



# First Release

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## Fraud and Error in the Benefit System: April 2007 to March 2008

Estimates of the levels of fraud and error in the benefit system over the financial year April 2007 to March 2008 are published today in a National Statistics report. 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 2007 to March 2008

The National Statistics report provides estimates of the levels of fraud and error across the benefits system between April 2007 and March 2008.

It is estimated that during 2007/08 around 2.0 per cent, or £2.6bn, of total benefit expenditure was overpaid due to fraud and error, while around 0.9 per cent or £1.1bn of total benefit expenditure was underpaid.

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

- Around 4.9 per cent, or £540m, of Income Support and Jobseeker's Allowance expenditure is estimated to have been overpaid;
- Around 4.6 per cent, or £720m, of Housing Benefit expenditure is estimated to have been overpaid;
- Around 5.1 per cent, or £380m, of Pension Credit expenditure is estimated to have been overpaid.

## Assessment of change over time

### Assessment of change from the last set of fraud and error estimates, covering measurement from October 2006 to September 2007, published in May 2008

- The central estimate for the percentage of total benefit expenditure overpaid has reduced from 2.1 per cent to 2.0 per cent, and from £2.7bn to £2.6bn.
- The central estimate for the percentage of total benefit underpaid has remained unchanged at 0.9 per cent, and £1.1bn.
- The central estimate for the percentage of Income Support/Jobseeker's Allowance benefit expenditure overpaid has reduced from 5.3 per cent to 4.9 per cent, and from £600m to £540m.
- The central estimate for the percentage of total Housing Benefit (working age and pensioners) expenditure overpaid has reduced from 4.8 per cent to 4.6 per cent, and from £740m to £720m.
- The central estimate for the percentage of Pension Credit expenditure overpaid has reduced from 5.3 per cent to 5.1 per cent, and has remained at £380m.

None of the changes above are statistically significant. However, on balance it is more likely than not that there have been reductions in losses for total benefit expenditure, Income Support /Jobseeker's Allowance, Housing Benefit and Pension Credit.

**DWP** Department for  
Work and Pensions

**Issued by:**  
Information Directorate  
Fraud and Error Measurement  
Department for Work and Pensions

Telephone :  
Press Office : 020 7238 0866  
Public Enquiries : 020 7712 2171

Website :  
[www.dwp.gov.uk](http://www.dwp.gov.uk)

### Statistician:

**Nick Herbert**  
Information Directorate  
Fraud and Error Measurement  
Department for Work and Pensions  
Adelphi  
1-11 John Adam Street  
London  
WC2N 6HT

Telephone : **020 7962 8693**  
E-mail:  
[nick.herbert@dwp.gsi.gov.uk](mailto:nick.herbert@dwp.gsi.gov.uk)

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Telephone : **020 7962 8693**  
E-mail:  
[nick.herbert@dwp.gsi.gov.uk](mailto:nick.herbert@dwp.gsi.gov.uk)

## PSA targets

The central estimate for fraud and error on Income Support/Jobseeker's Allowance during April 2007 to March 2008 shows no change from the 2005/06 baseline. On balance it is just as likely as not that there has been a reduction of loss since the baseline year 2005/06.

The central estimate for fraud and error on working age Housing Benefit during April 2007 to March 2008 is 8% below the 2002/03 baseline. This change is not statistically significant. On balance it is more likely than not that there has been a reduction of loss since the baseline year 2002/03 but the PSA 10b target to reduce by 25% the percentage loss through fraud and error for working age Housing Benefit by March 2008 has not been met.

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

## **Interpretation of the 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 varying 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 2007 to March 2008" is a National Statistics publication and as such it is produced to the high professional standards set out in the National Statistics Code of Practice. This series of publications have regular quality assurance reviews to ensure that they continue to meet customer needs.

2. The estimates for October 2006 to September 2007 referred to are contained in the National Statistics report "Fraud and Error in the Benefit System: October 2006 to September 2007" available at:  
[www.dwp.gov.uk/asd/asd2/fraud\\_error.asp](http://www.dwp.gov.uk/asd/asd2/fraud_error.asp)