

15 May 2008  
IFD080515-PAPSAT

Coverage: Great Britain  
Theme: Social and Welfare

## Fraud and Error in the Benefit System: April 2006 to March 2007

## Fraud and Error in the Benefit System: October 2006 to September 2007

Estimates of the levels of fraud and error in the benefit system over the period April 2006 to September 2007 are published today as two National Statistics reports.

The reports can be read at the Department for Work and Pensions website at:  
[www.dwp.gov.uk/asd/asd2/fraud\\_error.asp](http://www.dwp.gov.uk/asd/asd2/fraud_error.asp)

### Headline levels of fraud and error from April 2006 to March 2007

The first National Statistics report gives estimates of the levels of fraud and error across the benefits system between April 2006 and March 2007. Key findings for the individual benefits continuously measured are that:

- Around 5.1 per cent, or £590m, of Income Support and Jobseeker's Allowance expenditure is estimated to have been overpaid;
- Around 5.1 per cent, or £750m, of Housing Benefit expenditure is estimated to have been overpaid;
- Around 5.3 per cent, or £370m, of Pension Credit expenditure is estimated to have been overpaid.

It is also estimated that during 2006/07 around 2.2 per cent, or £2.6bn, of overall benefit expenditure was overpaid due to fraud and error, while around 0.8 per cent or £1.0bn of total benefit expenditure was underpaid.

### Headline levels of fraud and error from October 2006 to September 2007

The second National Statistics report provides estimates of the levels of fraud and error across the benefits system from October 2006 to September 2007. Key findings for the individual benefits continuously measured are that:

- Around 5.3 per cent, or £600m, of Income Support and Jobseeker's Allowance expenditure is estimated to have been overpaid;
- Around 4.8 per cent, or £740m, of Housing Benefit expenditure is estimated to have been overpaid;
- Around 5.3 per cent, or £380m, of Pension Credit expenditure is estimated to have been overpaid.

It is also estimated that during 2007/08 around 2.1 per cent, or £2.7bn, of overall benefit expenditure was overpaid due to fraud and error, while about 0.9 per cent or £1.1bn of total benefit expenditure was underpaid.



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## **Assessment of change over time – PSA targets**

The central estimate for fraud and error on IS and JSA during October 2006 to September 2007 is 8% above the 2005/06 baseline. This change is not statistically significant. This means that the statistical evidence is not strong enough for us to conclude that an increase in the level of fraud and error has occurred over this short period, but that on balance it is more likely than not that there has been an increase.

The central estimate for fraud and error on working age Housing Benefit during October 2006 to September 2007 is 1% below the 2002/03 baseline. This change is not statistically significant, but on balance it is more likely than not that there has been a decrease since the baseline year of 2002/03.

No new target was set for Pension Credit under Spending Review 2004.

## **Interpretation of Results**

The results are derived from analysis of data collected for a sample of Income Support, Jobseeker's Allowance, Pension Credit and Housing Benefit cases, rather than the analysis of all such cases. Therefore the results are subject to statistical uncertainties. 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 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.

Some remaining sources of uncertainty could not be quantified and have not been incorporated into the confidence limits, for example 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 also do not encompass all fraud and error. The measurement process has been designed to be as rigorous as possible, but it is likely that some fraud and error would not have been uncovered, because fraud is by its nature a covert activity. It should also be noted that some overpaid benefit is subsequently recovered.

The underpayment estimates only cover recipients who are getting less than they are entitled to, and do not include those who are entitled to benefits but who do not apply, or whose applications to benefit are incorrectly rejected.

## **Notes for Editors**

1. "Fraud and Error in the Benefit System: April 2006 to March 2007" and "Fraud and Error in the Benefit System: October 2006 to September 2007" are National Statistics publications and are produced to the high professional standards outlined in the National Statistics Code of Practice. These publications undergo regular quality assurance reviews to ensure that they continue to meet customer needs.