



First Release

27th May 2010

Coverage: Great Britain
Theme: Social and Welfare

Fraud and Error in the Benefit System: October 2008 to September 2009

Estimates of the levels of fraud and error in the benefit system in Great Britain are published today in a National Statistics report. This report is available on the Department for Work and Pensions website at:

http://research.dwp.gov.uk/asd/asd2/fraud_error.asp

The publication includes a preliminary 2009/10 estimate of total overpayments and underpayments across the benefit system as well as individual estimates for Income Support, Jobseeker's Allowance, Pension Credit, Incapacity Benefit and Housing Benefit for the period October 2008 to September 2009.

Headline results

Estimates of Fraud and Error across all benefits in 2009/10

The preliminary estimate of total overpayments due to fraud and error across all benefits is £3.1bn, which is 2.1% of 2009/10 total benefit expenditure, which is forecast to be £148bn in 2009/10.

The preliminary estimate for underpayments is that £1.3bn or 0.9% of total benefit expenditure was underpaid.

These estimates will feed into the Department's Resource Account.

Estimates of the individual benefits October 2008 - September 2009

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

- 5.5%, or £700m, of Income Support and Jobseeker's Allowance expenditure is estimated to have been overpaid;
- 4.4%, or £820m, of Housing Benefit expenditure is estimated to have been overpaid;
- 4.4%, or £350m, of Pension Credit expenditure is estimated to have been overpaid;
- 3.3%, or £210m, of Incapacity Benefit expenditure is estimated to have been overpaid.

Comparisons with previous estimates

The last publication in November 2009 gave an estimate for overpayments and underpayments across all benefits in 2008/09.

Fraud and Error across all benefits

- The central estimate for the percentage of total benefit expenditure overpaid in 2009/10 is 2.1% which is lower than the estimate for 2008/09 published in November 2009 which was 2.2%. Previous overpayment estimates for 2006/07 and 2007/08 were 2.2% and 2.0% respectively.

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Work and Pensions

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- The estimated value of overpayments has increased from £3.0bn in 2008/09 to £3.1bn in 2009/10. This is due to the increase in benefit expenditure from £136bn to a forecast of £148bn. Previous overpayment estimates for 2006/07 and 2007/08 were £2.6bn for both years.
- The central estimate for the percentage of total benefit expenditure underpaid in 2009/10 is 0.9% which is the same level as the estimate for 2008/09 published in November 2009. Previous estimates for 2006/07 and 2007/08 were 0.8% and 0.9% respectively.
- The estimated value of underpayments is £1.3bn in 2009/10; this is a rise from £1.2bn in 2008/09. Previous estimates for 2006/07 and 2007/08 were £1.0bn and £1.1bn respectively.

Fraud and Error overpayments across individual benefits

- The central estimate for the percentage of Income Support/Jobseeker's Allowance benefit expenditure overpaid is at 5.5% in October 2008 to September 2009 which is the same level as April 2008 to March 2009. However, the value of overpayments has risen from £640m to £700m, due to the forecast increase in benefit expenditure.
- The central estimate for the percentage of total Housing Benefit expenditure overpaid has fallen from 4.9% in April 2008 to March 2009 to 4.4% in October 2008 to September 2009. The value has decreased from £840m to £820m.
- The central estimate for the percentage of Pension Credit benefit expenditure overpaid has decreased from 5.1% in April 2008 to March 2009 to 4.4% in October 2008 to September 2009, and from £390m down to £350m.
- The central estimate for the percentage of Incapacity Benefit expenditure overpaid has decreased from 3.4% in April 2008 to March 2009 to 3.3% in October 2008 to September 2009, and from £220m down to £210m.

None of the changes above are statistically significant.

Notes for Editors

1. "Fraud and Error in the Benefit System: October 2008 to September 2009" is a National Statistics publication and as such it is produced to the high professional standards set out in the National Statistics Code of Practice. This series of publications have regular quality assurance reviews to ensure that they continue to meet customer needs.

2. The National Statistics report "Fraud and Error in the Benefit System: October 2008 to September 2009" is available at:
http://research.dwp.gov.uk/asd/asd2/fraud_error.asp