

**Fraud and Error in the Benefit System:  
Preliminary 2010/11 Estimates**

**Information Directorate**

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For enquiries please contact:

Joanne Dalzell  
Fraud and Error Measurement Team  
Information Directorate  
Department for Work and Pensions  
2S25 Quarry House  
Quarry Hill  
Leeds  
LS2 7UA

Telephone: 0113 23 24108

E-mail: [joanne.dalzell@dwp.gsi.gov.uk](mailto:joanne.dalzell@dwp.gsi.gov.uk)

This report is available on the internet at:

[http://statistics.dwp.gov.uk/asd/asd2/index.php?page=fraud\\_error](http://statistics.dwp.gov.uk/asd/asd2/index.php?page=fraud_error)

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# Executive Summary

## **IMPORTANT NOTE**

This publication includes the preliminary 2010/11 estimates of total overpayments and underpayments across the benefit system as well as individual preliminary estimates for Income Support, Jobseeker's Allowance, Pension Credit, Incapacity Benefit and Housing Benefit for 2010/11.

The preliminary 2010/11 estimates in this report are based on 2010/11 financial year expenditure and October 2009 to September 2010 sample data for the individual benefits. We are due to publish full year estimates, based on 2010/11 financial year expenditure and 2010/11 sample data in late autumn 2011.

This report was released on 12th July 2011. It replaces the one published on 16th June 2011 and now includes preliminary 2010/11 Housing Benefit figures, together with revised totals.

## **Headline results: Preliminary 2010/11 estimates**

### **Fraud and Error across all benefits**

The preliminary estimate of total overpayments due to fraud and error across all benefits is £3.3bn; this is 2.1% of the total benefit expenditure, which was £154bn in 2010/11.

The preliminary estimate for underpayments is that 0.8%, or £1.3bn, of total benefit expenditure was underpaid due to error.

### **Individual benefits**

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

- 4.4%, or £350m, of Income Support expenditure has been overpaid;
  - 6.5%, or £290m, of Jobseeker's Allowance expenditure has been overpaid;
  - 6.0%, or £500m, of Pension Credit expenditure has been overpaid;
  - 2.4%, or £130m, of Incapacity Benefit expenditure has been overpaid;
  - 4.4%, or £960m, of Housing Benefit expenditure has been overpaid.
- 
- 1.1%, or £90m, of Income Support expenditure has been underpaid;
  - 0.3%, or £20m, of Jobseeker's Allowance expenditure has been underpaid;
  - 2.1%, or £180m, of Pension Credit expenditure has been underpaid;
  - 0.7%, or £40m, of Incapacity Benefit expenditure has been underpaid;
  - 1.3%, or £290m, of Housing Benefit expenditure has been underpaid.

## **Comparisons with previous estimates**

We now compare the new preliminary 2010/11 estimates with the previously published 2009/10, 2008/09 and 2007/08 estimates.

### **Fraud and Error across all benefits**

- The central estimate for the percentage of total benefit expenditure overpaid has decreased from 2.2% in 2009/10 to 2.1% in 2010/11. The previous overpayment estimates for 2007/08 and 2008/09 were 2.0% and 2.2% respectively.
- The estimated value of overpayments is £3.3bn in 2010/11 which is the same value as in 2009/10. This is due to the increase in benefit expenditure from £148bn to £154bn. Previous overpayment estimates for 2007/08 and 2008/09 were £2.6bn and £2.9bn respectively.
- The central estimate for the percentage of total benefit expenditure underpaid has decreased from 0.9% in 2009/10 to 0.8% in 2010/11. Previous estimates for 2007/08 and 2008/09 were 0.9% for both years.
- The estimated value of underpayments is £1.3bn in 2010/11 which is the same level as in 2009/10. Previous estimates for 2007/08 and 2008/09 were £1.1bn and £1.2bn respectively.

### **Fraud and Error overpayments across individual benefits**

- The central estimate for the percentage of Income Support benefit expenditure overpaid has decreased from 5.4% in 2009/10 to 4.4% in 2010/11, and from £460m to £350m.
- The central estimate for the percentage of Jobseeker's Allowance benefit expenditure overpaid has increased from 5.8% in 2009/10 to 6.5% in 2010/11, and from £270m to £290m.
- The central estimate for the percentage of Pension Credit benefit expenditure overpaid has increased from 5.9% in 2009/10 to 6.0% in 2010/11, and from £480m to £500m.
- The central estimate for the percentage of Incapacity Benefit expenditure overpaid has decreased from 2.8% in 2009/10 to 2.4% in 2010/11, and from £170m to £130m.
- The central estimate for the percentage of Housing Benefit expenditure overpaid has decreased from 4.7% in 2009/10 to 4.4% in 2010/11. The value has increased from £950m to £960m, due to the increase in benefit expenditure.

None of the changes above are statistically significant.

## **Methodology changes**

Several methodology changes have been applied to this report's data and therefore affect the preliminary 2010/11 estimates.

### i) Sample data refresh

To improve consistency across benefits and produce a more comparable time series between the preliminary and full year estimates, sample data has been refreshed so that information on sample cases that have been cleared late is included. Previously this was only done for full year reports; from now on this will also be carried out for preliminary estimates.

### ii) More up-to-date expenditure data

We now use the latest available expenditure for the financial year (April to March) to calculate all Monetary Value of Fraud and Error for individual benefits within the report. This means that the data for the individual benefits contained in sections 4, 5 and 6 of the report will now be much closer to, or the same as, the global estimates contained in section 2 of the report.

In previous preliminary reports published in spring each year, global figures have been based on the latest expenditure for the financial year (April to March). However, the estimates for Housing Benefit, Incapacity Benefit, Jobseeker's Allowance, Income Support and Pension Credit have been based on expenditure from the period that the sample data covers (i.e. October to September). This caused discrepancies between the Monetary Value of Fraud and Error figures quoted within the same report.

### iii) New stratifications for Pension Credit by age (over 80 and under 80)

This is a sampling change that was implemented from April 2010; therefore this is the first set of statistics that is partly affected by this change. Due to the operational difficulty in finding details and reconstructing Pension Credit Assessed Income Period cases, an agreement was made with internal stakeholders to reduce the sample size for the older claimants. From this date, four claimants aged below eighty years of age were sampled and checked for every one aged eighty or over. This has had a minimal effect on the confidence intervals.

## **Measurement of Incapacity Benefit Fraud and Error**

Due to the decreasing expenditure and caseload for Incapacity Benefit, this is the last report in which this benefit will be continuously measured and up to date estimates provided. Therefore, the Fraud and Error percentage figures in this report will be quoted in all future publications, though the expenditure and Monetary Value of Fraud and Error figures will be updated each time.

Since the introduction of Employment and Support Allowance in October 2008 no new claimants have been awarded Incapacity Benefit as they claim Employment and Support Allowance instead. In addition, all current claimants of Incapacity Benefit are being reassessed and will be moved to either Employment and Support Allowance or Jobseeker's Allowance in the near future.

## **New error code framework**

A new error code framework was introduced in April 2010 following internal stakeholder consultation and agreement to have more meaningful information on the types of fraud and error.

Therefore, for this report the first six months of sample data (October 2009 - March 2010) is based on a different error code framework to the second six months (April 2010 - September 2010). Hence it is not possible to combine the two six month periods of data to provide detailed error breakdowns.

Error code breakdowns (based on 12 months of the new framework) will be reported again within the 2010/11 full year report which is due to be published in autumn 2011.

See section 6 for more details.

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# 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 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 were then replaced by the Departmental Strategic Objective 6 (DSO6) "to pay our customers the right benefits at the right time".
- 1.3 Now we refer to the DWP business plan, in particular structural reform priority 1: Reform the welfare system and action 1.9: Further reduce fraud and error in the benefits system to a maximum of 1.7% of expenditure by 2015. The latest DWP business plan, published on 13/5/11, is available here: <http://www.number10.gov.uk/news/latest-news/2011/05/departments-business-plans-updated-63798>
- 1.4 This report details results for the DWP business plan impact indicator "Total cost to the taxpayer of fraud and error for benefit claims". It focuses on estimates of the total overpayments and underpayments across the whole benefit system, but also includes estimates for individual benefits.
- 1.5 Estimates of fraud and error for various benefits have been derived using three different methods, now described:

## Continuously reviewed benefits

- 1.6 Fraud and Error for Income Support, Jobseeker's Allowance, Pension Credit, Incapacity Benefit and Housing Benefit are measured on a continuous basis and expenditure on these benefits accounts for 32% of all benefit expenditure. Also official error (see [definitions](#) on next page) is measured continuously in both Retirement Pension and Social Fund.
- 1.7 This is the last report where Incapacity Benefit is being reviewed on a continuous basis.
- 1.8 Estimates are produced by statistical analysis of data collected through continuous survey exercises, in which independent specially trained staff from the Department's Performance Measurement team, review a randomly selected sample of cases each year.
- 1.9 The review process involves the following activity:
  - Previewing the case by collating information from a variety of DWP or Local Authority (LA) systems to develop an initial picture and to identify any discrepancies between information from different sources;

- Interviewing the customer at their home, using 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.

1.10 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**

1.11 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 1.8 and 1.9 above. These benefits cover 54% of total expenditure.

### **Unreviewed benefits**

1.12 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. Council Tax Benefit, for example, 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**

1.13 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

1.14 Care is required when interpreting the results presented in this report.

- **These 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.** The estimates in this publication 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 split into DWP recoveries (excluding Housing Benefit) and Housing Benefit recoveries. In 2009/10 DWP recoveries (excluding Housing Benefit) were estimated to be over £290m. The net 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 is only a short processing delay.
- **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

1.15 The report is structured as follows:

- Section 2 provides preliminary 2010/11 estimates of overpayments and underpayments in the benefit system.
- Section 3 provides estimates of overpayments and underpayments in the benefit system over time.
- Section 4 provides preliminary 2010/11 estimates for the continuously measured benefits.
- Section 5 provides estimates for the continuously measured benefits over time.
- Section 6 is left blank for this report only, due to changes in the error code framework. See section 6 for more details.
- Section 7 provides links to further information and sets out 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 in the benefit system: Preliminary 2010/11 estimates

- 2.1 This section presents preliminary estimates of overpayments and underpayments across all benefit expenditure in 2010/11. These are derived from the estimates produced for each individual DWP benefit.
- 2.2 For the continuously reviewed DWP administered benefits (i.e. Income Support, Jobseeker's Allowance, Pension Credit, Incapacity Benefit and Housing Benefit), estimates of the percentage of benefit expenditure overpaid or underpaid based on measurement activity from October 2009 to September 2010 have been used, as these are the latest available estimates. The percentages have then been applied to 2010/11 expenditure.
- 2.3 Estimates for all of the continuously reviewed benefits based on measurement covering all of 2010/11 (April 2010 to March 2011) will be available in late autumn 2011 and will be used to provide final estimates of overpayments and underpayments across all benefit expenditure in 2010/11.
- 2.4 These estimates are subject to the statistical uncertainties and other limitations discussed in Section 1.

# Overpayments

2.5 The preliminary estimates of overpayments due to fraud and error in 2010/11 are shown in Table 2.1 below.

**Table 2.1: Estimated overpayments in 2010/11**

Benefit	Expenditure	Fraud & Error	Fraud	Customer Error	Official Error	Last Measured				
<b>Continuously reviewed</b>										
Income Support	£7.9bn	4.4%	£350m	2.4%	£190m	1.1%	£90m	0.9%	£70m	Oct 09 - Sep 10
Jobseeker's Allowance	£4.5bn	6.5%	£290m	4.1%	£180m	0.3%	£20m	2.1%	£100m	Oct 09 - Sep 10
Pension Credit <sup>1</sup>	£8.3bn	6.0%	£500m	2.3%	£190m	1.7%	£140m	2.0%	£170m	Oct 09 - Sep 10
Housing Benefit <sup>2</sup>	£21.6bn	4.4%	£960m	1.3%	£290m	2.6%	£560m	0.5%	£110m	Oct 09 - Sep 10
Incapacity Benefit <sup>3</sup>	£5.6bn	2.4%	£130m	0.3%	£20m	0.9%	£50m	1.2%	£70m	Oct 09 - Sep 10
Instrument of Payment			£0m		£0m					Oct 09 - Sep 10
<b>Occasionally reviewed</b>										
Disability Living Allowance <sup>4</sup>	£12.0bn	1.9%	£220m	0.5%	£60m	0.6%	£70m	0.8%	£90m	Apr 04 - Mar 05
Retirement Pension <sup>5,6</sup>	£69.9bn	0.1%	£100m	0.0%	£0m	0.1%	£60m	0.1%	£40m	Apr 05 - Mar 06
Carer's Allowance	£1.6bn	5.5%	£90m	3.9%	£60m	1.0%	£20m	0.6%	£10m	Apr 96 - Mar 97
Interdependencies <sup>7</sup>			£40m		£10m		£10m		£20m	Apr 10 - Mar 11
<b>Unreviewed</b>										
Unreviewed (excl CTB) <sup>8,9</sup>	£17.2bn	2.3%	£390m	0.9%	£160m	0.6%	£100m	0.8%	£130m	
Council Tax Benefit <sup>10</sup>	£5.0bn	4.0%	£200m	1.2%	£60m	2.3%	£110m	0.5%	£30m	Oct 09 - Sep 10
<b>Total<sup>11</sup></b>	<b>£153.6bn</b>	<b>2.1%</b>	<b>£3.3bn</b>	<b>0.8%</b>	<b>£1.2bn</b>	<b>0.8%</b>	<b>£1.2bn</b>	<b>0.5%</b>	<b>£0.8bn</b>	
Range <sup>12</sup>		(1.9,2.5)	(2.9,3.8)	(0.7,1.1)	(1.0,1.6)	(0.7,1.0)	(1.0,1.6)	(0.4,0.8)	(0.7,1.2)	

## 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 IB continuous measurement exercises for the period October 2009 to September 2010. IB continuous measurement commenced in 2008/09. Prior to this, IB customer error and fraud were last reviewed in 2000/01 via a National Benefit Review exercise, whereas official error exercises (i.e. Short-Term Benefit Reviews) have been carried out each year between 2000/01 and 2009/10. This is the last report in which IB will be continuously measured.

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 October 2009 - September 2010.

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 Official Error has been measured since 2008/09. Social Fund Official Error estimates are derived from continuous measurement exercises in the period October 2009 - September 2010. It is estimated that 3.9% of expenditure was overpaid corresponding to £17m of net 2010/11 expenditure. The confidence intervals surrounding this estimate were [3.1%-4.7%] or [£14m-£21m]. 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

2.6 The preliminary estimates of underpayments due to fraud and error in 2010/11 are shown in the Table 2.2 below.

2.7 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 be.<sup>1</sup>

**Table 2.2: Estimated underpayments in 2010/11**

Benefit	Expenditure	Fraud & Error	Fraud	Customer Error	Official Error	Last Measured
<b>Continuously reviewed</b>						
Income Support	£7.9bn	1.1% £90m	0.0% £0m	0.5% £40m	0.5% £40m	Oct 09 - Sep 10
Jobseeker's Allowance	£4.5bn	0.3% £20m	0.1% £0m	0.1% £10m	0.2% £10m	Oct 09 - Sep 10
Pension Credit <sup>1</sup>	£8.3bn	2.1% £180m	0.0% £0m	0.9% £70m	1.2% £100m	Oct 09 - Sep 10
Housing Benefit <sup>2</sup>	£21.6bn	1.3% £290m	0.0% £0m	1.1% £230m	0.3% £60m	Oct 09 - Sep 10
Incapacity Benefit <sup>3</sup>	£5.6bn	0.7% £40m	0.0% £0m	0.0% £0m	0.7% £40m	Oct 09 - Sep 10
<b>Occasionally reviewed</b>						
Disability Living Allowance	£12.0bn	2.5% £300m	0.0% £0m	2.4% £290m	0.1% £10m	Apr 04 - Mar 05
Retirement Pension <sup>4</sup>	£69.9bn	0.1% £100m	0.0% £0m	0.0% £0m	0.1% £100m	Apr 05 - Mar 06
Carer's Allowance	£1.6bn	0.1% £0m	0.0% £0m	0.1% £0m	0.0% £0m	Apr 96 - Mar 97
<b>Unreviewed</b>						
Unreviewed (ex CTB) <sup>5,6</sup>	£17.2bn	1.3% £220m	0.0% £0m	1.0% £170m	0.3% £50m	
Council Tax Benefit <sup>7</sup>	£5.0bn	1.2% £60m	0.0% £0m	0.9% £50m	0.3% £10m	Oct 09 - Sep 10
<b>Total<sup>8</sup></b>	<b>£153.6bn</b>	<b>0.8% £1.3bn</b>	<b>0.0% £0.0bn</b>	<b>0.6% £0.9bn</b>	<b>0.3% £0.4bn</b>	
Range <sup>9</sup>		(0.6,1.1) (0.9,1.7)	(0.0,0.0) (0.0,0.0)	(0.3,0.8) (0.5,1.2)	(0.2,0.4) (0.3,0.6)	

### 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 IB continuous measurement exercises for the period October 2009 to September 2010. IB continuous measurement commenced in 2008/09. Prior to this, IB customer error and fraud were last reviewed in 2000/01 via a National Benefit Review exercise, whereas official error exercises (i.e. Short-Term Benefit Reviews) have been carried out each year between 2000/01 and 2009/10. This is the last report in which IB will be continuously measured.

4 Official error estimates for Retirement Pension are derived from continuous measurement exercises in the period October 2009 - September 2010.

<sup>1</sup> For estimates of 'non-take-up' of some benefits see <http://statistics.dwp.gov.uk/asd/index.php?page=irb>

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.

6 Official Error estimates for Social Fund are derived from continuous measurement exercises in the period October 2009 - September 2010. It is estimated that 0.6% of expenditure was underpaid corresponding to £3m of net expenditure in 2010/11. The confidence intervals surrounding this estimate were [0.4%-1%] or [£2m-£4m]. 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.

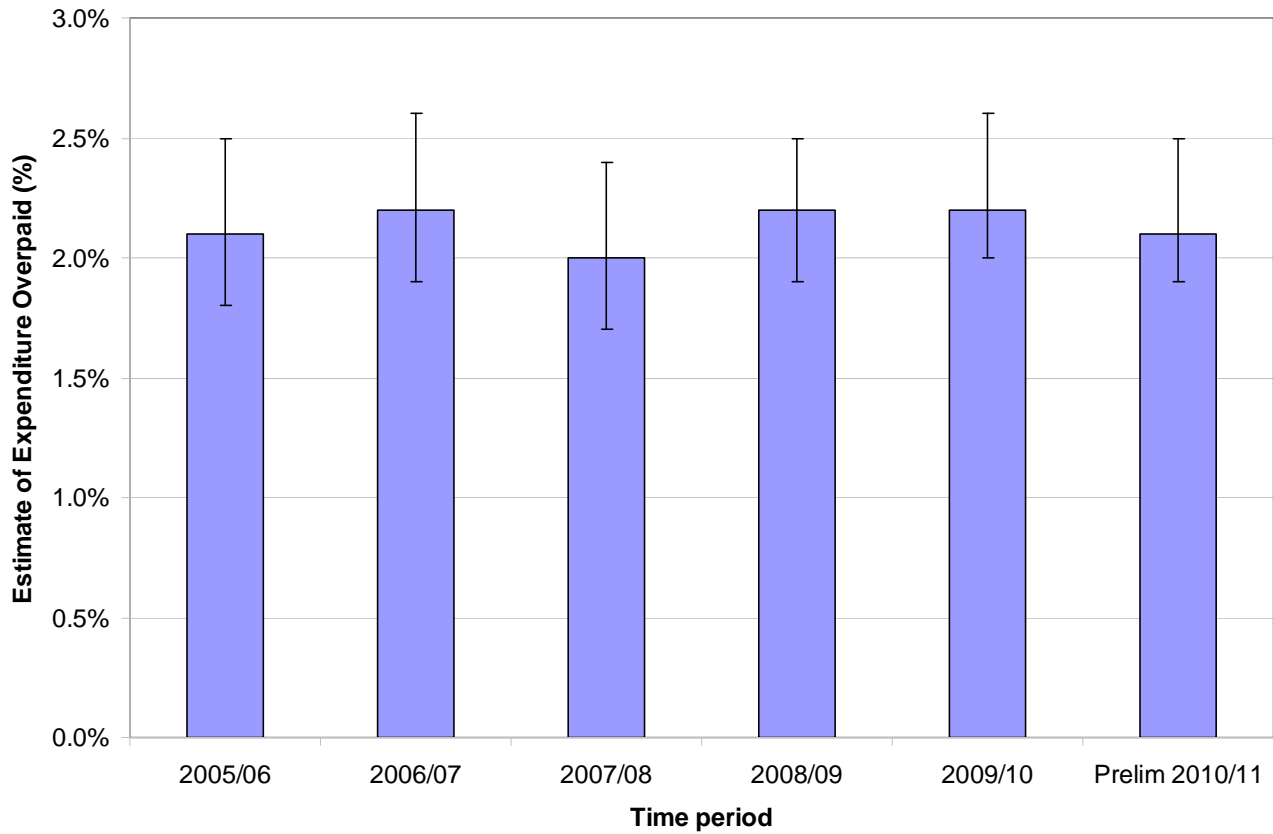
### 3 Fraud and error across the benefit system over time

- 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 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. The graphs in this section show the percentage of benefit overpaid and underpaid over this time period.
- 3.3 The graphs include the preliminary estimates for 2010/11. These preliminary estimates are based on measurement activity from October 2009 to September 2010 for the continuously measured benefits, applied to expenditure in the 2010/11 financial year.
- 3.4 Estimates for all of the continuously reviewed benefits based on measurement covering all of 2010/11 (April 2010 to March 2011) will be available in late autumn 2011 and will be used to provide final estimates of overpayments and underpayments across all benefit expenditure in 2010/11.

## Overpayments

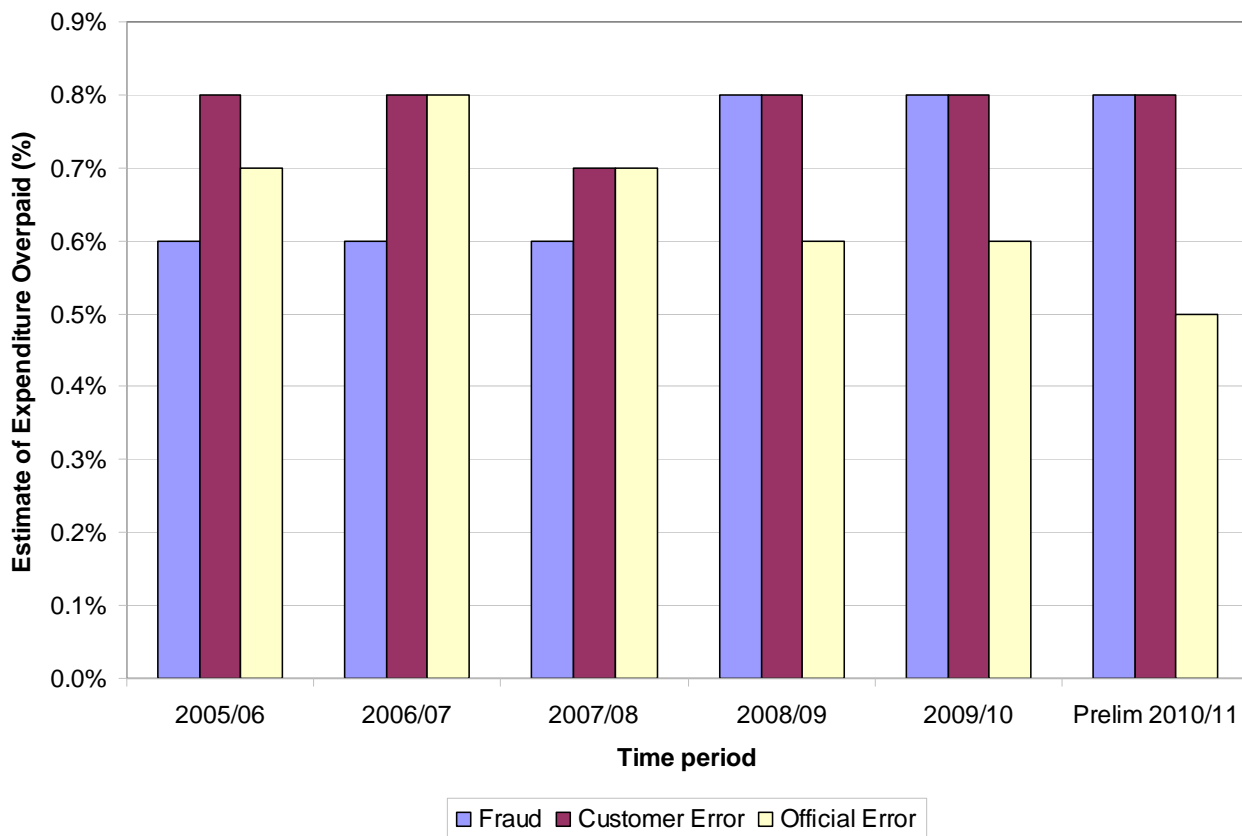
3.5 Figure 3.1 shows the estimated percentage of expenditure overpaid since 2005/06. Estimated 95% confidence intervals are also illustrated by the black lines.

**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.

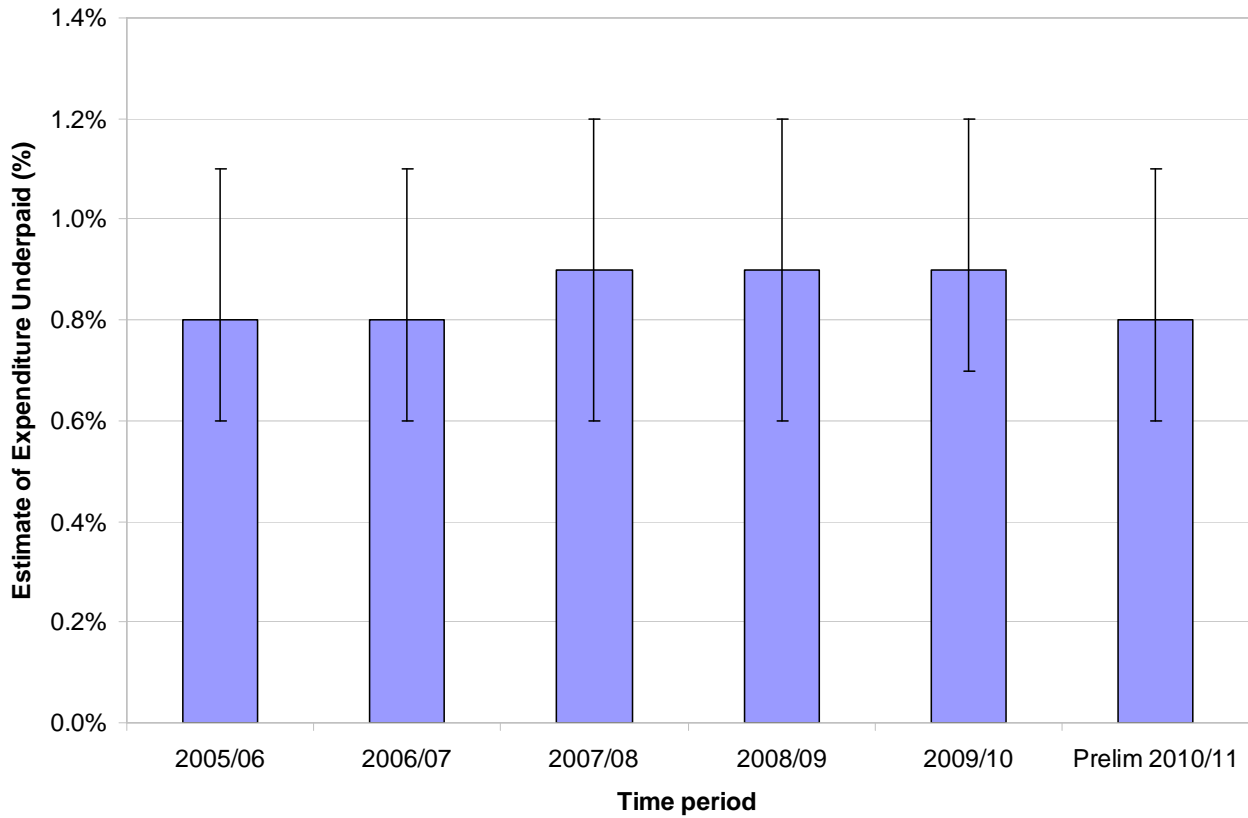
**Figure 3.2: Estimated percentage of expenditure overpaid due to fraud, customer error and official error since 2005/06**



## Underpayments

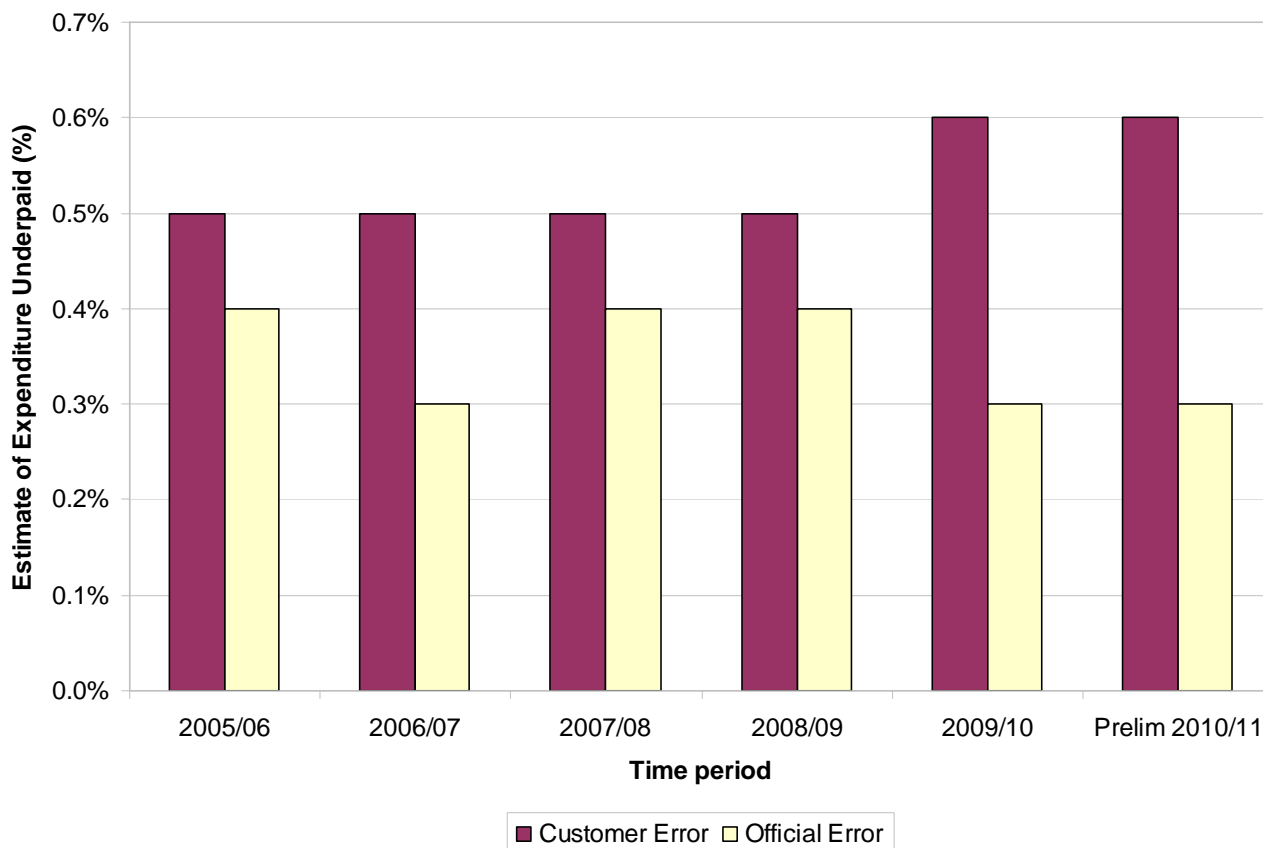
3.7 Figure 3.3 below shows the estimated percentage of expenditure underpaid since 2005/06. Estimated 95% confidence intervals are also shown by the black lines.

**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.

**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 each improvement in the year it was 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	0.8%	£1.0bn	0.8%	£1.1bn	0.6%	£0.8bn	2.2%	(1.9, 2.5)	£2.9bn	(2.6, 3.5)
2009/10	0.8%	£1.1bn	0.8%	£1.2bn	0.6%	£1.0bn	2.2%	(2.0, 2.6)	£3.3bn	(2.9, 3.9)
Prelim 2010/11	0.8%	£1.2bn	0.8%	£1.2bn	0.5%	£0.8bn	2.1%	(1.9, 2.5)	£3.3bn	(2.9, 3.8)

*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 the changes is given below.

Rows and columns 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. This is the last report where Incapacity Benefit will be continuously measured.

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 subcategory 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.

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			
	Percentage	£bn	Percentage	£bn	Percentage	£bn	Percentage	95% CI	£bn	95% CI
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	0.0%	£0.0bn	0.5%	£0.7bn	0.4%	£0.5bn	0.9%	(0.6, 1.2)	£1.2bn	(0.9, 1.6)
2009/10	0.0%	£0.0bn	0.6%	£0.8bn	0.3%	£0.5bn	0.9%	(0.7, 1.2)	£1.3bn	(1.0, 1.7)
Prelim 2010/11	0.0%	£0.0bn	0.6%	£0.9bn	0.3%	£0.4bn	0.8%	(0.6, 1.1)	£1.3bn	(0.9, 1.7)

*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 and columns 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.

This is the last report where Incapacity Benefit will be continuously measured.

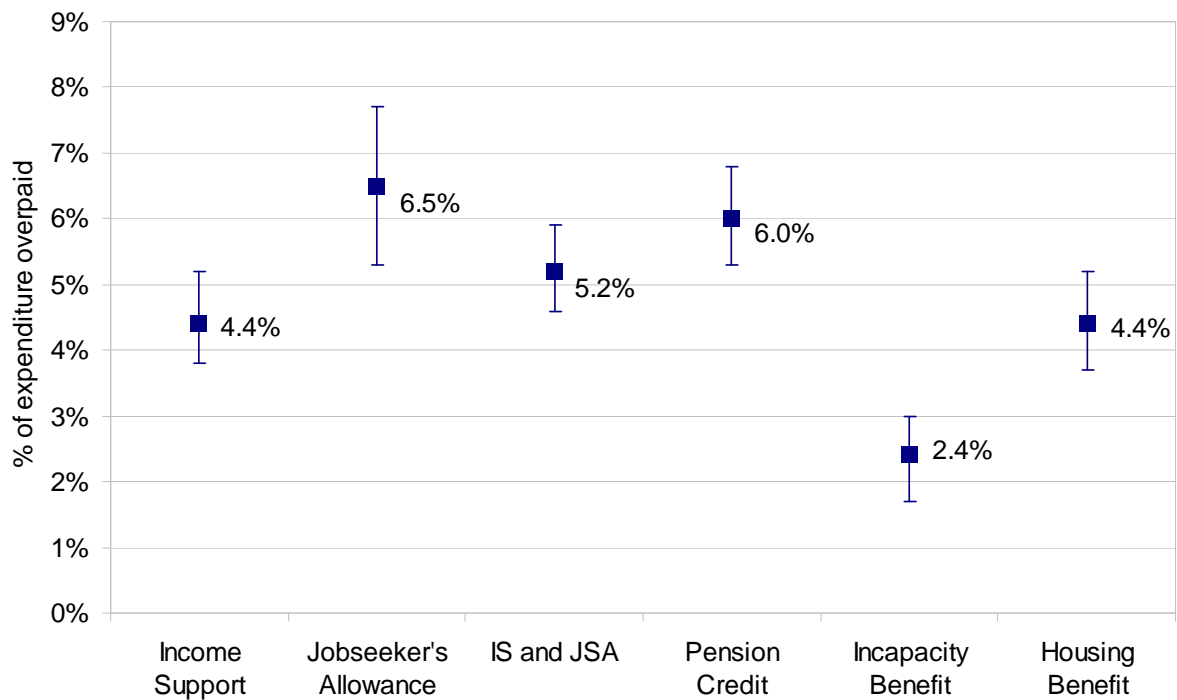
## 4 Fraud and error in the continuously measured benefits: Preliminary 2010/11 estimates

4.1 This section gives estimates for those benefits for which fraud, customer error and official error have been continuously measured, namely Income Support, Jobseeker's Allowance, Pension Credit, Incapacity Benefit and Housing Benefit.

### Overpayments

4.2 Figure 4.1 shows estimates of the overpayments for those benefits which are continuously measured.

**Figure 4.1: Estimated expenditure overpaid for each continuously measured benefit: Preliminary 2010/11 estimates**



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

**Table 4.1: Estimated overpayments for each continuously measured benefit: Preliminary 2010/11 estimates**

Benefit	Fraud		Customer Error		Official Error		Total	
	Percentage	95% CI	Percentage	95% CI	Percentage	95% CI	Percentage	95% CI
Income Support	2.4%	(1.8, 3.2)	1.1%	(0.9, 1.3)	0.9%	(0.7, 1.1)	4.4%	(3.8, 5.2)
	£190m	(140, 250)	£90m	(70, 100)	£70m	(50, 80)	£350m	(290, 410)
Jobseeker's Allowance	4.1%	(3.1, 5.1)	0.3%	(0.1, 0.6)	2.1%	(1.6, 2.6)	6.5%	(5.3, 7.7)
	£180m	(140, 230)	£20m	(10, 30)	£100m	(70, 120)	£300m	(240, 350)
IS and JSA Combined	3.0%	(2.5, 3.7)	0.8%	(0.7, 1.0)	1.3%	(1.1, 1.5)	5.2%	(4.6, 5.9)
	£370m	(310, 460)	£100m	(80, 120)	£170m	(140, 190)	£640m	(560, 730)
Pension Credit	2.3%	(1.8, 2.9)	1.7%	(1.4, 2.0)	2.0%	(1.7, 2.4)	6.0%	(5.3, 6.8)
	£190m	(150, 240)	£140m	(120, 170)	£170m	(140, 200)	£500m	(440, 560)
Incapacity Benefit	0.3%	(0.1, 0.5)	0.9%	(0.5, 1.3)	1.2%	(0.8, 1.7)	2.4%	(1.7, 3.0)
	£20m	(0, 30)	£50m	(30, 70)	£70m	(50, 90)	£130m	(100, 170)
Housing Benefit	1.3%	(0.9, 1.7)	2.6%	(1.9, 3.1)	0.5%	(0.3, 1.1)	4.4%	(3.7, 5.2)
	£290m	(190, 370)	£560m	(420, 660)	£110m	(60, 230)	£960m	(810, 1130)

*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.

This is the last report where Incapacity Benefit will be continuously measured.

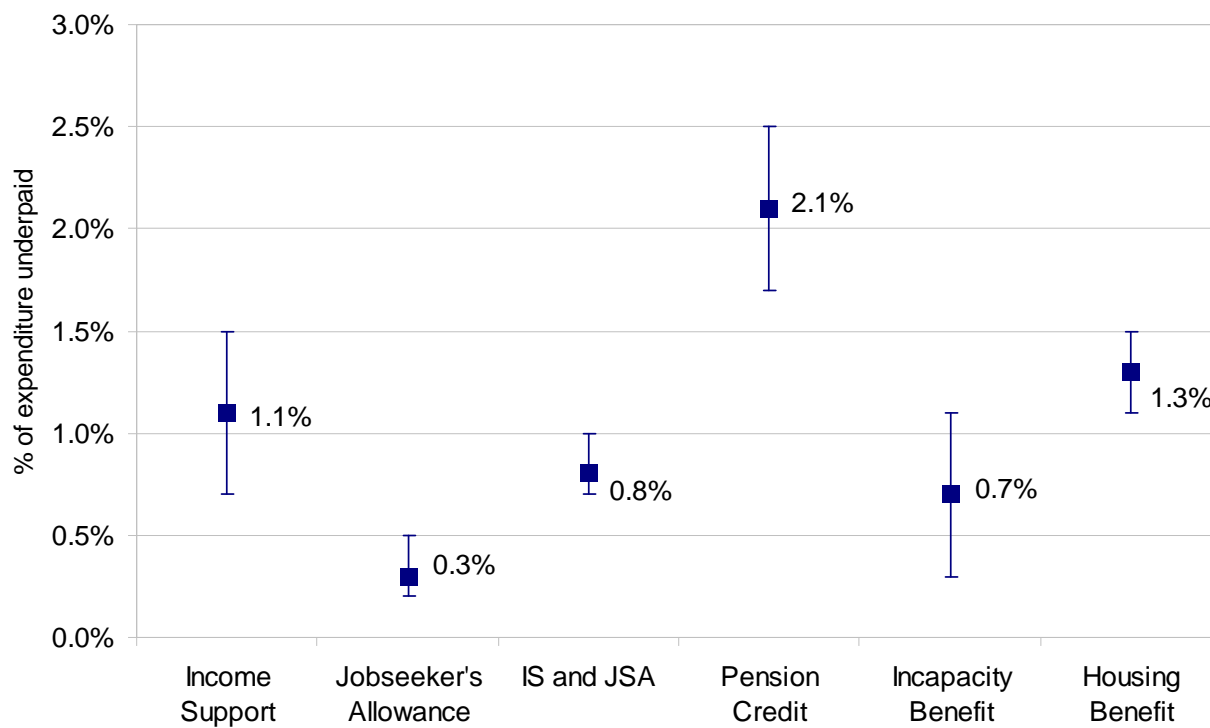
Rows may not sum to totals due to rounding.

4.4 Refer to Section 6 (left blank in this report only) and Annex 3 for a more detailed assessment of the different types of fraud, customer error and official error overpayments. However, 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 for those benefits which are continuously measured.

**Figure 4.2: Estimated expenditure underpaid for each continuously measured benefit: Preliminary 2010/11 estimates**



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

**Table 4.2: Estimated underpayments between for each continuously measured benefit: Preliminary 2010/11 estimates**

Benefit	Fraud		Customer Error		Official Error		Total	
	Percentage	95% CI	Percentage	95% CI	Percentage	95% CI	Percentage	95% CI
Income Support	0.0%	(0.0, 0.1)	0.5%	(0.4, 0.6)	0.5%	(0.4, 0.7)	1.1%	(0.7, 1.5)
	£0m	(0, 10)	£40m	(30, 50)	£40m	(30, 50)	£90m	(60, 110)
Jobseeker's Allowance	0.1%	(0.0, 0.1)	0.1%	(0.0, 0.2)	0.2%	(0.1, 0.3)	0.3%	(0.2, 0.5)
	£0m	(0, 10)	£10m	(0, 10)	£10m	(0, 10)	£20m	(10, 20)
IS and JSA Combined	0.0%	(0.0, 0.1)	0.4%	(0.3, 0.5)	0.4%	(0.3, 0.5)	0.8%	(0.7, 1.0)
	£10m	(0, 10)	£50m	(40, 60)	£50m	(40, 60)	£100m	(80, 120)
Pension Credit	0.0%	(0.0, 0.0)	0.9%	(0.6, 1.2)	1.2%	(0.9, 1.6)	2.1%	(1.7, 2.5)
	£0m	(0, 0)	£70m	(50, 100)	£100m	(70, 130)	£180m	(140, 210)
Incapacity Benefit	0.0%	(0.0, 0.0)	0.0%	(0.0, 0.0)	0.7%	(0.3, 1.1)	0.7%	(0.3, 1.1)
	£0m	(0, 0)	£0m	(0, 0)	£40m	(20, 60)	£40m	(20, 60)
Housing Benefit	0.0%	(0.0, 0.0)	1.1%	(0.9, 1.3)	0.3%	(0.2, 0.3)	1.3%	(1.1, 1.5)
	£0m	(0, 0)	£230m	(190, 270)	£60m	(50, 70)	£290m	(240, 330)

*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.

This is the last report where Incapacity Benefit will be continuously measured.

Rows may not sum to totals due to rounding.

4.7 Refer to Section 6 (left blank in this report only) and Annex 3 for a more detailed assessment of the different types of fraud, customer error and official error underpayments. However, more detail on Incapacity Benefit is not available due to the small sample size of cases reviewed for this benefit.

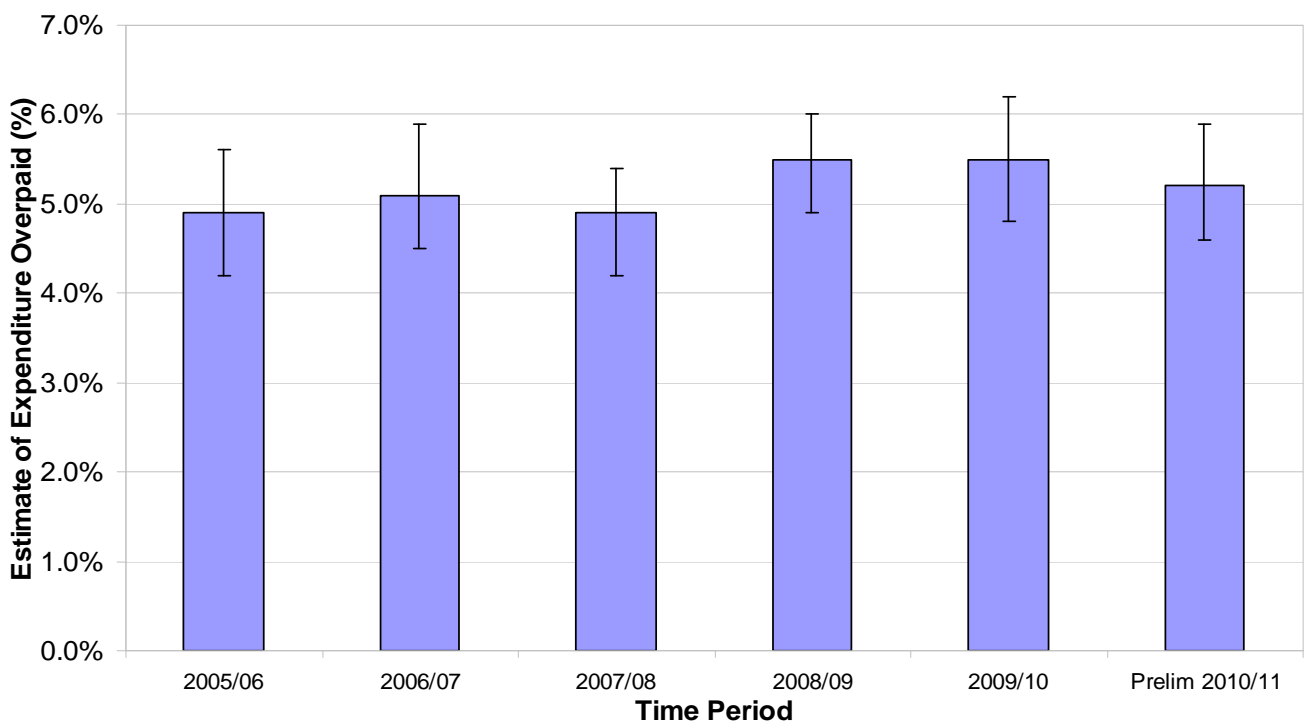
## 5 Fraud and error in the continuously measured benefits over time

- 5.1 This section presents estimates of fraud and error overpayments and underpayments over time for the continuously measured benefits: Income Support, Jobseeker's Allowance, Pension Credit, Incapacity Benefit and Housing Benefit.
- 5.2 The time series for each of the continuously measured benefits do not necessarily begin 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

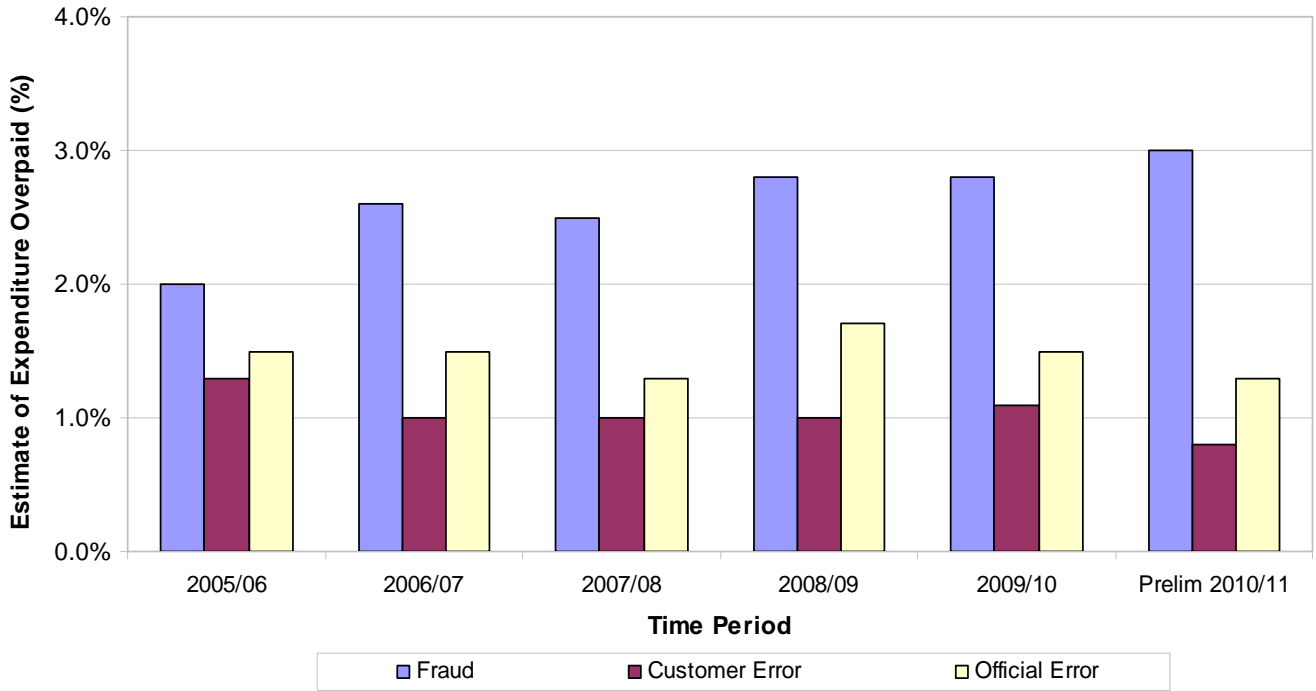
5.4 For Income Support and Jobseeker's Allowance, improvements to the methodology were introduced in 2005/06 and for all subsequent estimates of overpayments. The changes create a discontinuity in the time series between the estimates up to 2004/05 and the estimates from 2005/06 onwards. The estimated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

**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	%	95% CI	£m	95% CI
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)
2008/09	2.8%	£330m	1.0%	£110m	1.7%	£200m	5.5%	(4.9,6.0)	£640m	(570,700)
2009/10	2.8%	£370m	1.1%	£150m	1.5%	£200m	5.5%	(4.8,6.2)	£730m	(630,820)
Prelim 2010/11	3.0%	£370m	0.8%	£100m	1.3%	£170m	5.2%	(4.6,5.9)	£640m	(560,730)

*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://statistics.dwp.gov.uk/asd/asd2/fem/fem\\_tec\\_app.pdf](http://statistics.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf)

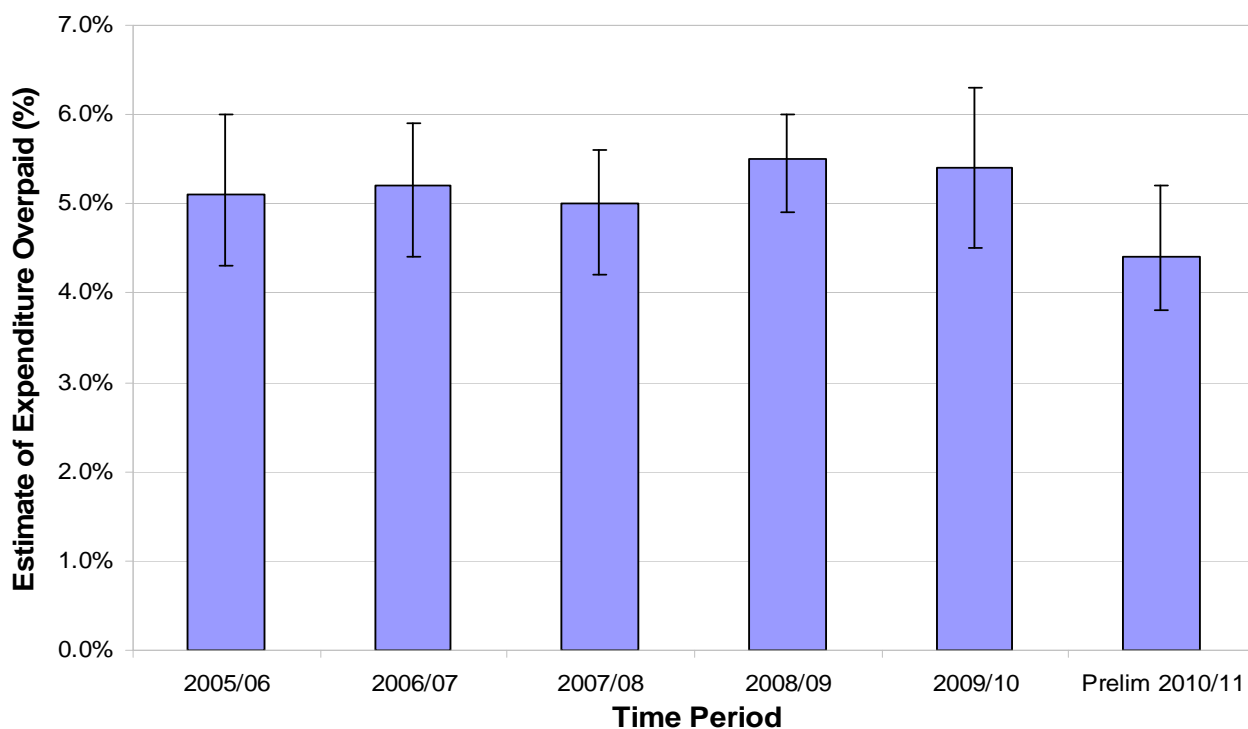
For the 2008/09 estimates, there were external factors that affected the data collection for JSA for a specific type of error that introduced a bias into the data collection process. An adjustment was implemented to deal with the issue based on existing methods where there is incomplete information and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

It has been discovered that some errors cases within the Labour Market Issues category should have been classified as either correct or incomplete cases. These cases have been corrected or classified as incomplete in this report, but remain classified as errors up to the 2008/09 report. Due to this change, comparisons of Labour Market Issues between this and previous reports should be treated with caution.

## Estimates for Income Support overpayments over time

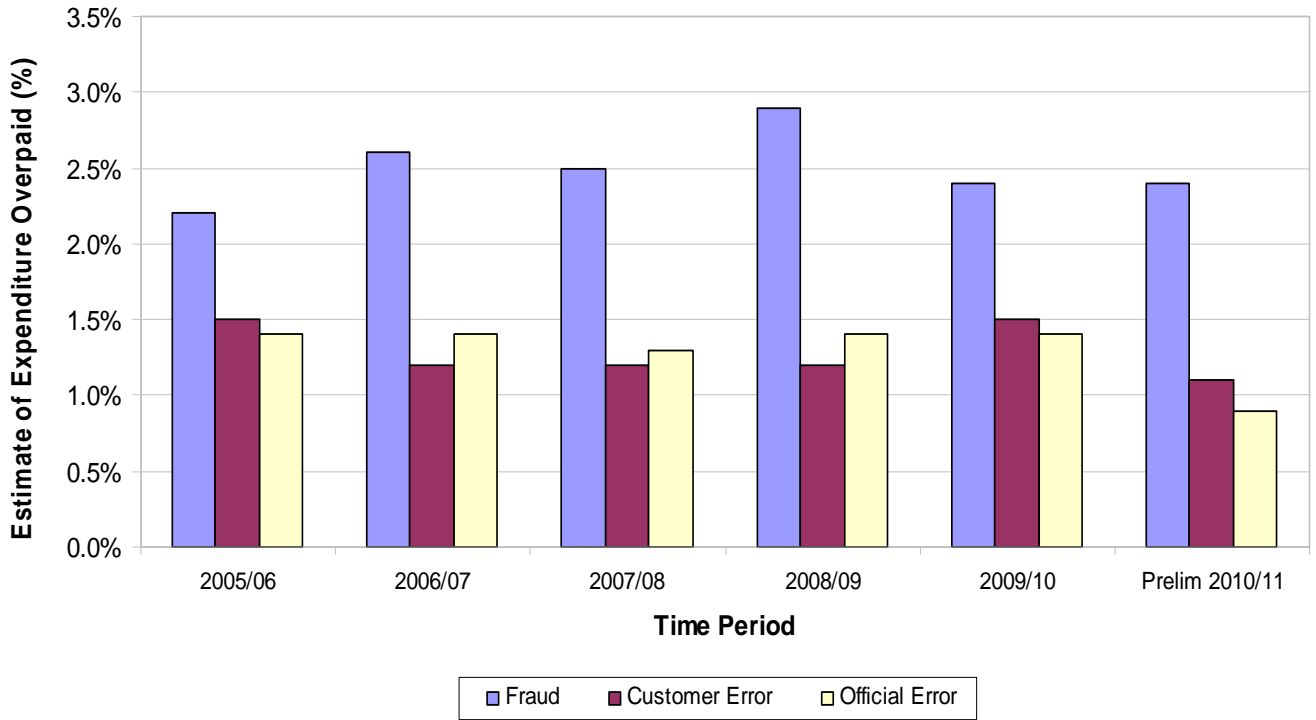
5.7 For Income Support improvements to the methodology were introduced in 2005/06 and for all subsequent estimates of overpayments. The changes create a discontinuity in the time series between the estimates up to 2004/05 and the estimates from 2005/06 onwards. The estimated IS percentage of expenditure overpaid since 2005/06 is shown in Figure 5.3 below. Estimated 95% confidence intervals are also shown by the black lines, alongside the regular annual estimates.

**Figure 5.3: Estimated IS total overpayments since 2005/06**



5.8 Figure 5.4, below, illustrates the estimated percentage of IS expenditure overpaid broken down by fraud, customer error and official error.

**Figure 5.4: Estimated IS overpayments due to fraud, customer error and official error since 2005/06**



5.9 Table 5.2 shows the estimates for IS overpayments due to fraud and error since 2005/06.

**Table 5.2: Estimated IS overpayments since 2005/06**

Year	Fraud		Customer Error		Official Error		Fraud and Error			
2005/06	2.2%	£200m	1.5%	£140m	1.4%	£140m	5.1%	(4.3,6.0)	£480m	(400,560)
2006/07	2.6%	£240m	1.2%	£110m	1.4%	£130m	5.2%	(4.4,5.9)	£470m	(400,540)
2007/08	2.5%	£220m	1.2%	£110m	1.3%	£120m	5.0%	(4.2,5.6)	£450m	(380,500)
2008/09	2.9%	£250m	1.2%	£110m	1.4%	£130m	5.5%	(4.9,6.0)	£480m	(430,530)
2009/10	2.4%	£210m	1.5%	£130m	1.4%	£120m	5.4%	(4.5,6.3)	£460m	(380,530)
Prelim 2010/11	2.4%	£190m	1.1%	£90m	0.9%	£70m	4.4%	(3.8,5.2)	£350m	(290,410)

*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.

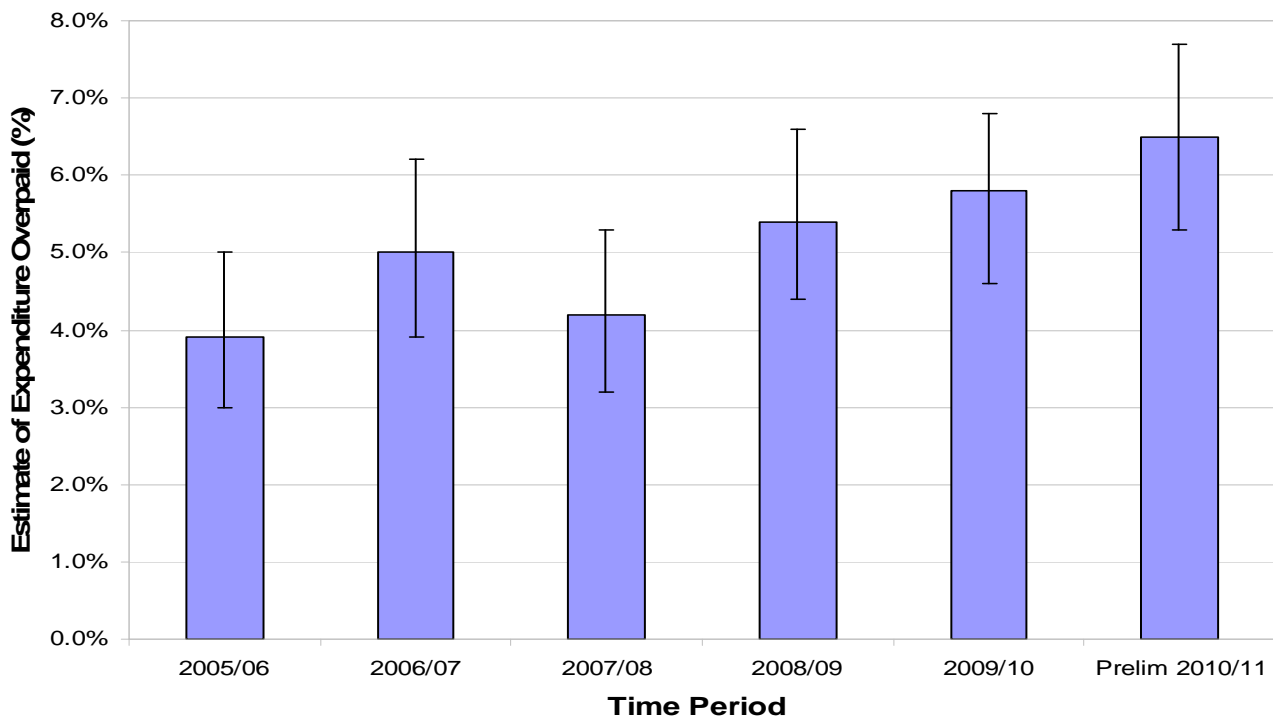
For Income Support, improvements to the methodology were introduced in 2005/06 and for all subsequent estimates of overpayments. The changes create a discontinuity in the time series between the estimates up to 2004/05 and the estimates from 2005/06 onwards. Therefore comparisons over time should be 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://statistics.dwp.gov.uk/asd/asd2/fem/fem\\_tec\\_app.pdf](http://statistics.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf)

## Estimates for Jobseeker's Allowance overpayments over time

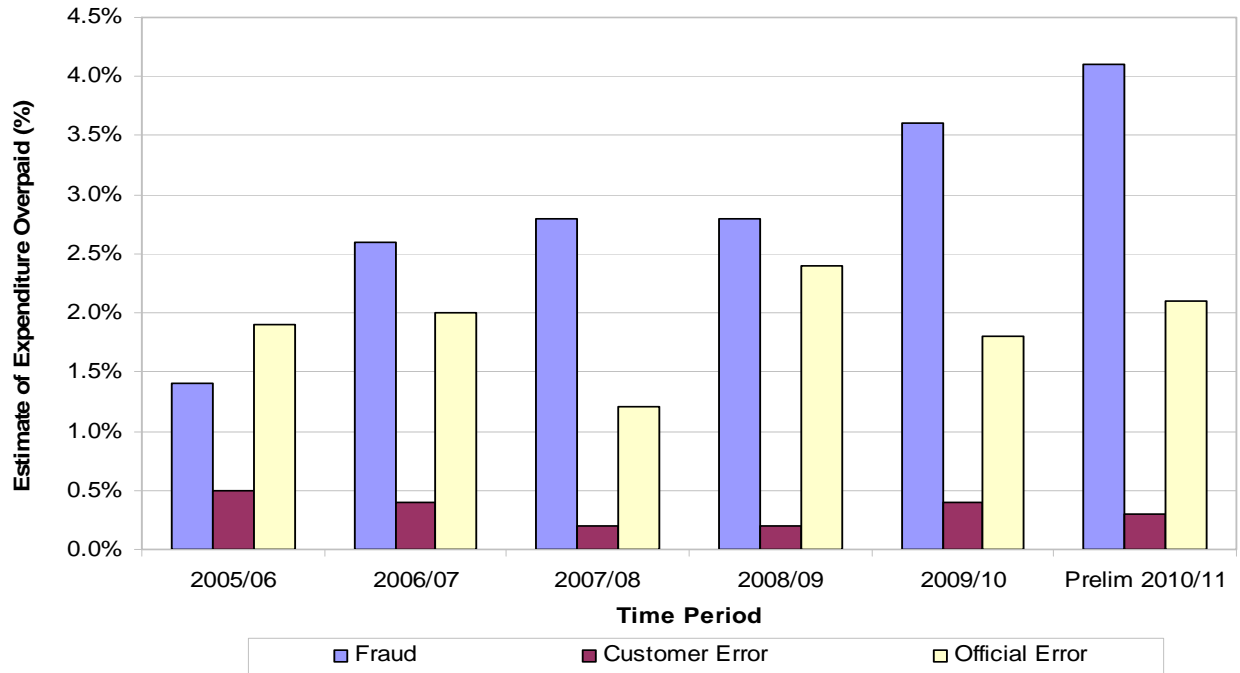
5.10 For Jobseeker's Allowance improvements to the methodology were introduced in 2005/06 and for all subsequent estimates of overpayments. The changes create a discontinuity in the time series between the estimates up to 2004/05 and the estimates from 2005/06 onwards. The estimated JSA percentage of expenditure overpaid since 2005/06 is shown in Figure 5.5 below. Estimated 95% confidence intervals are also shown by the black lines, alongside the regular annual estimates.

**Figure 5.5: Estimated JSA total overpayments since 2005/06**



5.11 Figure 5.6, below, illustrates the estimated percentage of JSA expenditure overpaid broken down by fraud, customer error and official error.

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



5.12 Table 5.3 shows the estimates for JSA overpayments due to fraud and error since 2005/06.

**Table 5.3: Estimated JSA overpayments since 2005/06**

Year	Fraud		Customer Error		Official Error		Fraud and Error			
	%	£m	%	£m	%	£m	%	95% CI	£m	95% CI
2005/06	1.4%	£30m	0.5%	£10m	1.9%	£40m	3.9%	(3.0,5.0)	£90m	(70,120)
2006/07	2.6%	£60m	0.4%	£10m	2.0%	£50m	5.0%	(3.9,6.2)	£120m	(90,150)
2007/08	2.8%	£60m	0.2%	£10m	1.2%	£30m	4.2%	(3.2,5.3)	£90m	(70,120)
2008/09	2.8%	£80m	0.2%	£10m	2.4%	£70m	5.4%	(4.4,6.6)	£160m	(130,190)
2009/10	3.6%	£170m	0.4%	£20m	1.8%	£80m	5.8%	(4.6,6.8)	£270m	(220,320)
Prelim 2010/11	4.1%	£180m	0.3%	£20m	2.1%	£100m	6.5%	(5.3,7.7)	£300m	(240,350)

*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.

The total overpayment expenditure in the 2010/11 preliminary estimates are based on early provisional expenditure data so differ slightly from the JSA total shown in table 2.1 of this publication.

For 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://statistics.dwp.gov.uk/asd/asd2/fem/fem\\_tec\\_app.pdf](http://statistics.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf)

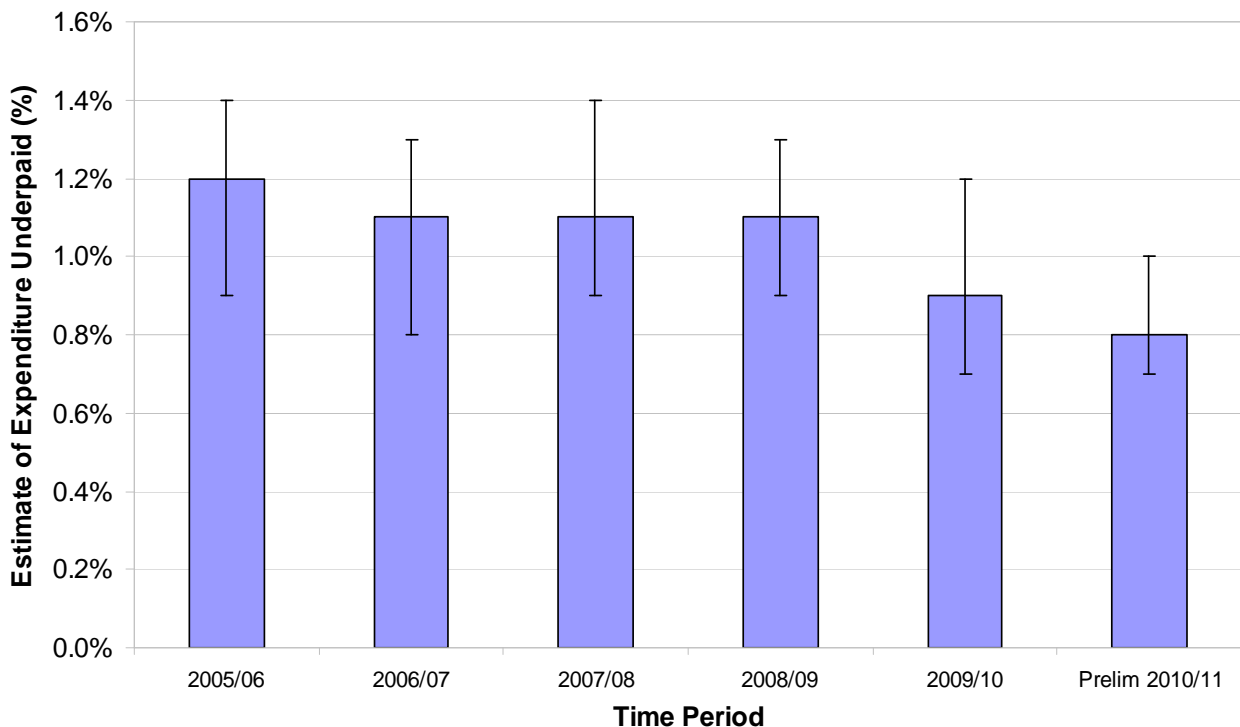
For the 2008/09 estimates, there were external factors that affected the data collection for JSA for a specific type of error that introduced a bias into the data collection process. An adjustment was implemented to deal with the issue based on existing methods where there is incomplete information and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

It has been discovered that some errors cases within the Labour Market Issues category should have been classified as either correct or incomplete cases. These cases have been corrected or classified as incomplete in this report, but remain classified as errors up to the 2008/09 report. Due to this change, comparisons of Labour Market Issues between this and previous reports should be treated with caution.

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

5.13 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 5.7 below. Estimated 95% confidence intervals are also shown by the black lines.

**Figure 5.7: Estimated Income Support and Jobseeker's Allowance total underpayments since 2005/06**

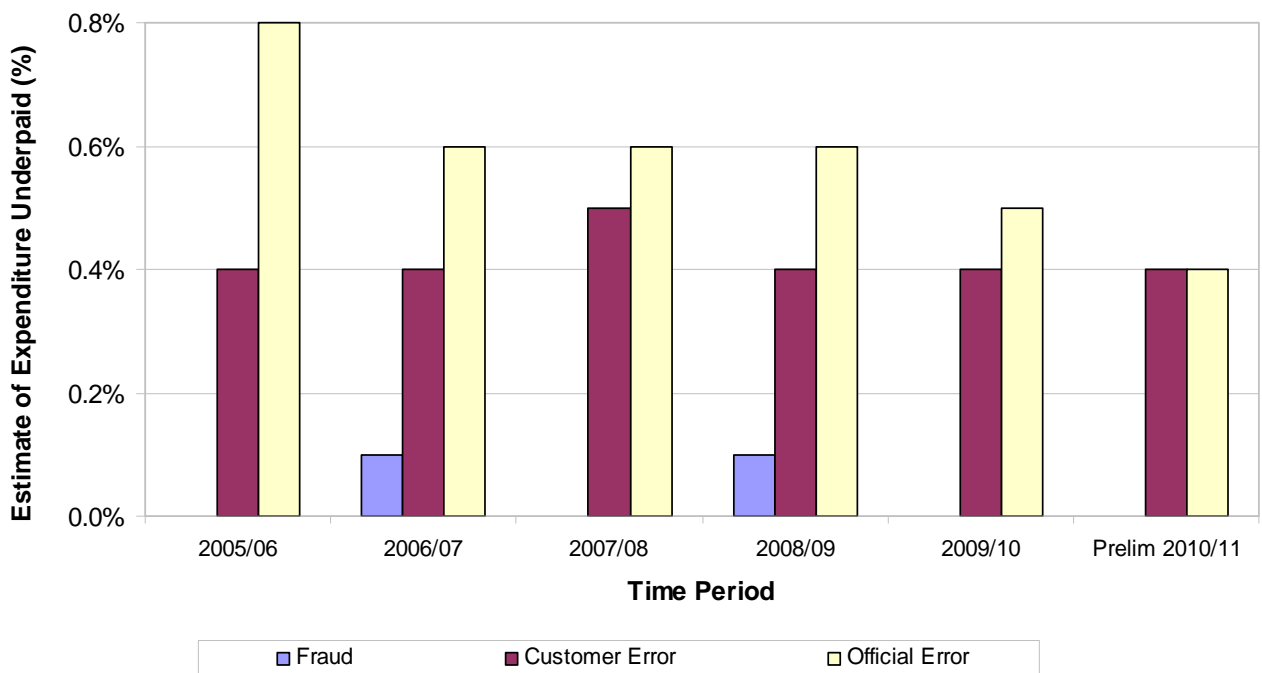


5.14 Figure 5.8 shows the estimated percentage of expenditure underpaid broken down by fraud, customer error and official error.

5.15 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://statistics.dwp.gov.uk/asd/asd2/fem/fem\\_tec\\_app.pdf](http://statistics.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf)

**Figure 5.8: Estimated Income Support and Jobseeker's Allowance underpayments due to fraud, customer error and official error since 2005/06**



5.16 Table 5.4 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 5.4: 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	(£m)
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)
2008/09	0.1%	£10m	0.4%	£50m	0.6%	£70m	1.1%	(0.9,1.3)	£130m	(110,160)
2009/10	0.0%	£0m	0.4%	£50m	0.5%	£70m	0.9%	(0.7,1.2)	£130m	(90,150)
Prelim 2010/11	0.0%	£10m	0.4%	£50m	0.4%	£50m	0.8%	(0.7,1.0)	£100m	(80,120)

*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.

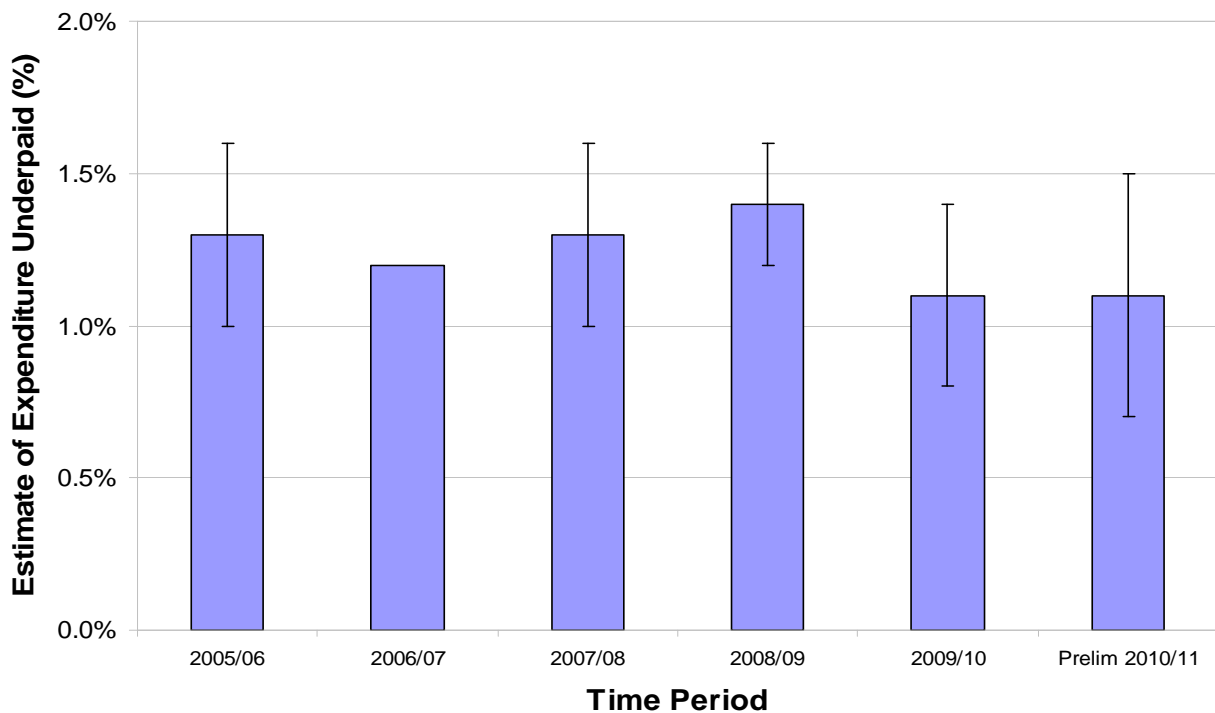
There were improvements to the methodology in the 2005/06 estimates which have been carried forward for all subsequent estimates, but create a discontinuity in the time series between the estimates up to 2004/05 and the estimates from 2005/06 onwards. Therefore comparisons over time should be made with 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://statistics.dwp.gov.uk/asd/asd2/fem/fem\\_tec\\_app.pdf](http://statistics.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf)

## Estimates for Income Support underpayments over time

5.17 For Income Support 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 percentage of expenditure underpaid since 2005/06 is shown in Figure 5.9 below. Estimated 95% confidence intervals are also shown by the black lines.

**Figure 5.9: Estimated IS total underpayments since 2005/06**

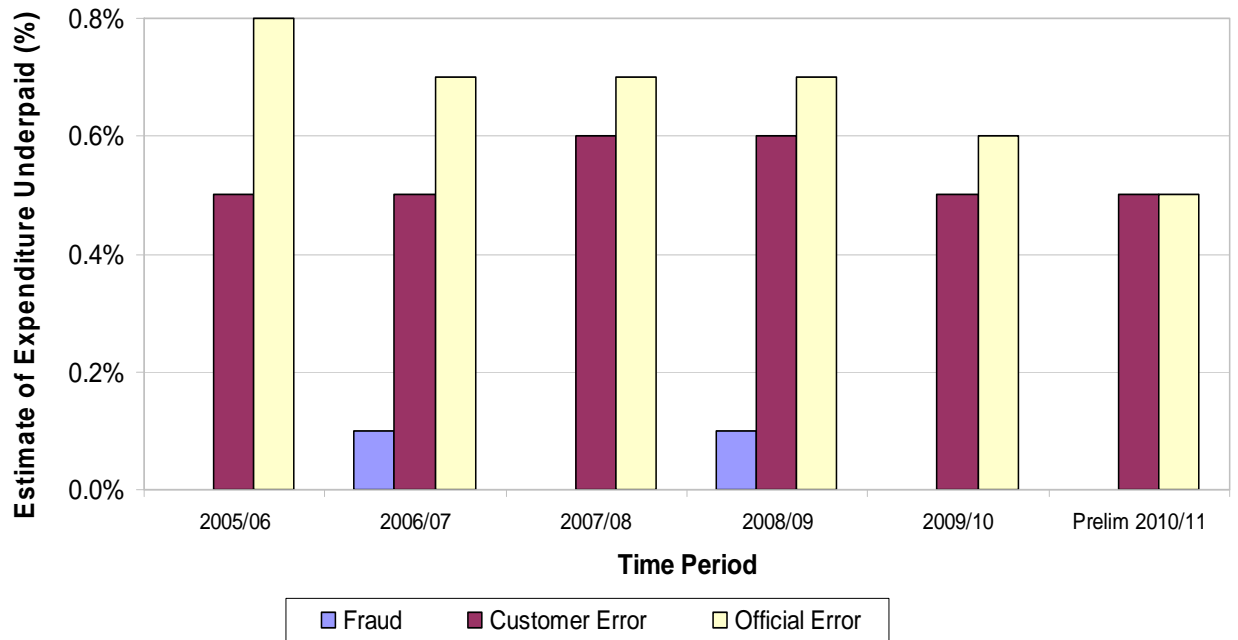


*Note to Figure:*

Underpayment confidence intervals are not available for 2006/07

5.18 Figure 5.10 shows the estimated percentage of expenditure underpaid broken down by fraud, customer error and official error.

**Figure 5.10: Estimated IS underpayments due to fraud, customer error and official error since 2005/06**



5.19 Table 5.5 shows the estimates for IS underpayments due to fraud and error since 2005/06. Estimates prior to 2005/06 are not available.

**Table 5.5: Estimated IS underpayments since 2005/06**

Year	Fraud		Customer Error		Official Error		Fraud and Error			
2005/06	0.0%	£0m	0.5%	£40m	0.8%	£80m	1.3%	(1.0,1.6)	£120m	(90,150)
2006/07	0.1%	£10m	0.5%	£40m	0.7%	£60m	1.2%	(-, -)	£110m	(-, -)
2007/08	0.0%	£0m	0.6%	£50m	0.7%	£60m	1.3%	(1.0,1.6)	£120m	(90,150)
2008/09	0.1%	£10m	0.6%	£50m	0.7%	£70m	1.4%	(1.2,1.6)	£120m	(100,140)
2009/10	0.0%	£0m	0.5%	£40m	0.6%	£50m	1.1%	(0.8,1.4)	£90m	(60,120)
Prelim 2010/11	0.0%	£0m	0.5%	£40m	0.5%	£40m	1.1%	(0.7,1.5)	£90m	(60,110)

*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 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.

Rows may not sum to totals due to rounding.

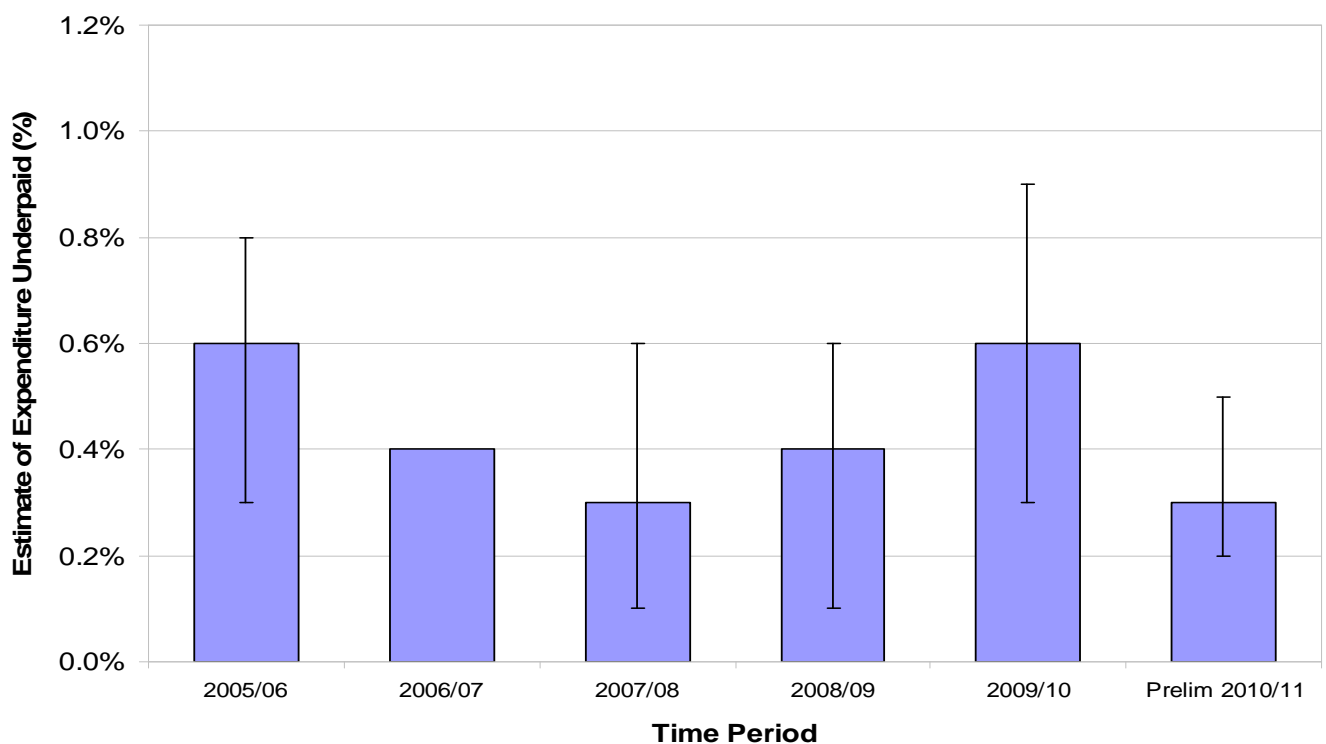
There were improvements to the methodology in the 2005/06 estimates which have been carried forward for all subsequent estimates, but create a discontinuity in the time series between the estimates up to 2004/05 and the estimates from 2005/06 onwards. Therefore comparisons over time should be made with caution. The change for IS/ 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://statistics.dwp.gov.uk/asd/asd2/fem/fem\\_tec\\_app.pdf](http://statistics.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf)

## Estimates for Jobseeker's Allowance underpayments over time

5.20 For 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 5.11 below. Estimated 95% confidence intervals are also shown by the black lines.

**Figure 5.11: Estimated JSA total underpayments since 2005/06**

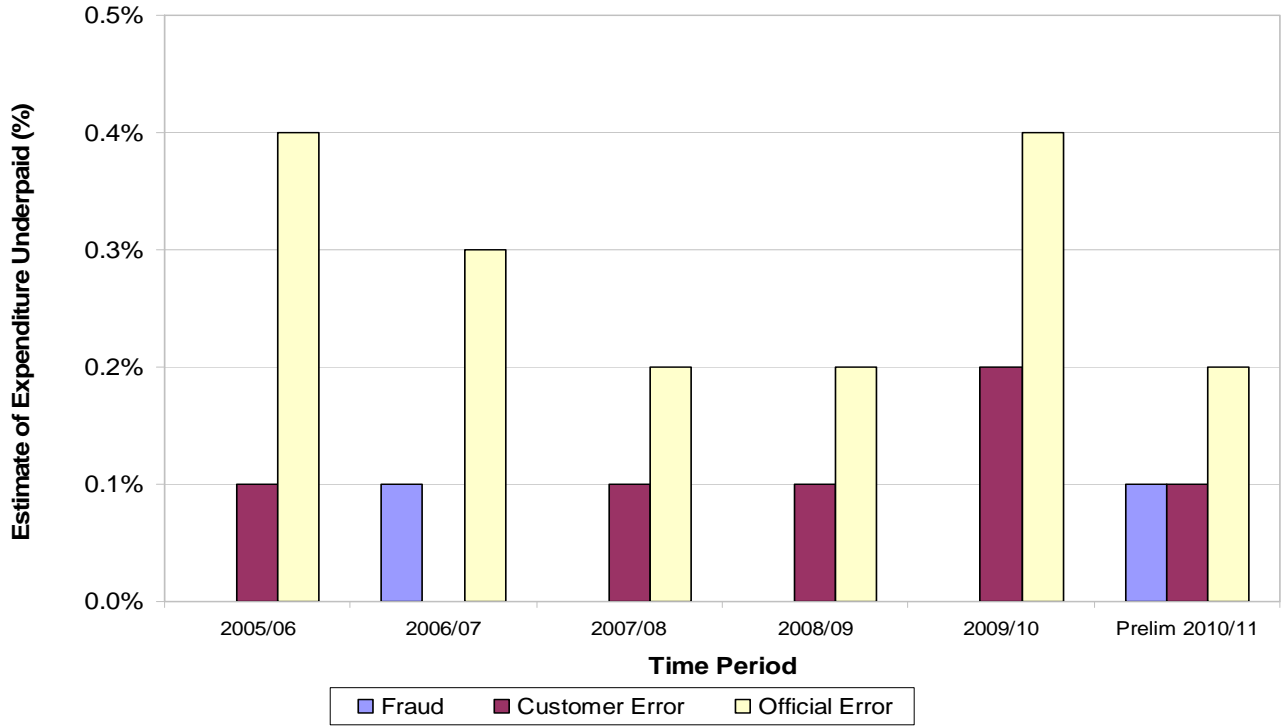


*Note to Figure:*

Underpayment confidence intervals are not available for 2006/07

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

**Figure 5.12: Estimated JSA underpayments due to fraud, customer error and official error since 2005/06**



5.22 Table 5.6 shows the estimates for JSA underpayments due to fraud and error since 2005/06. Estimates prior to 2005/06 are not available.

**Table 5.6: Estimated JSA underpayments since 2005/06**

Year	Fraud		Customer Error		Official Error		Fraud and Error			
2005/06	0.0%	£0m	0.1%	£0m	0.4%	£10m	0.6%	(0.3,0.8)	£10m	(10,20)
2006/07	0.1%	£0m	0.0%	£0m	0.3%	£10m	0.4%	(-, -)	£10m	(-, -)
2007/08	0.0%	£0m	0.1%	£0m	0.2%	£0m	0.3%	(0.1,0.6)	£10m	(0,10)
2008/09	0.0%	£0m	0.1%	£0m	0.2%	£10m	0.4%	(0.1,0.6)	£10m	(0,20)
2009/10	0.0%	£0m	0.2%	£10m	0.4%	£20m	0.6%	(0.3,0.9)	£30m	(20,40)
Prelim 2010/11	0.1%	£0m	0.1%	£10m	0.2%	£10m	0.3%	(0.2,0.5)	£20m	(10,20)

*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 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.

Rows may not sum to totals due to rounding.

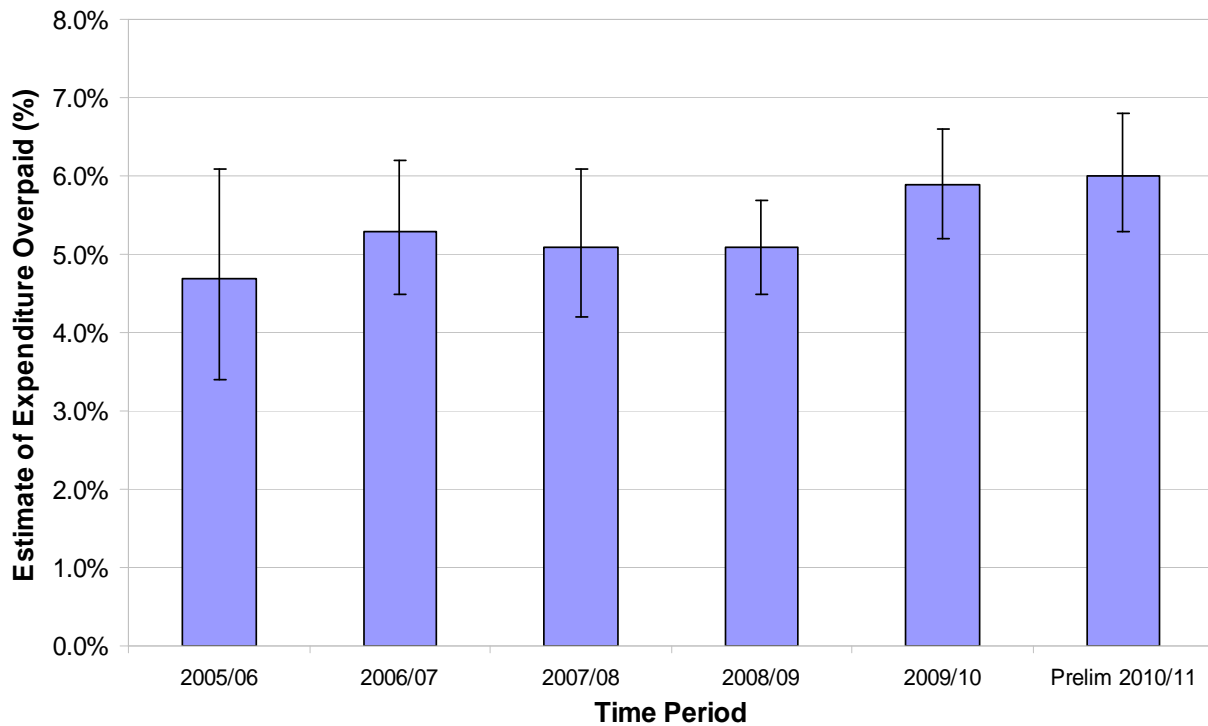
There were improvements to the methodology in the 2005/06 estimates which have been carried forward for all subsequent estimates, but create a discontinuity in the time series between the estimates up to 2004/05 and the estimates from 2005/06 onwards. Therefore comparisons over time should be made with caution. The change for 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://statistics.dwp.gov.uk/asd/asd2/fem/fem\\_tec\\_app.pdf](http://statistics.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf)

## Estimates for Pension Credit overpayments over time

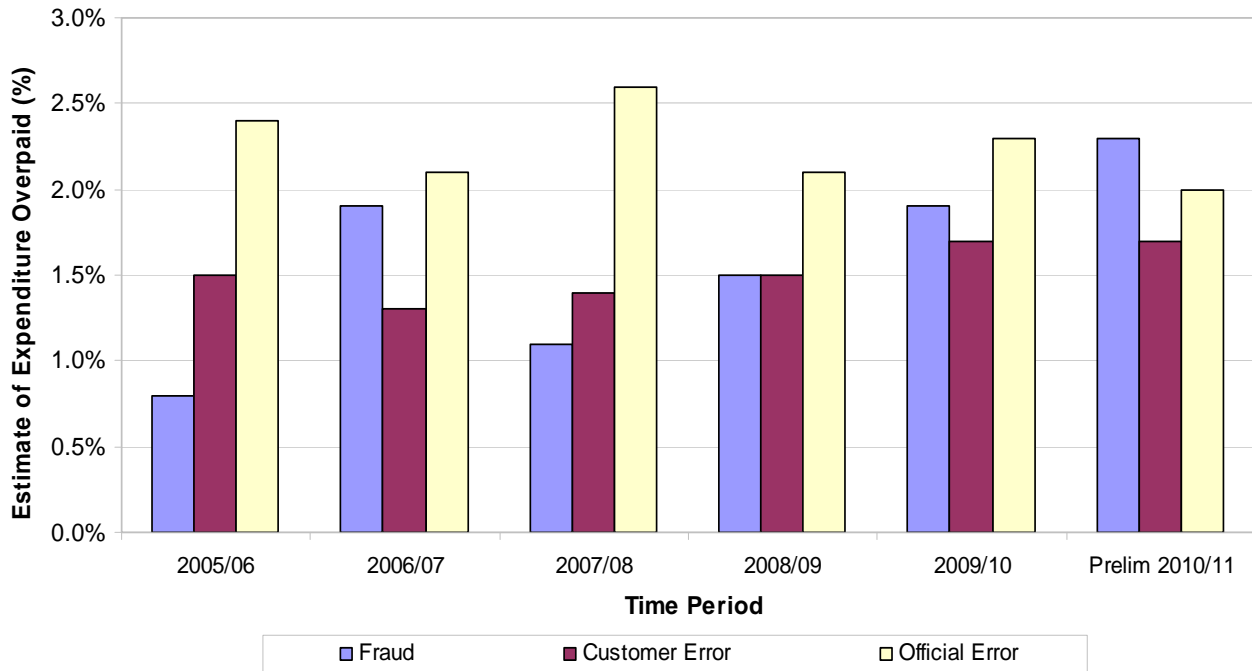
5.23 For Pension Credit, improvements to the methodology were introduced in 2005/06 and for all subsequent estimates. This creates a discontinuity in the time series between the estimates for 2004/05 and the estimates from 2005/06 onwards. Figure 5.13 below shows the estimated Pension Credit percentage of expenditure overpaid since the improved methodology was introduced in 2005/06. Estimated 95% confidence intervals are also shown by the black lines.

**Figure 5.13: Estimated Pension Credit total overpayments since 2005/06**



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

**Figure 5.14: Estimated Pension Credit overpayments due to fraud, customer error and official error since 2005/06**



5.25 Table 5.7 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 5.7: 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)
2008/09	1.5%	£110m	1.5%	£120m	2.1%	£160m	5.1%	(4.5,5.7)	£390m	(350,440)
2009/10	1.9%	£150m	1.7%	£140m	2.3%	£190m	5.9%	(5.2,6.6)	£480m	(430,540)
Prelim 2010/11	2.3%	£190m	1.7%	£140m	2.0%	£170m	6.0%	(5.3,6.8)	£500m	(440,560)

*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.

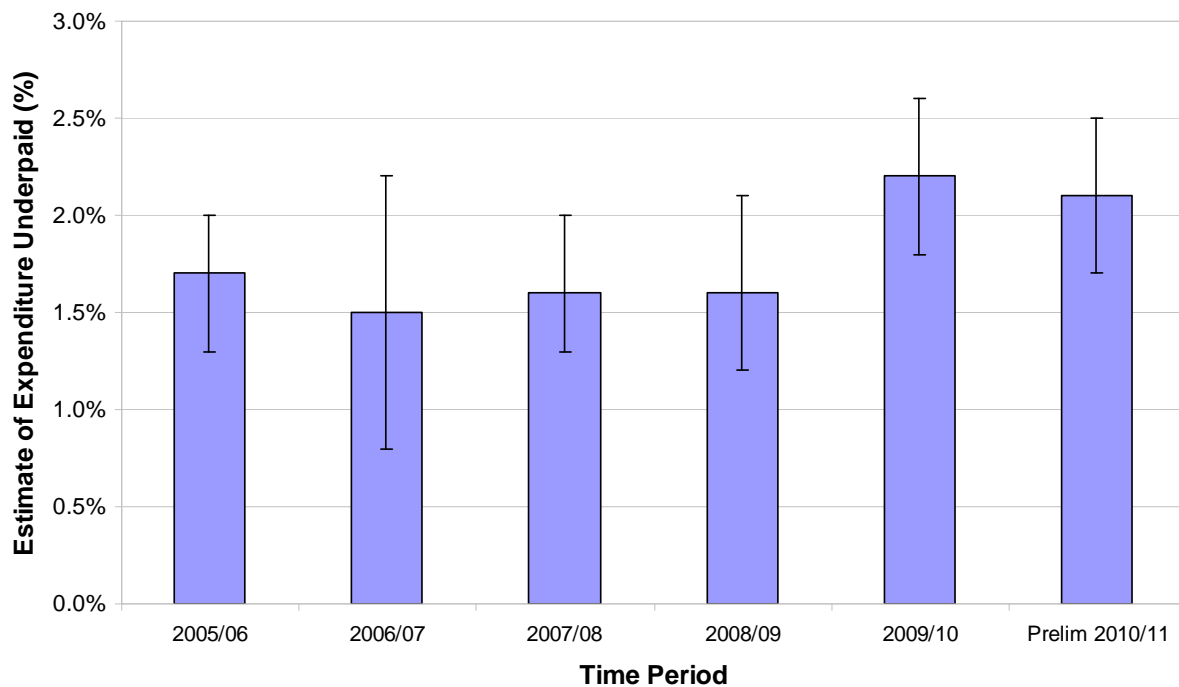
Rows may not sum to totals due to rounding.

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://statistics.dwp.gov.uk/asd/asd2/fem/fem\\_tec\\_app.pdf](http://statistics.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf)

## Estimates for Pension Credit underpayments over time

5.26 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 5.15 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.

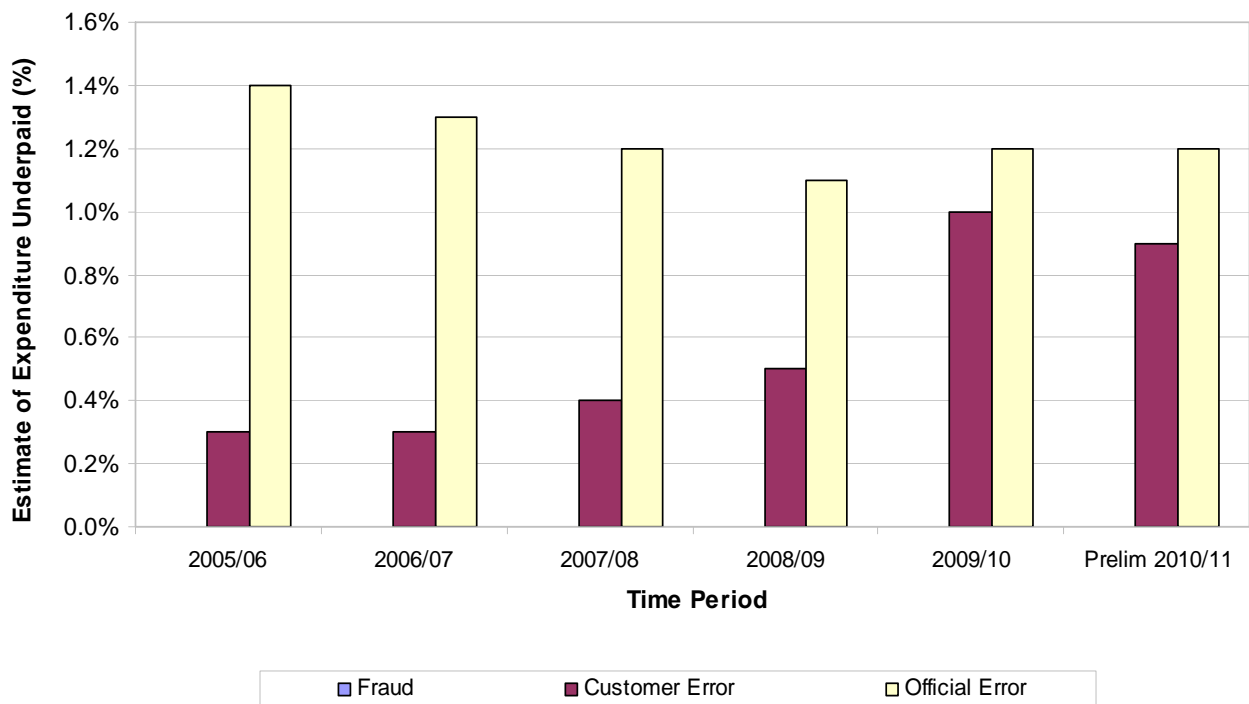
**Figure 5.15: Estimated Pension Credit total underpayments since 2005/06**



5.27 Figure 5.16 shows the estimated percentage of expenditure underpaid broken down by fraud, customer error and official error.

5.28 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://statistics.dwp.gov.uk/asd/asd2/fem/fem\\_tec\\_app.pdf](http://statistics.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf)

**Figure 5.16: Estimated Pension Credit underpayments due to fraud, customer error and official error since 2005/06**



5.29 Table 5.8 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 5.8: Estimated Pension Credit underpayments since 2004/05**

Year	Fraud		Customer Error		Official Error		Fraud and Error			
	%	£m	%	£m	%	£m	%	£m	(£m)	
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)
2008/09	0.0%	£0m	0.5%	£40m	1.1%	£90m	1.6%	(1.3,2.0)	£130m	(100,150)
2009/10	0.0%	£0m	1.0%	£80m	1.2%	£100m	2.2%	(1.8,2.6)	£180m	(150,210)
Prelim 2010/11	0.0%	£0m	0.9%	£70m	1.2%	£100m	2.1%	(1.7,2.5)	£180m	(140,210)

*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://statistics.dwp.gov.uk/asd/asd2/fem/fem\\_tec\\_app.pdf](http://statistics.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf)

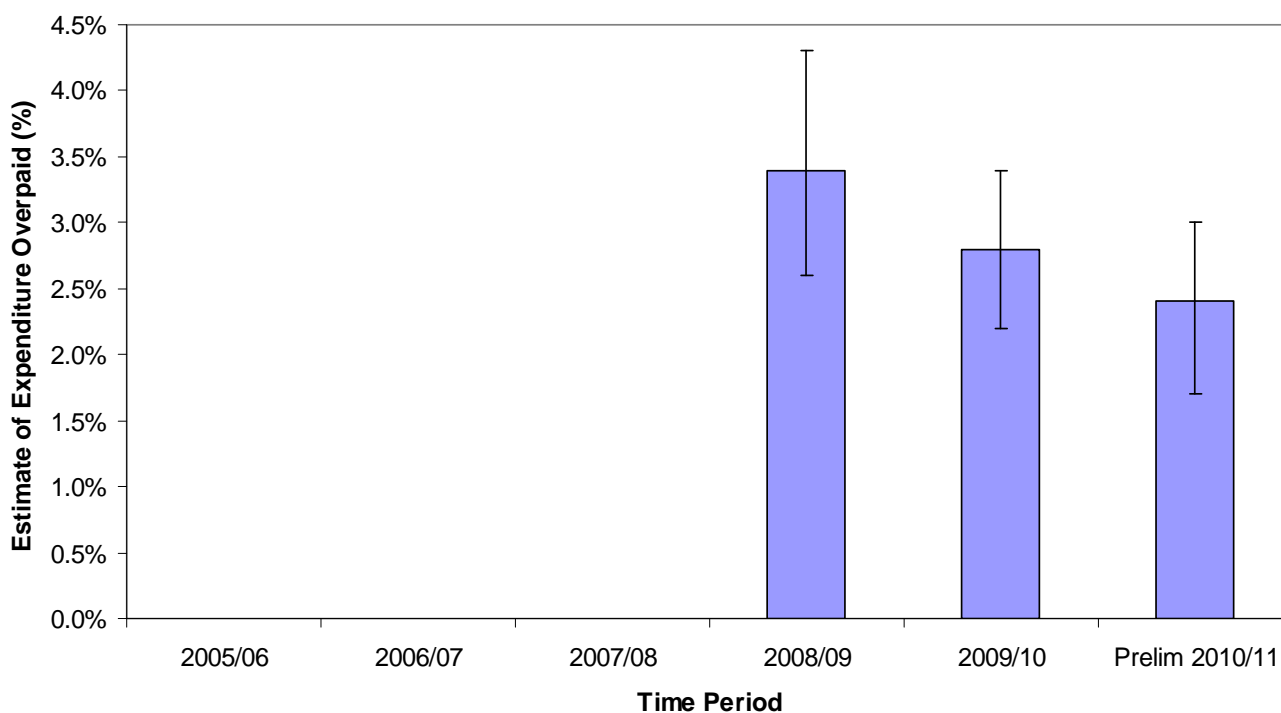
## Estimates for Incapacity Benefit overpayments over time

5.30 For Incapacity Benefit, customer error and fraud were not measured between 2000/01 and 2008/09. 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 customer error and fraud estimates from 2008/09 onwards and official error estimates from 2005/06 onwards.

5.31 Due to the decreasing expenditure and caseload for Incapacity Benefit, this is the last report in which this benefit will be continuously measured and up to date estimates provided. Since the introduction of Employment and Support Allowance in October 2008 no new claimants have been awarded Incapacity Benefit as they claim Employment and Support Allowance instead. In addition, all current claimants of Incapacity Benefit are being reassessed and will move to either Employment and Support Allowance or Jobseeker's Allowance in the near future.

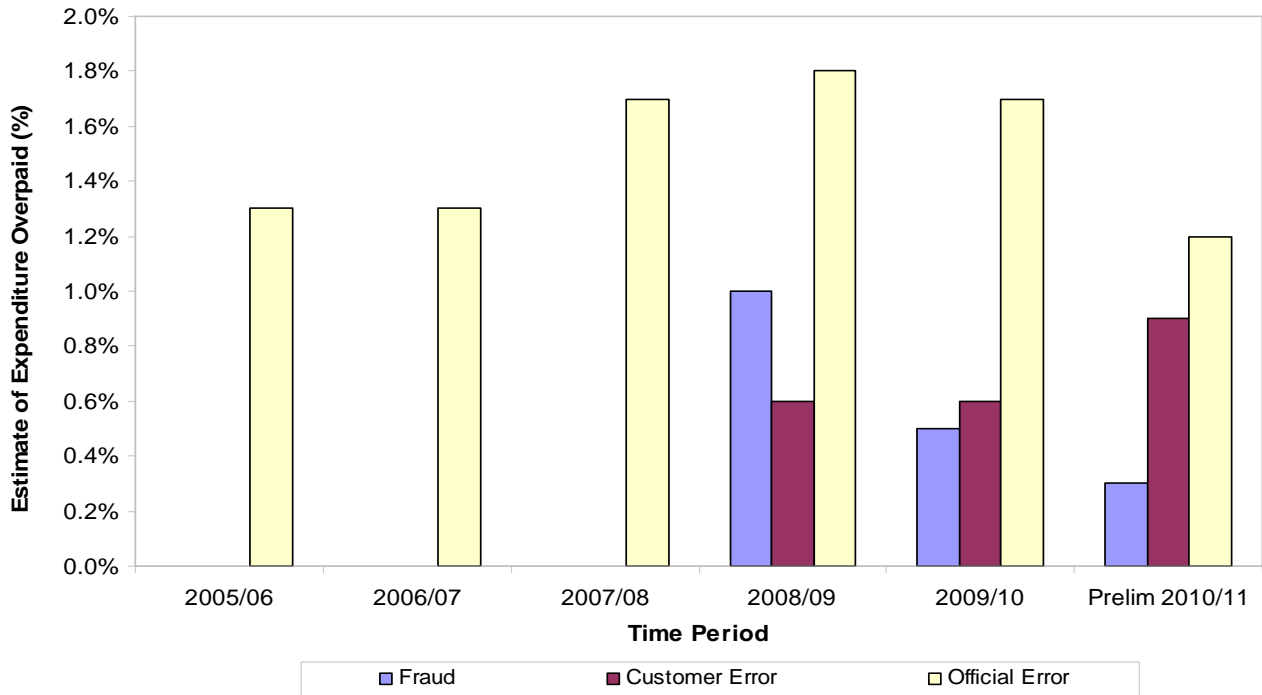
5.32 Figure 5.17 below shows the estimated Incapacity Benefit percentage of expenditure overpaid from 2008/09 onwards. Estimated 95% confidence intervals are also shown by the black lines.

**Figure 5.17: Estimated Incapacity Benefit total overpayments since 2008/09**



5.33 Figure 5.18, below, shows the estimated percentage of expenditure overpaid broken down by fraud, customer error and official error.

**Figure 5.18: Estimated Incapacity Benefit overpayments due to fraud and customer error since 2008/09 and official error since 2005/06**



5.34 Table 5.9 shows the estimates for Incapacity Benefit overpayments due to official error since 2005/06. Estimates for fraud and customer error are only available from 2008/09.

**Table 5.9: Estimated Incapacity Benefit overpayments since 2005/06**

Year	Fraud		Customer Error		Official Error		Fraud and Error			
2005/06					1.3%	£90m				
2006/07					1.3%	£90m				
2007/08					1.7%	£110m				
2008/09	1.0%	£70m	0.6%	£40m	1.8%	£120m	3.4%	(2.6,4.3)	£220m	(170,290)
2009/10	0.5%	£30m	0.6%	£40m	1.7%	£100m	2.8%	(2.2,3.4)	£170m	(140,210)
Prelim 2010/11	0.3%	£20m	0.9%	£50m	1.2%	£70m	2.4%	(1.7,3.0)	£130m	(100,170)

*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.

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 predicted.

Rows may not sum to totals due to rounding.

Estimates for fraud and customer error are not available between 2005/06 and 2007/08.

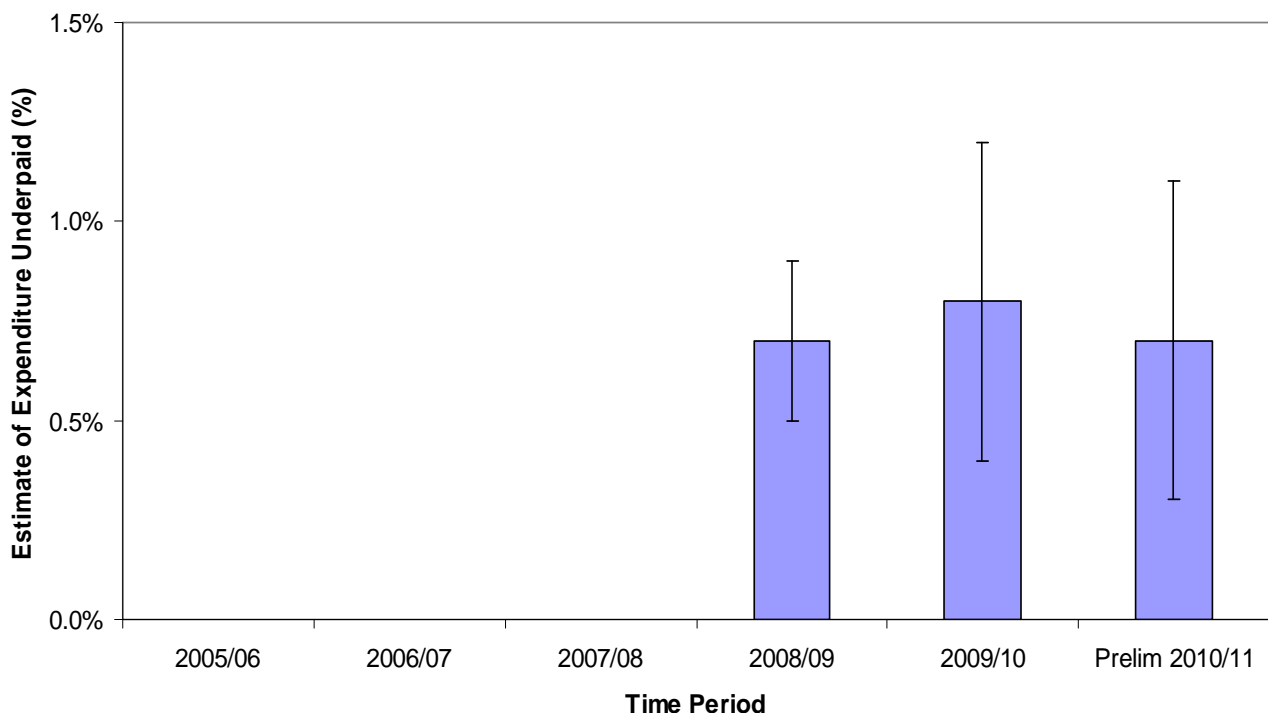
This is the last report where Incapacity Benefit will be continuously measured.

## Estimates for Incapacity Benefit underpayments over time

5.35 For Incapacity Benefit, customer error and fraud was not measured between 2000/01 and 2008/09. 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 customer error and fraud estimates from 2008/09 onwards and official error estimates from 2005/06 onwards. Figure 5.19 below shows the estimated Incapacity Benefit percentage of expenditure underpaid from 2008/09 onwards. Estimated 95% confidence intervals are also shown by the black lines.

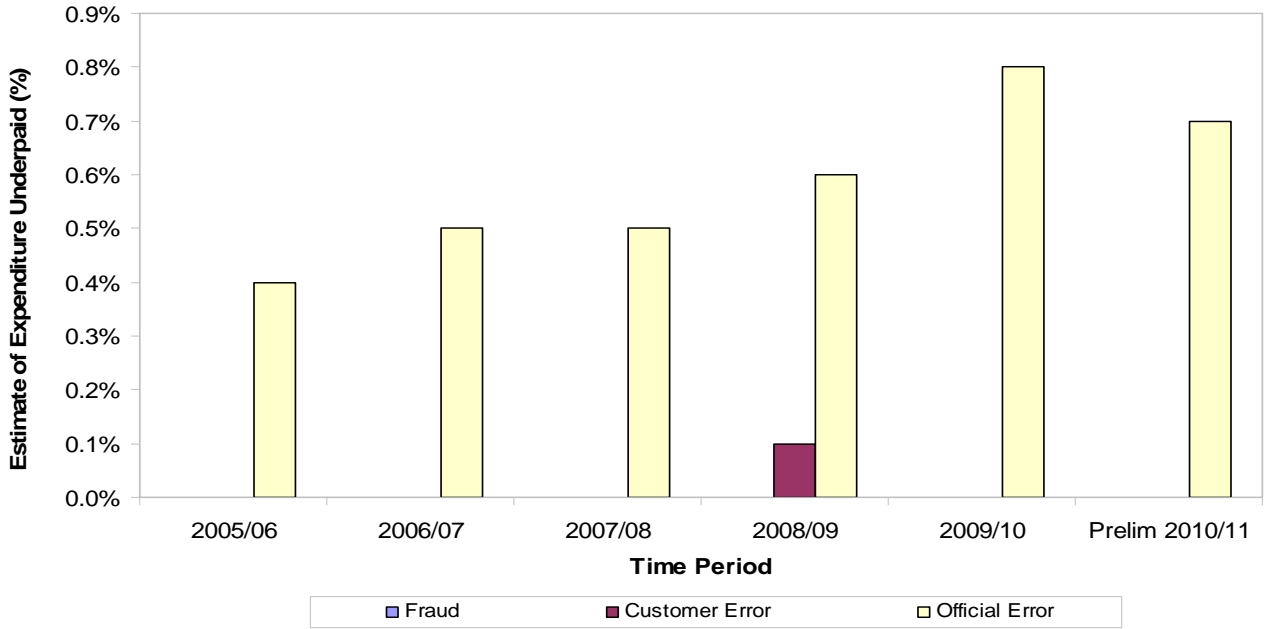
5.36 Due to the decreasing expenditure and caseload for Incapacity Benefit, this is the last report in which this benefit will be continuously measured and up to date estimates provided. Since the introduction of Employment and Support Allowance in October 2008 no new claimants have been awarded Incapacity Benefit as they claim Employment and Support Allowance instead. In addition, all current claimants of Incapacity Benefit are being reassessed and will move to either Employment and Support Allowance or Jobseeker's Allowance in the near future.

**Figure 5.19: Estimated Incapacity Benefit total underpayments since 2008/09**



5.37 Figure 5.20, below, shows the estimated percentage of expenditure underpaid broken down by fraud, customer error and official error.

**Figure 5.20: Estimated Incapacity Benefit underpayments due to fraud and customer error since 2008/09 and official error since 2005/06**



5.38 Table 5.10 shows the estimates for Incapacity Benefit underpayments due to official error since 2005/06. Estimates for fraud and customer error are only available since 2008/09.

**Table 5.10: Estimated Incapacity Benefit underpayments since 2005/06**

Year	Fraud		Customer Error		Official Error		Fraud and Error			
2005/06					0.4%	£30m				
2006/07					0.5%	£40m				
2007/08					0.5%	£30m				
2008/09	0.0%	£0m	0.1%	£0m	0.6%	£40m	0.7%	(0.5,0.9)	£40m	(30,60)
2009/10	0.0%	£0m	0.0%	£0m	0.8%	£50m	0.8%	(0.4,1.2)	£50m	(30,80)
Prelim 2010/11	0.0%	£0m	0.0%	£0m	0.7%	£40m	0.7%	(0.3,1.1)	£40m	(20,60)

*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.

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 predicted.

Rows may not sum to totals due to rounding.

Estimates for fraud and customer error are not available between 2005/06 and 2007/08.

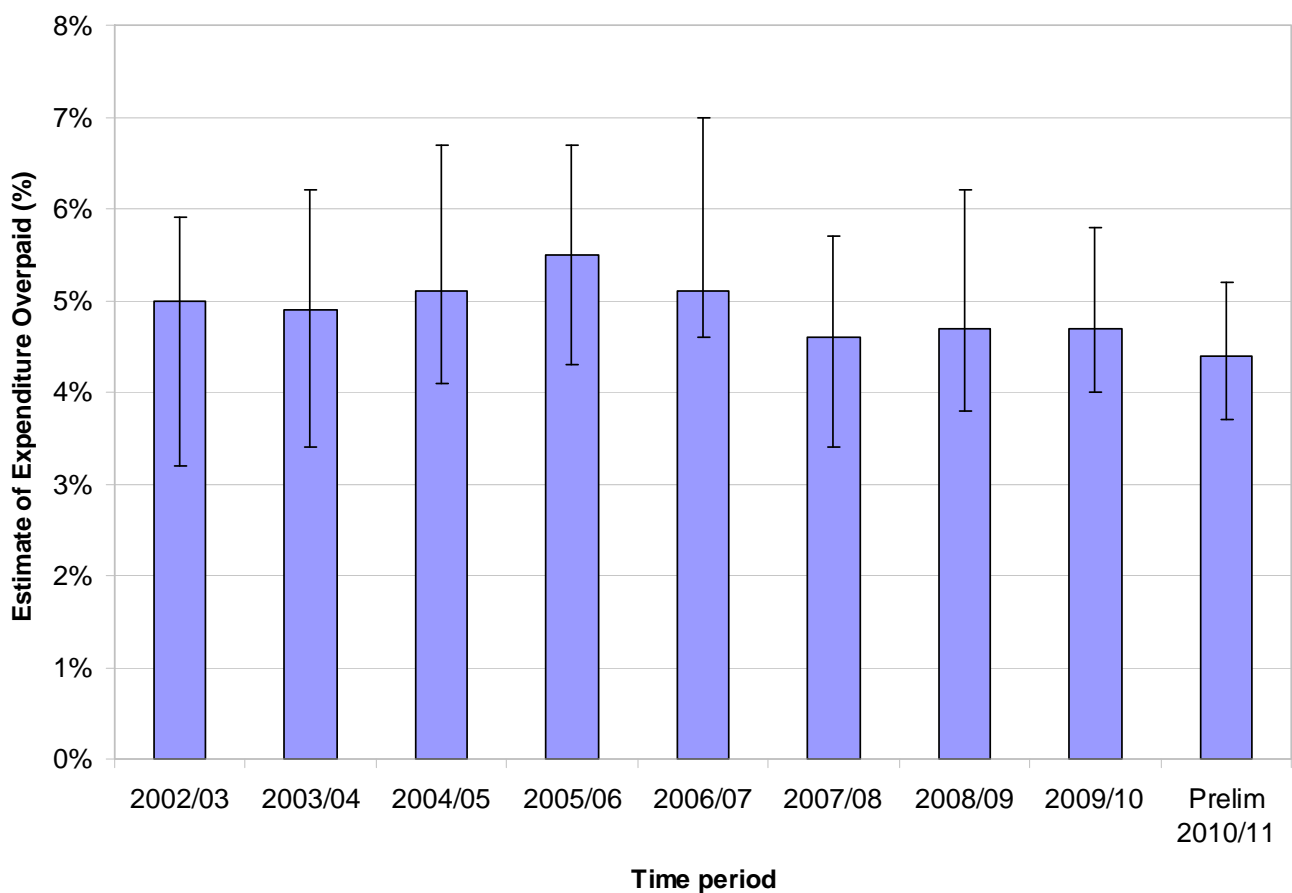
This is the last report where Incapacity Benefit will be continuously measured.

## Estimates for Housing Benefit overpayments over time

5.39 For Housing Benefit there has been a consistent method to produce estimates of overpayments since 2002/03.

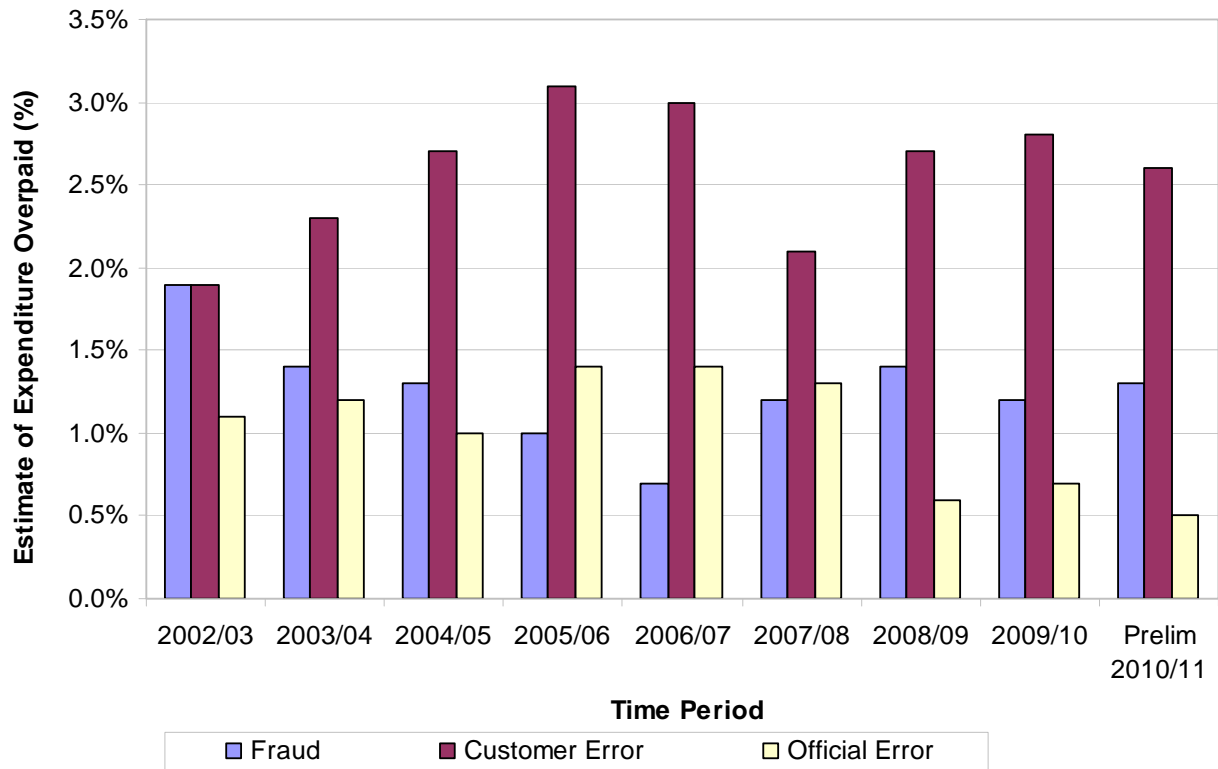
5.40 Figure 5.21, below, shows the estimated Housing Benefit percentage of expenditure overpaid since 2002/03. Estimated 95% confidence intervals are also shown by the black lines.

**Figure 5.21: Estimated HB total overpayments since 2002/03**



5.41 Figure 5.22, below, illustrates the estimated percentage of HB expenditure overpaid broken down by fraud, customer error and official error.

**Figure 5.22: Estimated HB overpayments due to fraud, customer error and official error since 2002/03**



5.42 Table 5.11 shows the estimates for HB overpayments due to fraud and error since 2002/03.

**Table 5.11: Estimated HB 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)
2008/09	1.4%	£250m	2.7%	£470m	0.6%	£100m	4.7%	(3.8,6.2)	£810m	(640,1060)
2009/10	1.2%	£250m	2.8%	£560m	0.7%	£140m	4.7%	(4.0,5.8)	£950m	(800,1150)
Prelim 2010/11	1.3%	£290m	2.6%	£560m	0.5%	£110m	4.4%	(3.7,5.2)	£960m	(810,1130)

*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.

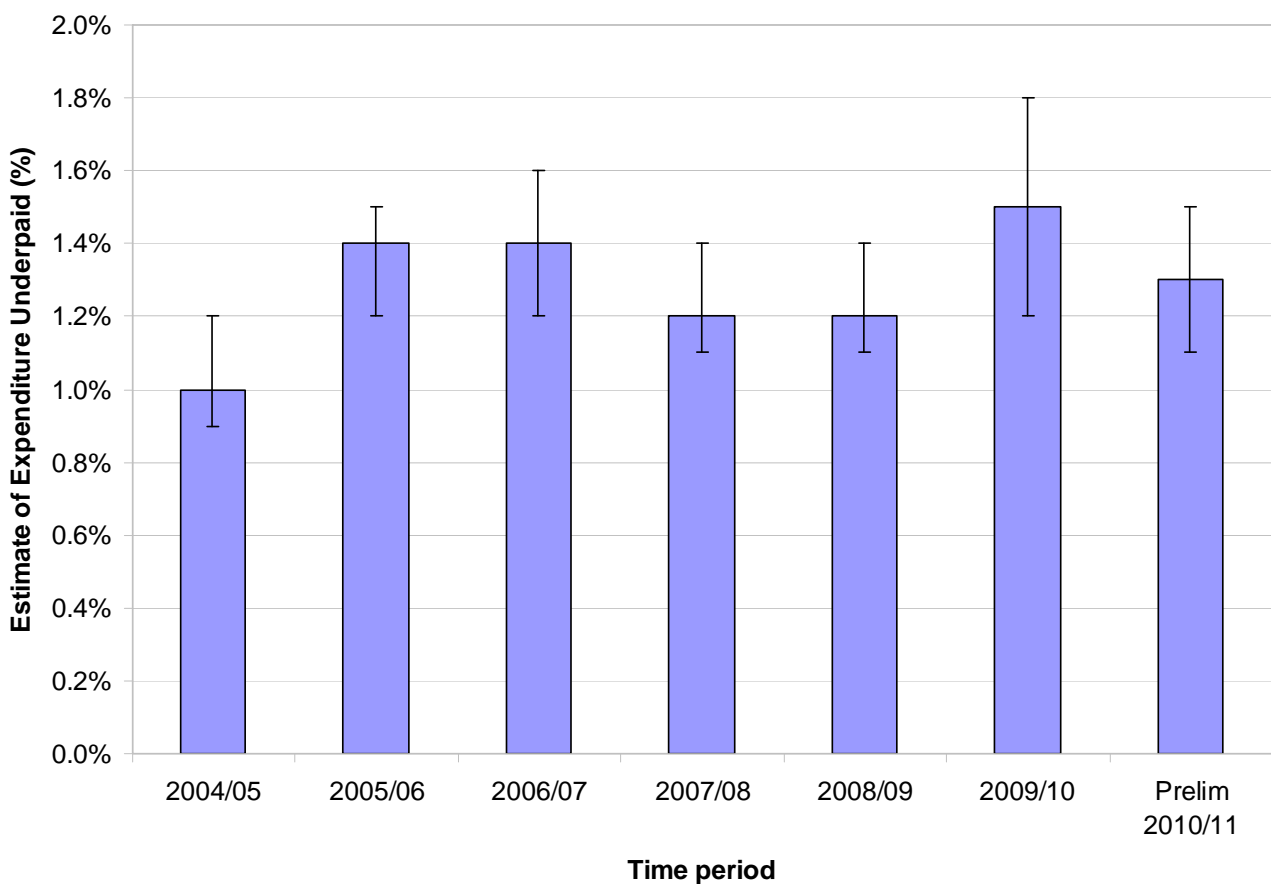
Rows may not sum to totals due to rounding.

## Estimates for Housing Benefit underpayments over time

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

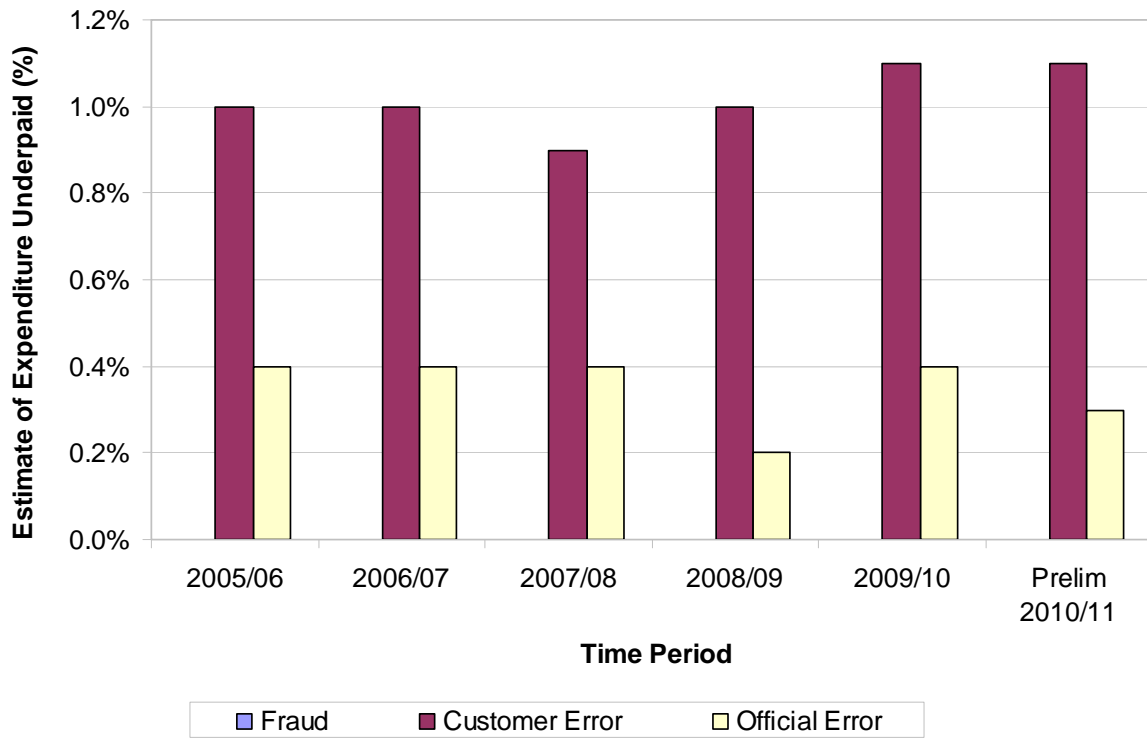
5.44 Figure 5.23, below, illustrates the estimated Housing Benefit percentage of expenditure underpaid since 2004/05. Estimated 95% confidence intervals are also shown by the black lines.

**Figure 5.23: Estimated HB total underpayments since 2004/05**



5.45 Figure 5.24 shows the estimated percentage of HB expenditure underpaid broken down by fraud, customer error and official error.

**Figure 5.24: Estimated HB underpayments due to fraud, customer error and official error since 2005/06**



5.46 Table 5.12 shows the estimates for HB underpayments due to fraud and error since 2004/05.

**Table 5.12: Estimated HB underpayments since 2004/05**

Year	Fraud		Customer Error		Official Error		Fraud and Error			
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)
2008/09	0.0%	£0m	1.0%	£170m	0.2%	£40m	1.2%	(1.1,1.4)	£210m	(190,240)
2009/10	0.0%	£0m	1.1%	£220m	0.4%	£80m	1.5%	(1.2,1.8)	£300m	(240,370)
Prelim 2010/11	0.0%	£0m	1.1%	£230m	0.3%	£60m	1.3%	(1.1,1.5)	£290m	(240,330)

*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.

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

Rows may not sum to totals due to rounding.

## 6 Detailed estimates for continuously measured benefits

- 6.1 This section usually presents the breakdowns of estimates for the continuously measured benefits into more detailed causes of error. However, for this report these breakdowns have not been provided.
- 6.2 A new error code framework was introduced in April 2010 following internal stakeholder consultation and agreement. Therefore, for this report the October 2009 - March 2010 data is based on a different error code framework to the April 2010 - September 2010 data and hence it is not possible to combine the two six month periods of data to provide error code breakdowns.
- 6.3 Error code breakdowns (based on 12 months of the new framework) will be reported again within the 2010/11 full year report which is due to be published in late autumn 2011.
- 6.4 Additional tables including historical breakdowns and results for Income Support, Jobseeker's Allowance, Pension Credit and Housing Benefit are available on the DWP website via [http://statistics.dwp.gov.uk/asd/asd2/index.php?page=fraud\\_error](http://statistics.dwp.gov.uk/asd/asd2/index.php?page=fraud_error).
- 6.5 A list of the Income Support, Jobseeker's Allowance, Pension Credit and Housing Benefit tables is given in Annex 3 of this report.

## 7 Further information and future reporting

### Further information

- 7.1 Further fraud and error figures and background documentation are available on the DWP website at [http://statistics.dwp.gov.uk/asd/asd2/index.php?page=fraud\\_error](http://statistics.dwp.gov.uk/asd/asd2/index.php?page=fraud_error)
- 7.2 In October 2010, DWP and HM Revenue and Customs published a joint strategy on tackling fraud and error in the benefit and tax credits systems. This is available on the DWP website at <http://www.dwp.gov.uk/docs/tackling-fraud-and-error.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 2009/10 Resource Account, at: <http://www.dwp.gov.uk/docs/resource-ac-2009-10.pdf>
- 7.4 The United Kingdom Statistics Authority maintain 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 have a provisional publication date of November 2011. This report will provide final estimates for the continuously measured benefits for 2010/11.
- 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
ESA	Employment Support Allowance
HB	Housing Benefit
HMRC	Her Majesty's Revenue and Customs
IB	Incapacity Benefit
IS	Income Support
JSA	Jobseeker's Allowance
LA	Local Authority
LHA	Local Housing Allowance
MIG	Minimum Income Guarantee
NBR	National Benefit Review
PC	Pension Credit
RP	Retirement Pension

## 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 we aim to draw valid conclusions about the larger group.

## Annex 3: Supporting material

Supporting information is available on the DWP website at:  
[http://statistics.dwp.gov.uk/asd/asd2/index.php?page=fraud\\_error](http://statistics.dwp.gov.uk/asd/asd2/index.php?page=fraud_error)

### Additional results

The latest additional results are available in this excel spreadsheet:  
[http://statistics.dwp.gov.uk/asd/asd2/fem/fem\\_oct09\\_sept10.xls](http://statistics.dwp.gov.uk/asd/asd2/fem/fem_oct09_sept10.xls)

The tables cover the following benefits:

- Housing Benefit;
- Income Support Disabled and Other;
- Income Support Lone Parents;
- Income Support;
- Jobseeker's Allowance;
- Income Support and Jobseeker's Allowance;
- Pension Credit

The tables available are:

#### Housing Benefit

- 1 Headline estimates of HB fraud and error, by year and client group (working age, pensioners)
- 2 Estimates of HB fraud and error split by the cause of incorrectness, by year and client group
- 3 Estimates for HB incorrect payments and underpayments, split by year and client group
- 5 Extrapolated estimates for the whole HB caseload and expenditure, split by error category, year and client group (working age, pensioner)

#### Income Support, Jobseeker's Allowance and Pension Credit

- 9 Overpayments by client group
- 10 Underpayments by client group
- 11 Incorrectness by client group
- 11a-f Overpayment incorrectness by client group
- 11g-l Underpayment incorrectness by client group
- 14 Overpayment time series - Jobseeker's Allowance
- 15 Overpayment time series - Income Support Lone Parents
- 16 Overpayment time series - Income Support Disabled and Other
- 17 Overpayment time series - Income Support
- 18 Overpayment time series - Pension Credit

## **Income Support, Jobseeker's Allowance and Pension Credit Documentation**

Income Support, Jobseeker's Allowance and Pension Credit Technical Annex at:  
[http://statistics.dwp.gov.uk/asd/asd2/fem/fem\\_tec\\_app.pdf](http://statistics.dwp.gov.uk/asd/asd2/fem/fem_tec_app.pdf)

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