



Getting welfare right: Tackling error in the benefits system

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Ministerial foreword

This strategy will build upon our principles for reform of the welfare system; our approach is based on rights and responsibilities – providing the individual with the support they need to fulfill their potential.

To do this we must work in partnership. Central and local government must make every effort to pay the right amount of benefit to the right person at the right time – every time. Our customers must make every effort to report changes in their circumstances, as they occur, to help us keep their benefit claim correct.

Our customers rightly expect to be paid the correct amount of money when they claim benefit. And taxpayers expect central and local government to ensure that all entitlements are paid as efficiently as possible.

When this Government came into office, loss due to fraud was twice as high as loss due to error. Since then, we are proud to have cut benefit fraud significantly. But we need to do much more. We now need to apply the same drive, determination and focus to reducing official and customer error.

The benefits system has evolved over decades, and we know that this means that it can be complex, making it difficult for customers and staff to understand. Tackling this complexity is a key element of our strategy to reduce error.

We will stop new errors from entering the system through better benefit design and simpler business processes. We will increase the use of data available from sources outside the Department, comparing our data to help identify where errors might occur.

We will make sure that customers know what changes they are responsible for telling us about while fulfilling our responsibility to make those changes easy to report.

Our strategy is ambitious. It has the support of our most valuable asset – our staff. They deliver our core business, day in, day out, to over 30 million customers each year. Their suggestions are reflected in our strategy, which is based on greater **prevention, compliance and correction**. I am very grateful to all those who have taken the time and effort to contribute to the strategy's development.

We are determined to reduce both official and customer error and, with the ongoing commitment of all staff alongside a simplified benefits system supported by improved IT, we are confident our strategy to 2012 will deliver results.



A handwritten signature in black ink, appearing to read 'James Plaskitt'.

James Plaskitt MP
Parliamentary Under Secretary of State
Department for Work and Pensions

Executive summary

Introduction

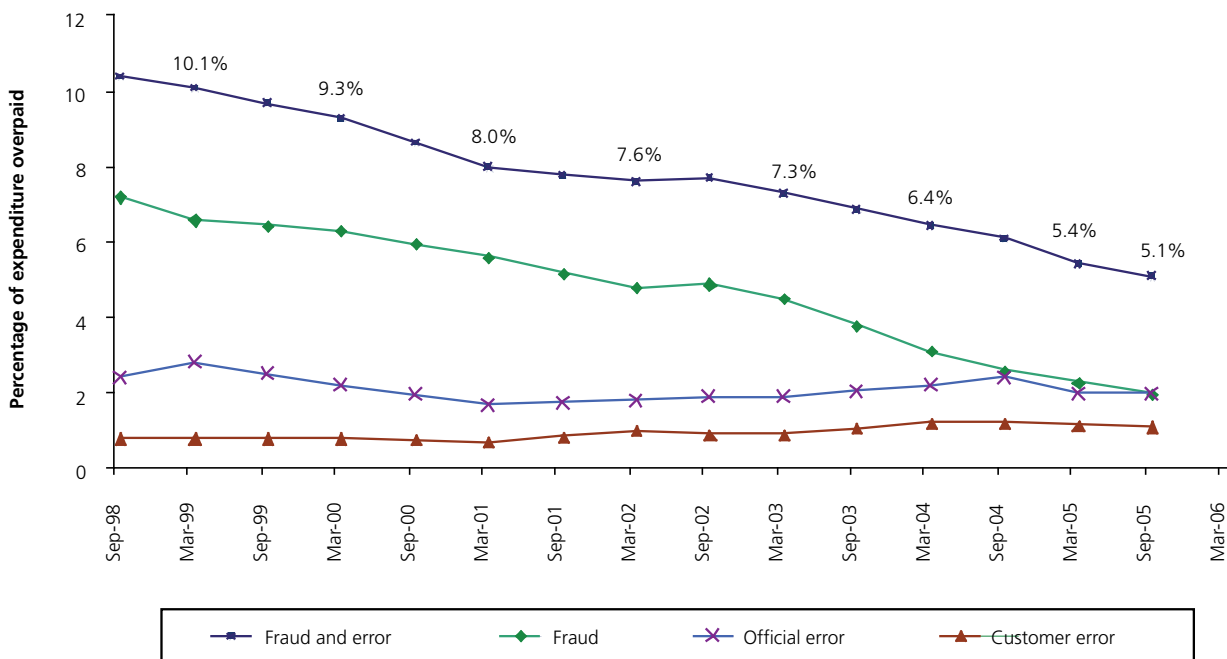
1. The Government is committed to protecting the integrity of the benefits system. In 1997, the Government's first priority was to reduce benefit fraud. Since then, we have made great strides in tackling fraud. It is now at an all-time low (see Figure 1).

2. In July 2006, in a major international study,¹ the National Audit Office found that the Department's levels of fraud and error were comparable with those of other countries, and reported that the UK is at the forefront of comparable countries in measuring losses from fraud and error. The study found that the Department also stands out in developing a comprehensive range of actions designed to tackle fraud and error.

3. One key strand of this work is to both simplify and improve the delivery of services to our customers. For example:

- In Jobcentre Plus, in many cases customers are no longer required to complete complex forms when making a claim to benefit. Instead, their details are now taken over the telephone and they are then invited to meet with a personal adviser to discuss, where appropriate, options for returning to work.
- The Pension Service has simplified the new claims process for customers of Pension Credit. Customers can now choose between telephoning The Pension Service; completing a short paper claim form; or, in certain circumstances, arranging a visit to their home by a member of staff.

Figure 1: Fraud and error in Income Support and Jobseeker's Allowance, 1997–2005



Source: Departmental statistics (Office for National Statistics) from Regional Benefit Reviews, 1997–2005.

¹ Comptroller and Auditor General, National Audit Office, 2006, *International benchmark of fraud and error in social security systems* (HC 1387), 20 July.

- The Disability and Carers Service is raising the skill levels of its decision makers to a level accredited by an external academic body.

Our challenge

4. But, despite these and many other efforts, we have not yet achieved the same degree of success in reducing levels of error as we have in reducing fraud. Too many customers receive incorrect benefit payments – either too little or too much money – often causing unnecessary hardship and distress. This means we are not delivering the best possible service to our customers, nor are we completely fulfilling our duty to protect the public purse.

5. In 2005/06, an estimated £1.9 billion was overpaid as a result of error in the benefits system, equivalent to 1.7 per cent of total benefit expenditure.² We recognise that we need a new strategy for improving the correctness of benefit payments. We want to ensure we **get welfare right** every time we make a payment to our customers. If we can achieve this, we will achieve our aim of reducing the overall monetary value of error in the benefits system.

6. This strategy makes a significant contribution to the Department's existing public fraud and error target and future targets to 2012.

Our strategic direction

7. Organisations that have low rates of error are generally excellent at managing and delivering quality in everything they do. We aspire to be such an organisation. Our strategy for tackling error means that we must move further to become an organisation driven by quality – constantly looking at ways of improving our efficiency and effectiveness – in the delivery of benefits and services to our customers.

Our aim

8. Our strategic aim in this respect is clear: to pay the correct amount of benefit to all our customers every time. Building on our experience of successfully tackling fraud, our strategy for reducing error is based on:

- **prevention** – preventing new error from getting into the system;
- **compliance** – reminding both our customers and staff of their responsibilities; and
- **correction** – identifying and correcting error already in the system.

Official error

9. For errors we generate (which are termed 'official error'), we aim to prevent **new** error from getting into the system by simplifying the design of social security benefits, starting with those most vulnerable to error. A simpler benefits system will be easier to administer and will help our staff follow the correct procedures. Specifically, we will:

- identify and target the root causes of error and, where appropriate, make changes to simplify policy and legislation;
- ensure that new benefits, such as the new Employment and Support Allowance (the replacement allowance for Incapacity Benefit), are designed to be as simple as possible so that they are less vulnerable to error when they are introduced;
- continue to improve our ability to find and correct data inconsistencies, including detecting and preventing error earlier than we do at present;
- ensure that the end-to-end benefit processing training we provide is continually improved;

² Department for Work and Pensions, 2006, *Resource Accounts 2005/06*.

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- focus our departmental business and local authority targets more explicitly on the monetary value of error; and
- extend the range of data to which we have access over the long term, for example with credit reference agencies, which will help us to ensure the information used to calculate benefit payment is accurate and up to date.

10. To remove error that has already found its way into the benefits system, we will undertake more intensive checks and correction of existing cases. The Pension Service, for example, will undertake a 'case-cleansing' exercise on its existing Pension Credit claims, prioritising those claims at risk of containing high-value errors, and correcting cases where error is found.

11. In recognition of the importance of this work, the Department established a Task Force in January 2006 with the specific aim of reducing official error in the benefits system. And it's working. By October 2006, the value of overpayments identified and corrected by the Task Force had reached over £1 million a week. Although no two benefit claims are entirely the same and some of these overpayments would have been identified and corrected in the normal course of events, the vast majority would have continued for the remainder of the claim. Consequently, overpayments of around this weekly level would have continued had the work of the Task Force not resulted in their being corrected.

Customer error

12. To reduce the errors our customers make, our strategy is based on doing more to help them keep their benefit correct. For our part, we will continue to simplify benefit rules wherever possible, removing unnecessary requirements from the benefit conditions. Specifically, we will:

- review the information that we give to customers when they make a new claim and during the life of their claim to ensure that it is clear and simple to understand and

that it makes clear when they need to tell us that their circumstances have changed;

- make it easier for our customers to report changes in their circumstances via the telephone and, in time, over the internet;
- launch a new awareness campaign on the importance of our customers reporting changes of circumstance when they happen;
- update our departmental and business websites to include clearer and more accessible information about how and when to report relevant changes of circumstance;
- pilot sending a pre-populated letter to customers, around six months after the start of a claim, asking them to confirm whether or not the entitlement details we hold on them continue to be correct; and
- maximise recovery of overpaid benefit where it is appropriate to do so and will not cause unnecessary hardship to our customers.

Conclusion

13. Since 1997, we have made real progress in reducing overpayments due to benefit fraud. But we recognise that both this and the monetary value of official and customer error remain too high, and we are determined to reduce them further.

14. Our challenge is to continue our drive against benefit fraud while bringing renewed focus to preventing and correcting error in the benefits system. This strategy for improving the correctness of benefit payments, based on improving our capability for managing quality throughout the system, sets out how we will aim to achieve our ambition of **getting welfare right** for all our customers – every time.

15. The strategy is a further major contribution to the Government's wider programme of welfare reform.