bias associated with a significant shortage in the sample of claims in their first few months;
 - A smaller effect from including in the sample official error outcomes on cases that cannot be visited. The enlarged sample replaces a previous approximation of the effect of these cases.

- Downwards effects of about £10m come from
 - Applying a stricter criterion for which instances of fraud detected by fraud investigations on measurement sample cases should feed into the main calculations, according to when the overpayment occurred.

3.9 The combined effect of the methodological changes is upwards by about £20m.

More recent data

3.10 The sample data is more complete now than in February. The use of later data results in an upward effect of about £30m. This arises because

- Some data inconsistencies have been uncovered and addressed in the course of further analysis and checking. This has accounted for about £20m of the change;
- Some cases previously left outstanding for the completion of fraud investigations or obtaining of further information at the last report have now been completed. Whilst predictions are used in the calculations for the rates of fraud and error expected on outstanding cases, based on error rates for samples of comparable cases, these can sometimes prove inaccurate because the samples involved are relatively small.

Data quality bias adjustment

3.11 A random sample of cases was re-checked to assess data quality. Analysis of the results from the data quality assurance exercise has implied results based on the original fieldwork have understated the total level of fraud and error on IS, JSA and Pension Credit in 2005/06, with the understatement estimated at about £20m.

3.12 In order to correct for this data quality bias, and for purposes of comparisons with future performance, the total fraud and error estimates for 2005/06 have been adjusted upwards. Assurance checking is planned for future years to ensure that we have a quantification of data quality bias that is meaningfully comparable with the baseline year.

3.13 The adjustment more than doubles the formal sample-based confidence intervals around the adjusted estimates of fraud and error on both Pension Credit and IS and JSA combined. This is a reflection of the uncertainty added to the results due to the discrepancies found in the relatively small assurance sample.

Implications of more recent data for assessment of performance against SR02 PSA target

- 3.14 These changes do not affect the conclusion about performance against the SR02 target published in February. That conclusion had to be presented as a range because of a number of factors and uncertainties affecting the comparability of the estimates for the SR02 year and the baseline year (October 1997 to September 1998). These included the lack of information we have about the extent to which the baseline year's results were affected by data quality problems and outstanding cases.

4. Fraud and error across the benefit system

Background

- 4.1 The most recent estimates for fraud and error across the whole benefit system were presented in the February 2007 publication on fraud and error and in the Department's Resource Accounts for 2006/07. This section updates these estimates for two reasons.
- Firstly, it brings the results of the new measurement methodology for Income Support, Jobseeker's Allowance, and Pension Credit into our overall estimates.
 - Secondly, it introduces changes to the methodology for estimating the fraud and error in unreviewed benefits.

Revised estimates for 2005/06

- 4.2 *Figure 4A* presents revised estimates for 2005/06. We estimate that **£2.5bn** of benefit expenditure was overpaid, representing around **2.1%** of expenditure. This updated overall estimate for 2005/06 is slightly lower than that published in February 2007. The difference represents the net upward effect of around £60m in the combined estimate for Income Support, Jobseeker's Allowance and Pension Credit discussed in Chapter 3, and a £150m downward effect due to changes to the estimates for unreviewed benefits.

Interpretation and composition

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

4.5 Three different types of estimate contribute to the total. These are:

Continuous measurement: Around a quarter of all benefit expenditure is covered by the main measurement exercises on Income Support, Jobseeker's Allowance, Pension Credit and Housing Benefit. Official error is measured continuously in Incapacity Benefit and Retirement Pension. There is also an annually updated estimate of 'Instrument of Payment' fraud, which captures, for example, the fraudulent encashment of cheques.

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

Assumptions about and modelling of unmeasured quantities: Benefits where there has not been any recent measurement activity make up around 15% of total expenditure. For these, we have based the estimates on the level of fraud and error found in similar, measured benefits. For example, Council Tax Benefit has many similarities to Housing Benefit. The knock-on effect of overpayments of Disability Living Allowance on other awards is estimated using a modelling approach and is indicated in the table under 'Interdependencies'.

Changes to assumptions about unmeasured benefits

- 4.6 Council Tax Benefit (CTB) continues to be estimated in relation to Housing Benefit (HB), but with an additional refinement. The working age rate of fraud and error for HB has been applied to the working age caseload of CTB. Similarly for the pensioner caseload. As CTB has an older caseload, and the pensioner rate of fraud and error is lower, this results in CTB estimates which are roughly 10% lower than for HB.
- 4.7 For the other unmeasured benefits, a flat rate of 2.7% overpaid expenditure was previously assumed. These assumptions have been updated, and the new methodology extends the idea of assuming the same fraud and error rates for closely related benefits.
- 4.8 Similar benefits have been grouped into families containing at least one reviewed benefit. The fraud and error rate of the reviewed benefit is then applied to all the unreviewed benefits in the group. Where no similar reviewed benefit exists, we have retained the previous approach of applying the overall fraud and error rate of measured benefits to the unreviewed benefits.

4.9 Taken together, these changes have reduced the estimate for fraud and error in unreviewed benefits by around £150m.

Figure 4A: Estimated overpayments during 2005/06

Estimated overpayments in 2005/6	Expenditure	Fraud & Error	Fraud	Customer Error	Official Error	Last measured
Continuously reviewed						
Income Support	£9.4bn	5.1%	£480m	2.2%	£200m	2005/06
Jobseeker's Allowance	£2.3bn	3.9%	£90m	1.4%	£30m	2005/06
Pension Credit	£6.5bn	4.7%	£310m	0.8%	£50m	2005/06
Housing Benefit	£13.9bn	5.5%	£770m	1.0%	£140m	2005/06
Instrument of Payment			£20m		£20m	2005/06
Occasionally reviewed						
Disability Living Allowance ¹	£8.7bn	1.9%	£160m	0.5%	£40m	2004/05
State Pension ^{2,3}	£51.4bn	0.1%	£80m	0.0%	£0m	2005/06
Carer's Allowance	£1.2bn	5.5%	£60m	3.9%	£40m	1996/07
Incapacity Benefit ³	£6.7bn	1.7%	£120m	0.1%	£10m	2000/01
Interdependencies ⁴			£30m		£10m	2005/06
Unreviewed						
Unreviewed (ex CTB) ⁵	£12.5bn	1.6%	£190m	0.5%	£60m	
Council Tax Benefit ⁶	£3.8bn	5.1%	£190m	1.0%	£40m	
Total⁷	£116.3bn	2.1%	£2.5bn	0.6%	£0.6bn	
Range⁸		(1.8-2.5)	(2.1-2.9)	(0.4-0.8)	(0.4-0.9)	(0.7-1.1)

Notes:

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

- 1 The 2004/05 DLA National Benefit Review (NBR) 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 £0.7 billion (+/- £0.2 billion). This component is not included in the total above. Also, previous estimates have derived the percentage of expenditure overpaid from cash values published in the NBR report and expenditure estimates from a different source. Here, the percentage of expenditure overpaid is used directly from the NBR report, and differs slightly from previously published values.
- 2 The 2005/06 SP 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 - a small amount of these may be fraudulent.
- 3 Official error estimates for Incapacity Benefit and State Pension are derived from the 2005/06 measurement exercises.

- 4 Overpayments due to knock-on effects between DLA overpayments and premiums for caring and disability on income-related benefits.
- 5 The estimated rate of fraud and error on unreviewed benefits has been estimated by comparing with reviewed benefits that are similar, where suitable proxies exist. Where such proxies are not available, the average of all measured benefits has been used.
- 6 Fraud and error in CTB has not been measured before. The estimate is based on the results of measurement of Housing Benefit, adjusted to account for the greater proportion of pensioners that are in receipt of CTB.
- 7 Rows and columns may not sum to totals due to rounding.
- 8 Approximate 95% confidence intervals are given. These are wider than in previous reports as they allow for non-sample error in periodically reviewed benefits, and the additional uncertainty that comes from the use of older measurements.

Underpayments

- 4.10 Using similar assumptions, it is estimated that underpayments across the benefit system totalled around **£1.0bn**, or **0.8%** of total benefit expenditure. This only covers recipients who are getting less than they are entitled to, and does not include those who are entitled to benefits but do not apply, or whose applications are incorrectly rejected.¹
- 4.11 Note that under the current measurement methodologies, a simple offsetting of underpayments against overpayments does not give an accurate picture of the 'net' overpayment. This is because the relationship between the overpayment and underpayment estimates is complex.
- 4.12 At its simplest, we can say that underpayments and overpayments often involve different customers, and both situations are incorrect. These two 'wrongs' cannot be combined into a single 'right', unless the same customer receives a simultaneous under and overpayment. Under the current measurement system, we do not know how many customers are in this situation, but as fraud and error only occur in a small percentage of all cases the frequency of simultaneous under and over payments is expected to be low.

¹ For estimates of 'non-take-up' of some benefits see www.dwp.gov.uk/asd/irb.asp

Figure 4B: Estimated underpayments during 2005/06

Estimated underpayments in 2005/06	Expenditure	Fraud & Error	Fraud	Customer Error	Official Error	Last measured
Continuously reviewed						
Income Support	£9.4bn	1.3%	£120m	0.0%	£0m	2005/06
Jobseeker's Allowance	£2.3bn	0.6%	£10m	0.0%	£0m	2005/06
Pension Credit	£6.4bn	1.7%	£110m	0.0%	£0m	2005/06
Housing Benefit ¹	£13.9bn	1.4%	£190m	0.0%	£0m	2005/06
Occasionally reviewed						
Disability Living Allowance	£8.7bn	2.5%	£220m	0.0%	£0m	2004/05
State Pension ²	£51.4bn	0.1%	£60m	0.0%	£0m	2005/06
Carer's Allowance	£1.2bn	0.1%	£0m	0.0%	£0m	1996/07
Incapacity Benefit ²	£6.7bn	0.7%	£40m	0.0%	£0m	2000/01
Unreviewed						
Unreviewed (ex CTB) ³	£12.5bn	1.2%	£150m	0.0%	£0m	
Council Tax Benefit ⁴	3.8bn	1.3%	£50m	0.0%	£0m	
Total⁵	£116.3bn	0.8%	£1.0bn	0.0%	£0.0bn	
Range⁶		(0.6-1.1)	(0.7-1.2)	(0.0-0.0)	(0.0-0.0)	

Notes

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

- 1 The HBR does not publish extrapolated underpayment figures to cover the whole HB expenditure. The values given here represent the percentage underpaid applied to total expenditure. Published HB underpayments are not split by cause; in this table they have been apportioned equally between customer and official error.
- 2 Official error estimates for Incapacity Benefit and State Pension are derived from the 2005/06 measurement exercises.
- 3 The estimated rate of fraud and error on unreviewed benefits has been estimated by comparing with reviewed benefits that are similar, where suitable proxies exist. Where such proxies are not available, the average of all measured benefits has been used.
- 4 Fraud and error in CTB has not been measured before. The estimate is based on the results of measurement of Housing Benefit, adjusted to account for the greater proportion of pensioners that are in receipt of CTB.
- 5 Rows and columns may not sum to totals due to rounding.
- 6 Approximate 95% confidence intervals are given. These are wider than in previous reports as they allow for non-sample error in periodically reviewed benefits, and the additional uncertainty that comes from the use of older measurements.

5. Detailed estimates

Introduction

- 5.1 This chapter presents breakdowns of the 2005/06 new methodology estimates for IS, JSA and Pension Credit into detailed types and causes of incorrectness.
- 5.2 Note that the estimates are often a very small percentage of expenditure, and will sometimes be based on only a few sample cases. This means that the statistical uncertainties can be large relative to the size of the central estimates, and they tend not to be suitable for examining changes over time in particular types of error. However, they can give a useful indication of which types of error are leading to the most overpaid expenditure, and how official error typically gets into the system.
- 5.3 Additional tables, including detailed estimates of underpayments, and estimates of caseload incorrectness, will be available on the DWP website at www.dwp.gov.uk/asd/asd2/fraud_error.asp shortly after publication of this report. A list of these tables is given in Annex 2 of this report.

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

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

Earnings – incorrect or undeclared income from employment.

Partner Earnings – incorrect or undeclared earnings of customer's partner.

Capital – incorrect or undeclared amount of capital held.

Dependants – claiming incorrectly for number or type of dependants.

Other 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) – 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.

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

5.5 The major types of overpayment found following implementation of the new methodology in 2005/06 have remained broadly the same as the findings from previous years. They were:

- fraud by Income Support and Jobseeker's Allowance customers where full- or part-time earnings are not declared;
- fraud by Income Support customers found to be living with a partner they had not declared;
- fraud by Pension Credit customers found to be receiving benefit whilst abroad;
- customer error by Income Support and Pension Credit customers with incorrect or non-declaration of capital;
- customer error by Income Support and Pension Credit customers who are receiving other benefits;
- customer error by Pension Credit customers with incorrect or undeclared sources of income.

Figure 5A: Estimated fraud overpayment in Income Support, Jobseeker's Allowance and Pension Credit for 2005/06

Apr05-Mar06				
	Percentage of expenditure overpaid		Amount of expenditure overpaid	
Income Support				
Earnings	0.3%	(0.2, 0.6)	£30m	(17, 52)
Partner Earnings	0.1%	(0.0, 0.2)	£7m	(0, 17)
Capital	0.3%	(0.1, 0.5)	£30m	(12, 47)
Dependants	0.1%	(0.1, 0.3)	£14m	(6, 28)
Income	0.1%	(0.1, 0.2)	£11m	(5, 20)
LTAHAW	0.7%	(0.5, 1.2)	£67m	(48, 111)
ID	0.0%	(0.0, 0.0)	£0m	(0, 0)
Address / Not at Address	0.2%	(0.1, 0.3)	£19m	(8, 33)
Housing	0.0%	(0.0, 0.0)	£0m	(0, 0)
Benefits	0.1%	(0.0, 0.1)	£5m	(2, 9)
College	0.0%	(0.0, 0.0)	£0m	(0, 0)
Abroad	0.1%	(0.0, 0.2)	£8m	(2, 19)
Hospitalisation	0.0%	(0.0, 0.0)	£0m	(0, 0)
Maintenance	0.1%	(0.0, 0.1)	£5m	(2, 10)
Non-Dependants	0.0%	(0.0, 0.0)	£0m	(0, 0)
Prison	0.0%	(0.0, 0.1)	£4m	(0, 10)
Other	0.0%	(0.0, 0.0)	£1m	(0, 4)
Total	2.2%	(1.6, 2.9)	£200m	(150, 280)
Jobseeker's Allowance				
Earnings	0.6%	(0.2, 1.0)	£14m	(5, 24)
Partner Earnings	0.0%	(0.0, 0.1)	£1m	(0, 3)
Capital	0.1%	(0.0, 0.3)	£3m	(1, 7)
Dependants	0.0%	(0.0, 0.1)	£1m	(0, 2)
Income	0.1%	(0.0, 0.2)	£1m	(0, 4)
LTAHAW	0.2%	(0.0, 0.3)	£3m	(1, 7)
ID	0.0%	(0.0, 0.0)	£0m	(0, 1)
Address / Not at Address	0.1%	(0.0, 0.2)	£2m	(0, 4)
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, 0.2)	£1m	(0, 4)
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	0.3%	(0.1, 0.6)	£7m	(2, 14)
Total	1.4%	(0.7, 2.2)	£30m	(10, 50)

Figure 5A continued: Estimated fraud overpayment in Income Support, Jobseeker's Allowance and Pension Credit for 2005/06

Apr05-Mar06				
	Percentage of expenditure overpaid		Amount of expenditure overpaid	
Income Support & Jobseeker's Allowance Combined				
Earnings	0.4%	<i>(0.3, 0.6)</i>	£44m	<i>(31, 72)</i>
Partner Earnings	0.1%	<i>(0.0, 0.1)</i>	£8m	<i>(1, 17)</i>
Capital	0.3%	<i>(0.1, 0.4)</i>	£33m	<i>(14, 48)</i>
Dependants	0.1%	<i>(0.1, 0.2)</i>	£14m	<i>(6, 26)</i>
Income	0.1%	<i>(0.1, 0.2)</i>	£13m	<i>(6, 21)</i>
LTAHAW	0.6%	<i>(0.4, 0.9)</i>	£71m	<i>(49, 108)</i>
ID	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 2)</i>
Address / Not at Address	0.2%	<i>(0.1, 0.3)</i>	£21m	<i>(9, 32)</i>
Housing	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Benefits	0.0%	<i>(0.0, 0.1)</i>	£5m	<i>(2, 9)</i>
College	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0, 5)</i>
Abroad	0.1%	<i>(0.0, 0.1)</i>	£8m	<i>(2, 17)</i>
Hospitalisation	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Maintenance	0.0%	<i>(0.0, 0.1)</i>	£5m	<i>(2, 9)</i>
Non-Dependants	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Prison	0.0%	<i>(0.0, 0.1)</i>	£4m	<i>(0, 9)</i>
Other	0.1%	<i>(0.0, 0.2)</i>	£8m	<i>(4, 21)</i>
Total	2.0%	<i>(1.5, 2.7)</i>	£240m	<i>(170, 310)</i>
Pension Credit				
Earnings	0.1%	<i>(0.0, 0.3)</i>	£7m	<i>(0, 20)</i>
Partner Earnings	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0, 3)</i>
Capital	0.1%	<i>(0.0, 0.2)</i>	£7m	<i>(3, 13)</i>
Dependants	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Income	0.1%	<i>(0.1, 0.2)</i>	£7m	<i>(4, 12)</i>
LTAHAW	0.0%	<i>(0.0, 0.1)</i>	£2m	<i>(0, 5)</i>
ID	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Address / Not at Address	0.0%	<i>(0.0, 0.1)</i>	£2m	<i>(0, 5)</i>
Housing	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Benefits	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
College	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Abroad	0.4%	<i>(0.2, 0.7)</i>	£27m	<i>(12, 46)</i>
Hospitalisation	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Maintenance	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Non-Dependants	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Prison	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Other	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Total	0.8%	<i>(0.5, 1.2)</i>	£50m	<i>(30, 80)</i>

Estimates are rounded to the nearest £1m and presented with 95% confidence intervals, which quantify sampling uncertainty and where possible further non-sampling uncertainties. A figure of £0m indicates that the unrounded estimate is less than £0.5m. Totals are rounded to the nearest £10m. Columns may not sum to totals due to rounding.

Figure 5B: Estimated customer error overpayment in Income Support, Jobseeker's Allowance and Pension Credit for 2005/06

Apr05-Mar06				
	Percentage of expenditure overpaid		Amount of expenditure overpaid	
Income Support				
Earnings	0.1%	<i>(0.0, 0.1)</i>	£6m	<i>(2, 11)</i>
Partner Earnings	0.0%	<i>(0.0, 0.0)</i>	£2m	<i>(1, 4)</i>
Capital	0.3%	<i>(0.2, 0.5)</i>	£29m	<i>(19, 45)</i>
Dependants	0.2%	<i>(0.1, 0.2)</i>	£17m	<i>(10, 23)</i>
Income	0.2%	<i>(0.1, 0.2)</i>	£15m	<i>(9, 22)</i>
LTAHAW	0.1%	<i>(0.0, 0.2)</i>	£8m	<i>(3, 15)</i>
ID	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Address / Not at Address	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 2)</i>
Housing	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0, 1)</i>
Benefits	0.4%	<i>(0.3, 0.6)</i>	£37m	<i>(25, 54)</i>
College	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Abroad	0.0%	<i>(0.0, 0.1)</i>	£3m	<i>(0, 7)</i>
Hospitalisation	0.0%	<i>(0.0, 0.1)</i>	£2m	<i>(0, 6)</i>
Maintenance	0.2%	<i>(0.1, 0.2)</i>	£15m	<i>(9, 19)</i>
Non-Dependants	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0, 1)</i>
Prison	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0, 2)</i>
Other	0.0%	<i>(0.0, 0.1)</i>	£4m	<i>(1, 8)</i>
Total	1.5%	<i>(1.2, 1.8)</i>	£140m	<i>(110, 170)</i>
Jobseeker's Allowance				
Earnings	0.1%	<i>(0.0, 0.1)</i>	£1m	<i>(0, 3)</i>
Partner Earnings	0.2%	<i>(0.0, 0.5)</i>	£4m	<i>(0, 11)</i>
Capital	0.1%	<i>(0.0, 0.2)</i>	£2m	<i>(0, 5)</i>
Dependants	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0, 2)</i>
Income	0.1%	<i>(0.0, 0.2)</i>	£2m	<i>(0, 5)</i>
LTAHAW	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0, 2)</i>
ID	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Address / Not at Address	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Housing	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Benefits	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0, 2)</i>
College	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Abroad	0.0%	<i>(0.0, 0.2)</i>	£1m	<i>(0, 4)</i>
Hospitalisation	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Maintenance	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Non-Dependants	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Prison	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Other	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 1)</i>
Total	0.5%	<i>(0.0, 1.1)</i>	£10m	<i>(0, 20)</i>

Figure 5B continued: Estimated customer error overpayment in Income Support, Jobseeker's Allowance and Pension Credit for 2005/06

Apr05-Mar06				
	Percentage of expenditure overpaid		Amount of expenditure overpaid	
Income Support & Jobseeker's Allowance Combined				
Earnings	0.1%	(0.0, 0.1)	£7m	(3, 12)
Partner Earnings	0.1%	(0.0, 0.1)	£6m	(2, 12)
Capital	0.3%	(0.2, 0.4)	£31m	(21, 47)
Dependants	0.1%	(0.1, 0.2)	£17m	(10, 24)
Income	0.1%	(0.1, 0.2)	£17m	(10, 24)
LTAHAW	0.1%	(0.0, 0.1)	£9m	(4, 16)
ID	0.0%	(0.0, 0.0)	£0m	(0, 0)
Address / Not at Address	0.0%	(0.0, 0.0)	£0m	(0, 2)
Housing	0.0%	(0.0, 0.0)	£1m	(0, 1)
Benefits	0.3%	(0.2, 0.5)	£38m	(25, 54)
College	0.0%	(0.0, 0.0)	£0m	(0, 0)
Abroad	0.0%	(0.0, 0.1)	£4m	(1, 8)
Hospitalisation	0.0%	(0.0, 0.1)	£2m	(0, 6)
Maintenance	0.1%	(0.1, 0.2)	£15m	(9, 19)
Non-Dependants	0.0%	(0.0, 0.0)	£1m	(0, 1)
Prison	0.0%	(0.0, 0.0)	£1m	(0, 2)
Other	0.0%	(0.0, 0.1)	£4m	(1, 8)
Total	1.3%	(1.0, 1.6)	£150m	(120, 190)
Pension Credit				
Earnings	0.0%	(0.0, 0.1)	£2m	(0, 5)
Partner Earnings	0.0%	(0.0, 0.1)	£2m	(0, 5)
Capital	0.5%	(0.3, 0.8)	£31m	(17, 50)
Dependants	0.0%	(0.0, 0.0)	£0m	(0, 0)
Income	0.5%	(0.3, 0.8)	£34m	(21, 53)
LTAHAW	0.1%	(0.0, 0.2)	£4m	(0, 13)
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	0.4%	(0.2, 0.6)	£24m	(12, 42)
College	0.0%	(0.0, 0.0)	£0m	(0, 0)
Abroad	0.0%	(0.0, 0.0)	£1m	(0, 2)
Hospitalisation	0.0%	(0.0, 0.0)	£0m	(0, 2)
Maintenance	0.0%	(0.0, 0.0)	£0m	(0, 1)
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	1.5%	(1.0, 2.2)	£100m	(70, 140)

Estimates are rounded to the nearest £1m and presented with 95% confidence intervals, which quantify sampling uncertainty and where possible further non-sampling uncertainties. A figure of £0m indicates that the unrounded estimate is less than £0.5m. Totals are rounded to the nearest £10m. Columns may not sum to totals due to rounding.

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

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

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

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

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

Conditions of Entitlement – Incorrect consideration of fundamental entitlement to benefit e.g. 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 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 Income Support or JSA(IB). Can involve property and/or income that is to be treated as capital.

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

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

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

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

Savings Credit – Errors with the Savings Credit part of the award e.g. not awarded when the 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 / missing award of additional amounts related to the Guarantee Credit component of the Pension Credit award (referred to as premiums in previous reports).

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

5.7 The major types of overpayment found in 2005/06 following implementation of the new measurement methodology were broadly the same as in previous years. They were:

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

5.8 The total official error underpayment rounded estimates are £90m for Income Support and Jobseeker's Allowance and £90m for Pension Credit. The major type of official error underpayment is where premiums have been incorrectly awarded e.g. severe disability premium.

Figure 5C: Estimated official error overpayment in Income Support, Jobseeker's Allowance and Pension Credit for 2005/06

Apr05-Mar06				
	Percentage of expenditure overpaid		Amount of expenditure overpaid	
Income Support				
Mortgage and Housing Costs	0.1%	<i>(0.1, 0.2)</i>	£9m	<i>(5, 14)</i>
Income and Other Benefits	0.3%	<i>(0.2, 0.4)</i>	£30m	<i>(19, 41)</i>
Premiums	0.2%	<i>(0.2, 0.3)</i>	£23m	<i>(14, 32)</i>
CHB	0.0%	<i>(0.0, 0.0)</i>	£2m	<i>(1, 4)</i>
Conditions of Entitlement	0.5%	<i>(0.3, 0.8)</i>	£50m	<i>(30, 73)</i>
Incorrect Treatment of Final Earnings	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Applicable Amounts	0.1%	<i>(0.1, 0.2)</i>	£10m	<i>(5, 17)</i>
Arrears	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 1)</i>
Date of Claim	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Capital	0.0%	<i>(0.0, 0.1)</i>	£3m	<i>(1, 7)</i>
New Tax Credits	0.1%	<i>(0.0, 0.1)</i>	£6m	<i>(3, 11)</i>
Other	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0, 2)</i>
TOTAL	1.4%	<i>(1.0, 1.8)</i>	£140m	<i>(100, 170)</i>
Jobseeker's Allowance				
Mortgage and Housing Costs	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0, 3)</i>
Income and Other Benefits	0.2%	<i>(0.1, 0.4)</i>	£5m	<i>(3, 8)</i>
Premiums	0.1%	<i>(0.0, 0.1)</i>	£2m	<i>(1, 3)</i>
CHB	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0, 2)</i>
Conditions of Entitlement	0.5%	<i>(0.3, 0.9)</i>	£12m	<i>(7, 20)</i>
Incorrect Treatment of Final Earnings	0.1%	<i>(0.0, 0.2)</i>	£3m	<i>(1, 5)</i>
Applicable Amounts	0.1%	<i>(0.0, 0.2)</i>	£1m	<i>(0, 4)</i>
Arrears	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0, 2)</i>
Date of Claim	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0, 1)</i>
Capital	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0, 3)</i>
Labour Market Issues	0.5%	<i>(0.4, 0.8)</i>	£13m	<i>(9, 18)</i>
Continuity	0.0%	<i>(0.0, 0.1)</i>	£1m	<i>(0, 2)</i>
Contributions	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 1)</i>
New Tax Credits	0.1%	<i>(0.0, 0.1)</i>	£2m	<i>(1, 3)</i>
Other	0.1%	<i>(0.0, 0.1)</i>	£1m	<i>(1, 2)</i>
Total	1.9%	<i>(1.5, 2.5)</i>	£40m	<i>(40, 60)</i>

Figure 5C continued: Estimated official error overpayment in Income Support, Jobseeker's Allowance and Pension Credit for 2005/06

Apr05-Mar06				
	Percentage of expenditure overpaid		Amount of expenditure overpaid	
Income Support & Jobseeker's Allowance Combined				
Mortgage and Housing Costs	0.1%	<i>(0.0, 0.1)</i>	£10m	<i>(6, 16)</i>
Income and Other Benefits	0.3%	<i>(0.2, 0.4)</i>	£35m	<i>(25, 47)</i>
Premiums	0.2%	<i>(0.1, 0.3)</i>	£24m	<i>(17, 34)</i>
CHB	0.0%	<i>(0.0, 0.0)</i>	£3m	<i>(2, 5)</i>
Conditions of Entitlement	0.5%	<i>(0.4, 0.7)</i>	£63m	<i>(42, 87)</i>
Incorrect Treatment of Final Earnings	0.0%	<i>(0.0, 0.0)</i>	£3m	<i>(1, 5)</i>
Applicable Amounts	0.1%	<i>(0.1, 0.2)</i>	£12m	<i>(7, 19)</i>
Arrears	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0, 3)</i>
Date of Claim	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0, 1)</i>
Capital	0.0%	<i>(0.0, 0.1)</i>	£4m	<i>(2, 8)</i>
Labour Market Issues	0.1%	<i>(0.1, 0.2)</i>	£13m	<i>(7, 18)</i>
Continuity	0.0%	<i>(0.0, 0.0)</i>	£1m	<i>(0, 1)</i>
Contributions	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 1)</i>
New Tax Credits	0.1%	<i>(0.0, 0.1)</i>	£8m	<i>(4, 13)</i>
Other	0.0%	<i>(0.0, 0.0)</i>	£2m	<i>(1, 3)</i>
Total	1.5%	<i>(1.2, 1.9)</i>	£180m	<i>(140, 220)</i>
Pension Credit				
Mortgage and Housing Costs	0.1%	<i>(0.0, 0.2)</i>	£8m	<i>(3, 15)</i>
Income and Other Benefits	1.1%	<i>(0.5, 1.7)</i>	£68m	<i>(31, 110)</i>
Conditions of Entitlement	0.1%	<i>(0.0, 0.3)</i>	£8m	<i>(1, 20)</i>
Applicable Amounts	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Arrears	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Date of Claim	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Capital	0.3%	<i>(0.1, 0.7)</i>	£23m	<i>(8, 44)</i>
Retirement Income Provision	0.2%	<i>(0.1, 0.3)</i>	£11m	<i>(5, 19)</i>
Savings Credit	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 1)</i>
New Tax Credits	0.0%	<i>(0.0, 0.0)</i>	£0m	<i>(0, 0)</i>
Additional Amounts Guarantee Credit	0.5%	<i>(0.2, 0.9)</i>	£32m	<i>(12, 58)</i>
Other	0.1%	<i>(0.0, 0.2)</i>	£4m	<i>(0, 16)</i>
Total	2.4%	<i>(1.2, 3.6)</i>	£160m	<i>(80, 230)</i>

Estimates are rounded to the nearest £1m and presented with 95% confidence intervals, which quantify sampling uncertainty and where possible further non-sampling uncertainties. A figure of £0m indicates that the unrounded estimate is less than £0.5m. Totals are rounded to the nearest £10m. Columns may not sum to totals due to rounding.

6. Further information and future reporting

Further information

- 6.1 Further figures and background documentation, including a technical appendix giving further information about the changes to the IS, JSA and Pension Credit estimates, are presented on the DWP website as National Statistics at:

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

- 6.2 In 2007, the Department published its strategy to reduce error in the benefit system. This is available on the DWP website at:

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

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

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

Future reporting

- 6.4 This series will continue to monitor progress against the new target for IS and JSA and the extension of the HB target to 2007/08. The Department may set further targets for the reduction of fraud and error as part of the Comprehensive Spending Review. Progress against these will also be monitored by these reports.

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

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

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

Annex 1: Glossary of abbreviations and statistical terms

Abbreviations

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

Statistical terms

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

- Statistic:** A statistic is a quantity that is calculated from a sample of data. It is used to give information about unknown values in the population we are trying to measure.
- Statistically significant:** A statement about figures derived from samples is 'statistically significant' if there is less than a 5% chance (in the context of this report) that a particular result came about by chance rather than because of genuine underlying trends in the population.

Annex 2: Supporting material available

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

1. Breakdown of 2005/06 overpayments by client group:
 - Income Support lone parents
 - Income Support disabled, sick and other
 - Jobseeker's Allowance
 - Pension Credit
 - Total Income Support, Jobseeker's Allowance and Pension Credit
2. Breakdown of 2005/06 underpayments by client group
3. Breakdown of 2005/06 number of cases incorrect by client group
4. Breakdown of 2005/06 underpayments by the different causes of frauds and errors.

Income Support, Jobseeker's Allowance and Pension Credit documentation

1. Income Support, Jobseeker's Allowance and Pension Credit Technical Annex

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