Tackling fraud and error in the benefit and tax credits systems

October 2010

HM Revenue & Customs

DWP Department for Work and Pensions

Contents

Ministerial Foreword

At a time when we are having to take difficult decisions about how to cut back expenditure without damaging the things that matter the most, it is simply not acceptable for us to waste money either through error in the welfare system or by allowing people to get away with deliberately defrauding the taxpayer.

The Government has already made clear that it will consider how to minimise losses due to tax evasion. This document sets out a radical new approach for addressing welfare fraud and error, which now costs the taxpayer £5.2 billion pounds every year, or £165 every second. Many individual benefits lose over 5% of their expenditure to fraud and error.

These changes are not just about saving taxpayers' money. They are also about being fair. Getting welfare payments wrong hits the most vulnerable hardest, leaving them without money they are entitled to or facing demands for repayment of money they thought was rightfully theirs.

Fraud and error also undermines the public's confidence in the entire benefits system: over eight in ten people believe 'large numbers falsely claim benefits'.

This document examines the root causes of fraud and error and sets out the uncompromising action proposed to reduce overpayments in DWP and HMRC. In the medium term the Government's priority is radical simplification of the benefits system which will drive out many of the opportunities to commit fraud and which will make the system less prone to official or customer error. But our efforts to cut fraud and error must start now. The Government's zero tolerance approach will:

- employ private sector firms on a payment by results basis, where appropriate, to ensure the full adoption of cutting-edge private sector fraud prevention techniques;
- redirect resource to the front line to prevent fraud and error from entering the system in the first place, through enhanced checks and tougher sanctions for those even attempting to defraud;
- ensure that anti-fraud activity is protected from cuts, including through the recruitment of over 200 new anti-fraud officers to sanction a further 10,000 fraudsters every year;
- remove the current silo-based approach to tackling fraud, by creating new integrated cross-departmental data-matching and fraud investigation services;
- introduce a system for rewarding members of the public who provide information that results in significant recovery of public funds;
- respond to the growing threat of organised fraud through a new Identity Fraud Unit and far tougher sanctions for those involved;

- introduce a new mobile regional fraud taskforce to investigate each and every claim in high fraud areas, to increase the certainty of detection;
- address the weakness of the current penalty regime by abolishing cautions as a penalty for fraud, increasing asset seizures, and introducing far tougher one-strike and two-strike penalties, and a new three-strike rule;
- clean up nearly 2 million claims to remove error; and
- increase the frontline support provided by our Big Society partners to help educate and support our customers to get it right first time.

These proposals – which together represent an additional £425m funding to tackle fraud and error over the next four years – will deliver a £1.4 billion reduction in fraud and error by 2014/15. The simplification of the benefits system as set out in our 21st Century Welfare proposals will deliver further significant savings beyond 2014/15. They constitute the first step in our commitment to tackling all forms of fraud.

Lord Freud

Minister for Welfare Reform

David Gauke MP

Exchequer Secretary to the Treasury

Executive Summary

The scale of the problem

1. The Government currently pays out around £190 billion in benefits, tax credits and child benefit administered by the Department for Work and Pensions (DWP) and HM Revenue and Customs (HMRC). The most recent estimates put annual revenue losses due to fraud and error in the welfare system at £5.2 billion, or almost 3% of total expenditure. This is made up of £3.1bn in DWP administered benefits (2.1% of total expenditure) and £2.1bn in HMRC (8.9% of expenditure).[1]

2. While both departments have made some positive progress in reducing fraud and error in recent years, the Government is clear that the level of illegitimate payments in the system remain unacceptable, particularly at a time when significant savings need to be made. We have already put in place plans which we expect to significantly improve performance over the next four years, and, alongside this, are committed to developing a joint strategy to further drive down levels of fraud and error.

3. Alongside this commitment to tackling welfare fraud and error, the Government has already announced plans to target those who fail to pay their fair share of tax. £900 million will be made available over the next four years to fund a package of new initiatives, which should bring in up to £7bn per annum by 2014/15 in additional tax revenues. This will send a clear signal that promoting fairness in the tax system by bearing down on those that try to evade paying their dues forms a key part of the Government's plan for deficit reduction.

Understanding the causes

4. Our analysis shows that the main causes of fraud in error in the welfare system are:

- **Complexity:** This leads to confusion and genuine error amongst customers and staff, and encourages people to slip into fraud due to the hassle of reporting changes in circumstances.

- **Means-testing:** There is a difficulty, inherent in any means-tested system, of confirming that the information given to us by our customers is correct. Both Departments have developed mechanisms for dealing with this problem, but they are not sufficiently ambitious and far-reaching.

- **The perceived weakness of the current sanctions regime:** The current sanctions regime does not present a suitably strong deterrent to potential

---

[1] HMRC figures refer to the latest available statistics in 2008/09. DWP figures are preliminary results for 2009/10.

fraudsters. This is compounded by systems for investigation, prosecution and debt recovery which can operate too slowly at times and give rise to the belief that punishment won't be forthcoming.

- **Social norms:** Fraudulent behaviour is driven by certain social and personal norms which can strongly influence those who abuse the system, such as the belief that welfare fraud is morally acceptable, and that 'everyone is at it'.

- **Internal organisational processes:** Finally, a significant portion of error is driven by a lack of resources for staff in terms of the provision of IT, training, and the appropriate incentives to encourage a focus on accurate processing.

Current actions to address the problem

5. DWP published its first fraud strategy in 1998 and subsequently updated it in 2005. This was complemented by a strategy on error reduction published in 2007. HMRC's first strategy, covering both fraud and error, was published in 2006, three years after the introduction of tax credits. This was then updated in 2008 to reflect HMRC's new and stretching target to reduce levels of fraud and error in tax credits to 5%.

6. HMRC's approach to fraud and error has significantly changed over the last 18 months. Prior to that, the approach was one of 'Pay Now and then Check Later' which led to excessive losses. Since then, a private sector approach has been adopted, involving segmentation analysis of our customers to get a better understanding of those interacting with the system. Alongside this, the Department has been developing data analytics to better understand the 'disproportionate loss groups' where losses are greatest.

7. From this core analysis, we developed a series of pilots embedding the principle of 'Check First, Then Pay', and leveraging data-matching of both public sector and third party data. This approach is wide-ranging and includes pre-payment checks on new claims, the utilisation of sophisticated risk-based tools, and data-matching and mining to identify inconsistencies in customer claims. HMRC have also piloted successful 'one-to-many' campaign-style interventions and continue to educate and support customers to prevent errors arising. As a result of this HMRC will have increased intervention coverage from 123,000 interventions to one million last year, and increased yield from £253m to £770m.

8. DWP has focused on a number of different interventions. These have included the development of data-matching systems based on risk-profiling; a set of national advertising campaigns targeting actual or potential fraudsters; increased powers for fraud investigators and the creation of Customer Compliance teams; the continued application of sanctions and prosecutions to fraudsters; quality checking regimes to promote staff accuracy; and the continued operation of the National Benefit Fraud Hotline, which provides a channel for the public to report benefit fraud.

A new, radical approach

9. Our new programme builds on this work but takes a more radical approach to the challenges posed by fraud and error than any of the previous strategies. Significant resource has been invested in this agenda in recent years, but progress has not always been sustained. This Government is keen to see a step change in attitude and approach to wasteful expenditure, enhancing the performance of our own systems as well as drawing on expertise from the private sector.

10. This more radical approach is partly made possible because of its close interaction with the Government's far-reaching proposals for welfare reform, outlined in the DWP Command Paper *21st Century Welfare.*[2] These reforms will drive significant fraud and error savings through radical simplification of the welfare system and the introduction of new systems which will allow us to more easily confirm customers' circumstances. We will build on these reforms with our own proposals for driving further improvements in fraud and error, both in the period up to implementation of *21st Century Welfare*, and beyond. Our new strategy is based around five key elements: **Prevent**, **Detect**, **Correct**, **Punish** and **Deter**.

Prevent

11. The new strategy is focused, in the first instance, on ensuring that we prevent fraud and error entering the welfare system. In line with private sector best practice we will radically increase our efforts to prevent fraud, with a doubling of resources devoted to this in the benefit system alone. We will drive significant improvements in our data-matching capability through the acquisition of a much **wider range of data** on our customers, drawing on the best products available in both the public and private sectors. We will employ private sector firms to ensure the full adoption of cutting edge fraud prevention techniques and where appropriate we will **pay the private sector by results**. For the first time, DWP will be able to operate these **data matches in near real-time** at the point a customer makes their claim. HMRC will step up their work to 'Check First, Then Pay', ensuring that no errors are carried forward at the point of claim. These efforts could potentially be supported by a new **real-time information system**, accurately assessing claimants' earnings at the point of claim.

12. Our data-matching capability will be supported by a new **integrated risk and intelligence unit**, which will be a hub for data and intelligence on fraud, error and debt. It will use the very best data matching techniques drawing on private sector best practice, and have at its disposal high quality analysts using intelligence acquired to target high risk cases.

13. DWP will adopt a similar approach to HMRC's 'Get it Right First Time' regime, enabling us to protect the system from incorrect payments by reinforcing

---

[2] DWP (2010) *21st Century Welfare*

customers' responsibilities to report their circumstances accurately. In particular, customers will be required to **proactively confirm that their circumstances are correct**, and that they will keep them correct, before their claim can continue.

14. Finally, we will take steps to drive down levels of official error by providing further support for staff. DWP will introduce a number of **IT fixes** which will help staff navigate and operate systems more effectively. DWP will also run a system of **accreditation** for those attaining a certain standard of processing accuracy. This will help the Department identify those staff with the most significant training needs, and allow us to target support appropriately.

Detect

15. Where we cannot prevent fraud and error entering the welfare system, we must do all we can to identify and stop it as soon as possible. Under this element of the strategy we will drive efficiencies in our detection work through the **creation of a single, integrated fraud investigation service** which will investigate welfare fraud across DWP, HMRC and local authorities. As part of this initiative we will look to establish **dedicated units to focus resource and expertise on organised, tax credit and disability related fraud.**

16. To enable this new service to carry out an increased number of investigations across a wider range of benefits across both departments, DWP will invest in more resource, increasing the number of fraud investigators by over 200. This should result in an increase in the volume of sanctions applied to welfare fraudsters of over 35%.

17. Leading up to the introduction of the single service, we will aim to increase the incentives for local authorities to reduce fraud and error by looking to publish fraud and error data relating to each authority. This will enable local authorities to identify and learn from the best performers, and better enable local residents and taxpayers to hold local authorities to account.

18. Alongside this, DWP will introduce a new intervention drawing on insights from behavioural economics to increase fraudsters' fears of being caught. We will do this through the creation of a **mobile regional taskforce** that will target specific local areas, thoroughly auditing all claims in those areas to both detect current fraud and error and deter future incorrect claims. The work of this taskforce will be supported by a highly visible local media campaign in the areas being targeted, which will significantly increase the fear amongst fraudulent claimants that they will be caught. Where appropriate, we will look to involve HMRC and local authorities in this work.

19. DWP and HMRC will also establish a **new relationship with Crimestoppers**, the independent charity which takes calls from citizens who want to anonymously pass on information about crime. Crimestoppers are planning to launch a major national campaign against fraud, and we will ensure that we work closely with

them to maximise the impact of the campaign on benefit fraud. We will **incentivise calls to DWP's already successful fraud hotline** by both introducing mechanisms for rewarding particularly valuable calls, and seeking to put obligations to report on those who have relevant information. Alongside this, we will explore ways of integrating the work of HMRC more closely with the hotline.

20. Alongside this strategy the Government will create a cross-departmental **Identity Fraud Unit**, using industry experts to target the growing problem of identity fraud. This integrated approach will enable us to tackle such fraud in its entirety, across the range of public services, sharing information and analysis where appropriate.

Correct

21. While we are committed to improving our means for preventing and detecting new fraud and error from entering the system, we cannot ignore the fact that there is currently a stock of payments in the system which are fraudulent or being paid in error, and which need to be stopped. Once they are, we must also ensure that we are able to effectively recover the associated debts from our customers and former customers.

22. We will both, to that end, undertake a wide-ranging case cleanse of a number of our benefits, using trained staff to **rigorously assess current claims and find any instances of illegitimate payments**, putting right errors where they exist and referring suspicious cases for fraud investigation. As part of this DWP will create a dedicated **Error Reduction Centre** to focus on driving error out of the system. These interventions by DWP will involve 1,200 staff devoted to cleansing almost one million cases each year, in recognition of the priority the Government is placing on cutting official error. HMRC will continue with its drive to increase process productivity, cleansing a similar number of cases and moving resource from its back office to the frontline attack on fraud and error.

23. We will also introduce more stringent mechanisms for rapidly and effectively recovering our debts. Both DWP and HMRC will look to **increase the maximum rate at which fraud debts can be recovered by deduction from benefits** by around 25%. DWP will also look to **widen the range** of debts which we can recover from, and introduce a fast track system for requiring money to be deducted from an employee's earnings, known as **Direct Earnings Attachment**. Alongside this, DWP will make further use of **data-matching to enable us to recover assets** from those who have the ability to pay, but persistently refuse to do so. This will include, in the last resort, **forcing debtors to sell their houses**.

24. To build on these reforms we will look to acquire expertise from private sector debt recovery firms to explore how we could more radically improve our operations in the future. HMRC is planning to move more of its debt collection to private sector **Debt Collection Agencies**. This will boost debt collection capacity and help the pursuit of lower value debts. Both Departments will work together in longer term to consider whether it would be possible to recover debts through

a cross-government debt collection agency. In the medium term, this will build on a pilot that demonstrated the success of collecting debt through both the PAYE system and cross-benefit recovery.

Punish

25. When we uncover fraud in our systems we must be in a position to apply suitably strong punishments to those responsible. Without the provision for such punishments, the deterrent facing potential fraudsters will be weak and public confidence in the welfare system will be undermined.

26. DWP will therefore introduce a wide range of tougher powers to deal with welfare cheats. For those individuals who fail to take reasonable care of their claim, perhaps knowingly letting a change in circumstance run on and incurring a small overpayment, we will seek powers in line with HMRC to apply a swiftly administered **£50 civil penalty** as a punishment, and to deter them from such action in the future.

27. Where we are able to prove criminal intent, we will aim to ensure that no fraudster escapes without receiving at least a **tough minimum penalty**. This means that DWP will **no longer issue cautions**. Such fraudsters will also be subject to **four weeks loss** of benefit payments.

28. For cases serious enough to merit prosecution DWP will, in discussions with the Ministry of Justice, look to invite the Sentencing Council to consider changing its guidelines with a view to **magistrates and judges imposing stronger penalties** in court.

29. For those convicted in court DWP and HMRC will also look to introduce new, tougher, 'one strike' and 'two strike' regimes for imposing benefit deductions. We will look to impose a **loss of benefits of three months for a first conviction, and six months for a second**. DWP will also introduce a **third strike**, where those convicted of benefit fraud three times will have their benefits removed for at least **three years.**

30. For the most serious and aggravated cases of fraud – including those orchestrated by organised gangs – DWP will look at the possibility of applying a **benefit loss of at least three years following a single offence.**

31. DWP will also build on the work that HMRC already do by introducing a more innovative approach to sanctions by establishing punishments for **attempted fraud**, using our new data streams to identify customers attempting to abuse the system when they make their claim.

32. HMRC will look to **enhance and align the sanctions regime for tax credits**, better exploiting the penalties and sanctions at their disposal. This will include

making better use of non-financial penalties and working with DWP to increase the number of criminal investigations and prosecutions.

Deter

33. Our tough new approach will only have a significant deterrent effect if customers and potential customers are aware of its strong provisions. DWP and HMRC will therefore publicise their new regime, using joint targeted communications at a local level to reinforce public understanding of the consequences of committing welfare fraud. As part of this we will aim to **disrupt the current social norms surrounding benefit fraud**, including the view that benefit fraud is rife.

Delivery

34. The Government will be investing an extra £425m in the above initiatives over the next four years, reflecting our commitment to driving down wasteful expenditure on fraud and error. As a result of this investment, we expect to be able to reduce annual welfare fraud and error overpayments by over one quarter – or **£1.4bn** – by 2015. We may be able to drive further savings if we are able to successfully implement a real-time information system which allows us to accurately assess customers' earnings. It is anticipated that this could drive a further £300 million annual saving in HMRC, and £100 million annual saving in DWP.

35. Alongside delivering these savings, we will also aim to ensure that this strategy helps improve perceptions amongst customers and the public regarding the security of the benefit system and the strength of punishments resulting from fraud.

36. We will ensure that these outcomes are delivered by putting in place a system of effective oversight within each Department. We will also continue to welcome rigorous external scrutiny from the National Audit Office and Public Accounts Committee.

37. We will also explore opportunities for going beyond the plans outlined in this document, in particular taking into account the findings of the Government's new anti-fraud taskforce, which is exploring how to address the full-range of public sector fraud, beyond tax credits and benefits.

38. It is also important that this strategy is not a one-off 'big push', after which fraud and error work returns to business as usual. Therefore, alongside this strategy, both Departments will need to start putting into place the necessary internal reforms to put us in a stronger position in the future. This will involve strengthening our analysis of the **causes** of fraud and error and ensuring that our **measurement** systems are up to scratch, putting in place mechanisms for ensuring future interventions focus on **prevention**, and developing consistent and effective measures of **return on investment**.

1. Introduction

The scale of the problem

1. The Government currently pays out around £190 billion in benefits, tax credits and child benefit administered by the Department for Work and Pensions (DWP) and HM Revenue and Customs (HMRC). This accounts for the vast majority of welfare payments made in the UK each year.

2. DWP pays over £145 billion to more than 20 million customers each year, and administers over 30 different benefits, grants and allowances. HMRC administers Child Tax Credits and Working Tax Credits, and pays an estimated £29bn to around six million households. HMRC also pays out £11bn in child benefit to approximately 7.8 million families.

3. Fraud and error are a significant problem in both systems, with almost 3% of the total welfare bill being made up of such illegitimate payments – this costs the taxpayer £5.2bn a year.

Figure 1: Overpayments in DWP and HMRC
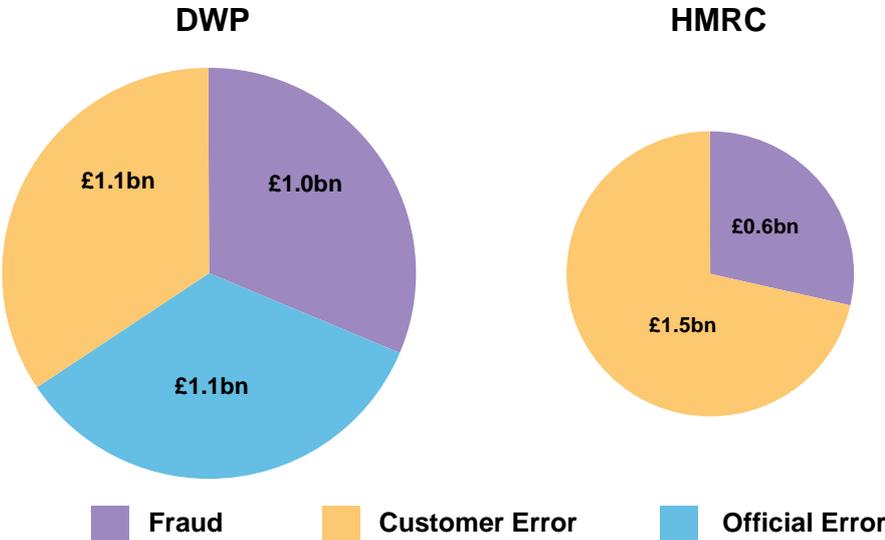
4. In DWP administered benefits, the most recent estimates put annual overpayments at £3.1bn, or 2.1% of total expenditure. Underpayments are also a significant problem, with the latest estimates putting them at £1.3bn, or 0.9% of total expenditure.[3]

---

[3] Department for Work and Pensions, *Fraud and Error in the Benefit System: October 2008 to September 2009.*

5. This money is paid incorrectly either as a result of fraud, when claimants deliberately claim money to which they are not entitled, customer error, when claimants make mistakes, or official error, when staff make mistakes.

6. Around one third of DWP overpayments are due to fraud (£1bn), and two thirds due to error (equally split at £1.1bn customer error and £1.1bn official error).

7. For tax credits, the latest published figures for 2008-09 show that levels of fraud and error stand at 8.9% of total expenditure, equating to £2.1bn. Underpayments represent around £260m or 1.1% of spending.[4]

8. However, in the case of tax credits customer error is clearly the predominant driver of fraud and error revenue losses. Error represents 78% of these payments while fraud represents 22%.[5]

The need for a new strategy

9. Both departments have made some positive progress over the course of the last decade. For example, in the benefit system, losses fell from 3.2% of benefit expenditure in 2000/01 to 2.1% in 2009/10. However, since 2005 performance has plateaued, with levels fluctuating between 2% and 2.2%.

10. However, these global fraud and error figures are skewed somewhat by the very low level of fraud and error in retirement pension (around 0.1%), with a number of individual benefits exhibiting overpayment rates of closer to 5%. Alongside this, the measurement system was updated in 2004 which led to the removal of some fraud and error as a result of reclassification.[6]

11. Nonetheless, we should not ignore the achievements which have been made. For example, the level of fraud and error in Jobseekers Allowance was 13.2% in 1997-98, and has now fallen to 5.2% of expenditure as a result of the Department's interventions.

12. In the case of tax credits, progress has been similarly mixed, with revenue losses due to fraud and error fluctuating between 9.7% and 7.8% of tax credit expenditure between 2003 and 2009. However, the Department currently has a stretching target to reduce levels of fraud and error to no more than 5% by 2011, and the National Audit Office's (NAO) recent report on HMRC's accounts noted that the Department appears to be making positive progress in this direction and is well on its way to achieving its goal. To this end, HMRC have plans within the context of this strategy to deliver £8bn of intervention yield over the next four years, compared to £1.5bn over the past four.

---

[4] HM Revenue & Customs, 2010, Child and Working Tax Credits Error and Fraud Statistics 2008-09:

[5] HMRC does not record levels of 'official error' in tax credits, as errors made by staff can be corrected at the end of the year when awards are finalised and so represent a small sum.

[6] Around £700m of Disability Living Allowance fraud and error was removed through this process

13. However, despite some progress from both Departments, the NAO continues to consider the levels of fraud and error in the benefits and tax credits systems to be too high, and applies an annual qualification to each department's accounts as a result.

14. The joint strategy outlined below takes a more radical approach to the challenges posed by fraud and error than any previously developed. Significant resource has been invested in this agenda in recent years, but progress hasn't always been sustained. This Government is keen to see a step change in attitude and approach to wasteful expenditure, enhancing the performance of our own systems as well as drawing on expertise from the private sector. We will also seize the opportunities provided by the Government's radical programme of welfare reform to make further inroads in the levels of fraud and error.

Our aim

15. Currently, £5.2bn is lost in benefits and tax credits due to fraud and error. The initiatives outlined in this strategy are expected to reduce the level of fraud and error by over one quarter – or **£1.4bn** – by 2014/15.

16. We will be able to drive further savings if we are able to successfully implement a real-time information system which allows us to accurately assess customers' earnings. It is anticipated that this could drive a further £300 million annual saving in HMRC, and a £100 million annual saving in DWP.

17. We will also look to ensure that the system is seen as having a tough but fair system of punishments for those committing fraud, and that the public have confidence in the Government's response to illegitimate overpayments.

2. Understanding the causes of fraud and error

1. A strategy for tackling the problems outlined in the previous chapter will only be effective if driven by a detailed understanding of the factors which give rise to fraud and error. However, to truly tackle the problem of wasteful expenditure the strategy must also have a comprehensive understanding of why fraud and error are able to remain in the system, often for long periods of time. These two issues are discussed below.

Complexity

2. Underpinning a great deal of the wasteful expenditure which the Government pays out each year is the complexity of the current welfare system. For claimants, the variety of changes in circumstances which they are expected to report and the complex interactions between different benefits and tax credits can make it very difficult to comply with the rules, even when they want to do so. This is a key factor driving levels of customer error.

3. Many customers claim multiple benefits and credits, administered by more than one organisation. They have to report changes of circumstance to different parts of DWP, HMRC, as well as other government agencies and local authorities, and aren't always aware who needs to be told what information, and when.

4. There is also widespread confusion about how to apply the requirement to report changes in circumstances to real-life situations. HMRC research shows that claimants have particular problems understanding the concept of living together 'as husband and wife', which lacks a clear definition.[7] The complexity here is compounded by the fact that DWP and HMRC apply the concept in slightly different ways.

5. In the tax credits system a significant cause of complexity is the need for claimants to project their income, only for this to be finalised retrospectively. For claimants with uncertain work and hours and who experience changes in the course of a year this can often be a source of error, and can result in claimants 'falling in' to fraud.

6. Low levels of awareness and understanding among customers are also driven by a lack of effective communication between departments and welfare claimants. Written communication can be unclear, and problems of communication are compounded by low levels of education or literacy among some claimants.

---

[7] HMRC internal research

7. Customers can also be frustrated by confusing advice from staff who themselves don't always fully understand the specific requirements for different benefits. This lack of understanding amongst staff is a key driver of official error. While efforts have been made to promote simplification in recent years, in 2009 DWP still issued its decision-makers with 8,690 pages worth of instruction manuals to help them apply benefit rules correctly, and the guidance for tax credits staff ran to 1,447 pages.

8. System complexity is also a driver of welfare fraud. The difficulty of reporting changes in circumstances, especially around short-term and casual work, can encourage people to 'fall into' fraud. Studies have shown that claimants are put off by the 'hassle' of reporting changes, and may be affected by concerns about interruptions to payments.[8]

9. System complexity also offers those who want to abuse the system an opportunity to present themselves differently to different administering agencies. For example, a fraudster can give one piece of information to Jobcentre Plus regarding their Jobseeker's Allowance claim and another to HMRC regarding their claim for tax credits. They can tailor this information to maximise the amount they are able to receive, aware that the authorities in question are unlikely to adequately share the information which would enable them to be caught.

Means-testing

10. Even if DWP and HMRC were to radically simplify the rules governing the welfare system, it would not fully address the challenge of confirming whether the information claimants have given us is correct. Claimants may understand exactly what they need to report and when, but we still rely on the fact that the information they are giving us is indeed an accurate reflection of their circumstances. This is true during the lifetime of the claim as well as at the start – benefit and tax credit payments are flexible in response to customers' circumstances and we need to ensure we get accurate information as and when it changes.

11. While this problem will lie at the heart of any means-tested welfare system, it does not mean it cannot be managed and even solved. The problem which DWP and HMRC currently face is that our mechanisms for doing so, while successful to an extent, are not as ambitious as they could be. At a simple level, we are not always proactive enough about checking and confirming claimants' circumstances, and prompting them to report any changes.

12. One of the key responses both departments have developed to this problem is the use of data-matching to identify inconsistencies between information customers have given one part of government and information held on them

---

[8] *Factors Affecting Compliance with Rules: Understanding the behaviour and motivations behind customer fraud*, DWP (2009)

elsewhere. However, the range of data currently matched against is limited, and some is of poor quality.

13. Both departments have also developed a number of pre-payment checks to get a more robust understanding of customers' circumstances before putting claims into payment. However, as technology moves on and potential fraudsters get to understand the systems we have put in place, we need to be on the front foot in updating and renewing our response.

Weaknesses in the sanctions regime

14. Any effective deterrence regime depends in part on the effectiveness of the sanctions regime, which in turn relates to its severity, its certainty and its speed. Severity matters because if someone who is committing fraud thinks that the potential penalty will be minimal relative to their potential gain, then their fraudulent activity is likely to continue. There is evidence to suggest that the current regime is not severe enough.

15. The sanctions regimes in place at DWP and HMRC are quite different in nature. While HMRC mainly applies civil penalties to tax credit claimants, except in cases of organised fraud, DWP applies a larger volume of criminal penalties. This reflects the fact that error is clearly the dominant source of overpayments in tax credits whereas fraud features more heavily in the DWP statistics.

16. In 2009/10 DWP handed out around 30,000 criminal sanctions for fraud. Three quarters of these were cautions or administrative penalties (penalty payments levied at 30% of the amount claimed fraudulently). However, evidence from public attitude surveys suggests that cautions and (to a lesser extent) administrative penalties are widely perceived to be too lenient penalties for fraud.

17. In the majority of tax credit fraud and error cases HMRC administers civil penalties. The level of civil penalty applied reflects the nature of the type of error made, ranging from genuine mistakes, to 'failure to take reasonable care', to 'deliberate errors'. HMRC did hand out some criminal penalties in 2009/10, but they remained the exception rather than the rule.

18. Part of the problem here is that even when financial penalties are put in place, there are often inadequate powers to recover the debts due. In 2009/10 DWP recovered an estimated £20m in fraud debts out of a debt stock of around £400m. The slow rate of recovery is partly due to legal limitations which mean the Department can only recover a maximum of £13.20 per week for fraud-related overpayments relating to five of its main benefits.

19. The problem is similarly acute in tax credits. Over two thirds of tax credits debt is more than two years old, and since April 2003 HMRC has had to write off £1.7 billion, which is a combination of error and overpayments. Debts are particularly

hard to extract from those debtors who are no longer receiving tax credits, and this is true of DWP administered benefits as well.

20. In addition to weak sanctions, there is also evidence of a perception among many fraudsters that they are unlikely to get caught. In particular over a quarter of benefit claimants believe that the 'chances of getting caught are slim'. This is down from 39% in 2006, but still represents a substantial proportion.[9]

Social and personal norms

21. As well as weighing up the objective costs and benefits of their crime, fraudsters are influenced by social and personal norms. Qualitative research with benefit offenders suggests that those who commit fraud often perceive it to be a victimless crime, and do not see themselves as 'real criminals'. Although the majority of the population believe fraud to be unacceptable, there remains a significant portion who do not: surveys suggest only 83% agree that it is wrong to claim benefits to which they are not entitled.[10]

22. The perception that fraud is widespread is also likely to encourage fraud. According to the British Social Attitudes Survey, 84% of people believe that 'large numbers falsely claim benefits'.[11] While the reality is that fraud is less common than perceived, the behavioural economics literature is clear about the powerful effects of social norms. The lack of effective peer pressure in a particular community can drive fraudulent behaviour, leading to a general acceptance of non-compliance as a reasonable course of action.

Systems and support for staff

23. The extent to which staff are provided with the appropriate IT systems and support structure needed to carry out their job effectively is another key driver in levels of error. This is particularly the case in DWP (where official error poses as big a challenge as customer error and fraud) but also applies (although to a lesser extent) in HMRC.

24. In terms of IT systems, it is clear that automation is a key tool for reducing official error – the more the benefit and tax credit systems are automated and integrated the less opportunity there is for staff processing error. Some progress has been made in recent years in improving the effectiveness of IT, but there are still issues relating to the quality and integration of systems. For example, a large number of benefit and tax credits applications continue to be made in paper form.

25. It is also clearly critical that staff are provided with an appropriate level of training. We need to be confident that those responsible for determining and processing

---

[9] DWP internal research

[10] *Progress in Tackling Benefit Fraud*, NAO, 2008

[11] *Trends in sympathy for the poor*. In *British Social Attitudes*, (2008)

benefit eligibility feel they have the skills necessary to carry out their task, and to ensure that staff guidance is written in as clear and accessible a way as possible, leaving staff in no doubt as to the correct course of action to follow. While DWP and HMRC spend significant resources on ensuring their staff are appropriately trained, there is evidence that there is more that could be achieved in this area.

26. Furthermore, if staff are going to perform to the best of their ability they need to be faced with appropriate incentives to do so, and ones which do not conflict with other priorities. These regimes are not as strong as they could be in either department.

3. Current actions to address the problem

Introduction

1. DWP published its first fraud strategy in 1998 and subsequently updated it in 2005. This was complemented by a strategy on error reduction published in 2007.

2. HMRC's first fraud and error strategy was published in 2006, three years after the introduction of tax credits. This was then updated in 2008 to reflect HMRC's new and stretching target to reduce levels of fraud and error in tax credits to 5%.

3. Over the lifetime of these strategies both departments' work on fraud and error has been strengthened and a number of new initiatives introduced. This programme of work is outlined below.

HMRC

4. The principle of **Get It Right First Time** has been central to tax credit anti-error and fraud initiatives. This activity is based around a programme of customer education and pre-award checks. HMRC pro-actively seek to educate customers to ensure they are aware of obligations to report changes in circumstances, backed up with media campaigns. Customer guides and factsheets are provided on the HMRC and DirectGov websites, in addition to other intermediary organisations.

5. **Pre-award checks** attempt to target the highest risk cases before an award is even made, and has been extended from new claims to renewals and changes of circumstance. These interventions range from simple activities that focus on helping the customer to correct minor errors, through to full in-depth examinations of suspicious claims.

6. This work is supported by customer **segmentation analysis** which helps to identify different approaches which need to be taken to different customers. They are segmented on a spectrum as follows:

    -   "Willing and Able" – people who want to comply with the requirements of the Tax Credits system and can independently do so successfully. Currently 40% of customers, but this is expected to reduce following the Emergency Budget changes due to the entitlement taper.
    -   "Willing and Needs Help" – people who despite their best efforts typically find the complexity and calculations required within Tax Credits very difficult. Currently 54% but expected to grow as a percentage.

- Rule Breakers – people who choose not to comply with the requirements of the Tax Credits system. Currently 6%.
- Organised Criminals- People who set out to systematically defraud the system. These are a very low number but of increasing sophistication.

7. Due to a historically high level of error and fraud in the tax credit system since its launch in 2003, HMRC have developed a thorough understanding of the key loss areas which cause fraud and error. HMRC terms these **Disproportionate Loss Groups (DLGs).** They comprise:

- Undeclared Partner – where two people are living together but only declaring one income.
- Childcare – where excessive childcare costs are being claimed..
- Work & Hours – where customers claim they are working 16 / 30 hours per week and they are not.
- Children – where customers claim for more children then they have.
- Income – where customers claim less income than they are receiving.
- Disability – where customers are claiming disability components but are not eligible.

8. HMRC carry out **data matching and mining** using a range of sources, including: child benefit and tax data to assess losses due to incorrect income and children; data from DWP and other public sector bodies to identify losses due to incorrect disability status; and private sector data to uncover undeclared partners.

9. Making use of this customer segmentation analysis, HMRC are moving away from a regime of detailed face-to-face interventions with a relatively small proportion of their customer base, to a wide **range of one-to-many interventions**. This is backed up by a small number of face-to-face interventions with relevant customers. In 2008/09, HMRC completed 123,000 interventions, increasing to over one million the following year and on its way to two million for each of the next four years.

10. In order to ensure these activities correct customer behaviour in the long term, we need to intervene with customers in the most effective way. For those customers who make genuine errors, this includes providing **education and support** to prevent the error reoccurring. For those who engage in deliberate misdeclaration, a penalties regime is in place that will not only change individual behaviours but also create a deterrent effect on the wider population. Currently, existing financial penalties are complemented by non-financial penalties, such as changes only being accepted when presented in person and supported by documentation.

DWP

11. DWP's current counter-fraud and error interventions are the responsibility of a number of different business units within the organisation:

Fraud Investigation Service

12. The Department's **Fraud Investigation Service (FIS)** acts on referrals from a number of channels to investigate potential cases of fraud. The organisation is driven by the work of around 1,800 fraud investigators, a dedicated national organised fraud unit and a national operational intelligence unit to provide evidential support for fraud investigators. FIS focuses its resources on investigating those cases which are most likely to result in a criminal sanction.

13. In 2006, to relieve pressure on the Fraud Investigation Service, the Department introduced **Customer Compliance**. For suspected customer error or low value fraud cases the Department's computer systems refer cases to Customer Compliance teams, who conduct interviews with the customers in question to discuss the discrepancies in their claim, correct any which are found and remind them of their responsibilities. Customers have to repay any overpayments which are found but do not face any further sanctions.

Legal services

14. The Department's lawyers prosecute over 9,000 cases of benefit fraud annually, making DWP's legal services the largest prosecuting authority after the Crown Prosecution Service. Prosecution Division works closely with the Fraud Investigation Service and also prosecutes for some Local Authorities (as well as for the Department for Health).

15. DWP and HMRC have established a limited number of **joint intelligence and prosecution teams**, in order to reduce fraud and error committed against both Departments, bringing the totality of offences to court when applicable. The joint teams have focused on living together/undeclared partner cases, alongside organised criminality.

Jobcentre Plus

16. Jobcentre Plus has a number of internal processes designed to drive down levels of official and customer error. It has a dedicated **Error Reduction Team** to oversee and design error reduction activities and to clearly communicate the *Accuracy Matters* message to the rest of the organisation.

17. Official error reduction in Jobcentre Plus in underpinned by the **Quality Checking Framework**, which consists of a number of different checks on the quality of work within the organisation. As part of this framework, targeted checks are performed, specifically aimed at high risk areas of the benefit system

18. **Error Reduction Action Teams** are deployed to concentrate on responding rapidly to data-matching referrals received from the Generalised Matching Service (see below), and referring them onto the Fraud Investigation Service or Customer Compliance as necessary.

19. Jobcentre Plus also houses the **National Benefit Fraud Hotline**, which was first launched in 1996. The hotline provides a channel for the public to report benefit fraud, and generates a significant proportion of referrals to the Fraud Investigation Service and Customer Compliance.

Pension, Disability and Carers Service

20. The Pension, Disability and Carers Service (PDCS) has also developed a number of counter fraud and error activities. They undertake **Gateway Interventions** which involve prepayment checks on five types of Pension Credit claim which have a high probability of going wrong, such as where the customer has been self-employed or is newly arrived in the country.

21. In order to help tackle official error in pension benefits, PDCS have an established **Accuracy Support Team**. This is a national checking team which provides real-time information on official error in Pension Centres on a monthly basis, providing quick feedback to centres on their accuracy, allowing them to focus on key areas for improvement.

22. For Disability Living Allowance and Attendance Allowance in particular there are a number of programmes which aim to drive down official error. The **Decision Appeals Assurance Team (DAAT)** is a national team which measures the accuracy of decision making in Disability Living Allowance and Attendance Allowance, and the **Right Payment Programme** selects both randomly-selected and high-risk Disability Living Allowance cases for review.

Data matching

23. DWP also carry out data matching using the **Generalised Matching Service** and the **Housing Benefit Data Matching Service**. These systems are designed to 'match' different data sets against one another to identify inconsistencies between them. Around 4.3 million inconsistency matches are identified a year through the data matching service, resulting in 636,000 referrals to the Fraud Investigation Service and Customer Compliance.

Local Authorities

24. A number of the interventions outlined above support local authorities in their counter-fraud and error work for Housing and Council Tax Benefits. For example, the Fraud Hotline and data matching teams provide their services for a number of local authorities, and the Fraud Investigation Service and DWP's in-house Prosecution Division have taken on a number of joint cases with local authorities.

25. The Department also provides local authorities with a risk scoring service as well as a range of other products, including error awareness e-learning, a Right Benefits Toolkit and media campaign materials.

26. However, the independence of local authorities means that they have a variety of different approaches to fraud and error on top of those provided by the Department. They also run their own fraud investigation teams.

Success of the strategies so far

27. Clearly a lot of work is being done to try to drive down fraud and error in the benefits and tax credits system. HMRC expect their approach to drive out £8bn of fraud and error compared to around £1.5bn in the last four years.

28. However, given the imperative to drive down wasteful government spending it is critical to understand what more we can do to reduce fraud and error losses.

29. The scale of the problem outlined in Chapter 1 suggests that, while the above interventions have clearly had some meaningful impacts on levels of fraud and error, it is time to take a more radical look at reforms to the current system which can drive a step-change in the fight against wasteful expenditure.

4. Fraud and error: a new approach

1. While the vast majority of welfare claimants are honest, our message is clear: fraud will not be tolerated and those who defraud the system will be punished. We will particularly target those who systematically conspire to abuse the system. We are also determined to drive out error and ensure that we pay the correct amount to all our customers every time.

2. In order to deliver a step-change in performance, DWP and HMRC are committed to introducing a new integrated strategic approach to tacking fraud and error.

3. This approach is focused on preventing fraud and error entering the system in the first place; seeking it out and correcting it where it does exist; and meting out swift and effective punishments to those who do attack the system; while deterring others from considering the same course of action.

4. Our new strategy, which is expanded upon in subsequent chapters, is based upon five fundamental components that together address the causes identified in the Chapter 2. These are:

PREVENT	DETECT	CORRECT	PUNISH	DETER
Stopping fraud and error getting into the system in the first place	Increasing the likelihood of finding incorrect and fraudulent claims	Quickly putting incorrect cases right, getting back what we're owed	Strengthening sanctions for those caught	Publicising tough punishments and the high likelihood of being caught

5. Our set of strategic interventions to drive down fraud and error also need to be underpinned by an effective regime for **delivery**, which includes a clear vision of what the strategy aims to achieve and outlines steps to ensure that success is maintained in the future.

6. Policy initiatives under each of these core themes are developed in subsequent chapters.

7. This strategy will be closely aligned with and operate alongside the Government's **radical programme of welfare reform**, which will be introduced in the coming years, The plans for reform involve a radical reshaping of the benefit system, delivering fundamental changes to ensure that the system is simpler to understand and that work is always seen to pay.

8. A key aspect of these reforms will be the amalgamation of a large number of existing working age benefits and tax credits into a single Universal Credit. This will make it much easier for customers and staff to understand the welfare system and establish entitlement, and much of the error which is currently caused by the complicated interactions between different benefits will be eliminated. A more integrated system will also reduce opportunities for customers to fraudulently represent their circumstances differently to different agencies.

9. Complementing these reforms, HMRC are planning to introduce a **Real Time Information system** for Pay As You Earn (PAYE) in the Spending Review period. This would link the tax and benefits system for the first time and enable both departments to have access to up to date, real-time information on a claimant's earnings information at the point of claim. In HMRC alone, this could further drive down fraud and error in the system by over £300m. Within DWP a further £100m saving could be expected.

10. These reforms to the benefit and tax credit systems should have far-reaching effects on levels of fraud and error in the benefit and tax credits systems, and provide a once in a generation opportunity to drive down this wasteful expenditure.

5. Prevent – strengthening our defences

1. The priority for both HMRC and DWP has to be preventing fraud and error from entering the system in the first instance. Once incorrect payments have entered the system they can be difficult to find and remove: detecting, correcting and recovering such overpayments is a costly and time-consuming process.

2. In DWP, the approach to date has been overly focused on detecting illegitimate payments once they have entered the benefit system, rather than preventing them from arising in the first place. Over the last two years, HMRC has increasingly concentrated its interventions on prevention. However, while some good progress has been made, there is scope to do much more.

3. Our challenge, therefore, is to ensure that our efforts are focused on measures which are preventative. We will do this by enhancing our use of customer data, ensuring that our customers understand and fulfil their responsibilities, and equipping our staff with the appropriate systems and incentives they need to process benefit claims accurately. Within DWP, these measures will see a doubling of annual investment on preventative measures, readjusting the balance between spend on prevention and that on detection.

Check first, then pay

4. Within HMRC, interventions will be based on the successful approach that has been employed in recent months and will include: risk scoring every new claim with a view to intercepting any fraud and error before it enters the system; rolling out the HMRC risk scoring and interception Rules-Based pilot to the one million Tax Credit change of circumstance reported every year through Contact Centres; preventing 500,000 high risk Tax Credit Renewals from entering the system through data mining, and direct compliance reactive interventions.

5. Similarly, DWP will undertake reforms to systems which will permit, for the first time, data to be used to undertake near real-time assessments of the information customers give to us at the moment they make a benefit claim. Cross-matching customer information with a range of data at the point of claim will help identify any inconsistencies such as undeclared income or undeclared living arrangements. This will enable us to stop and investigate potentially fraudulent or erroneous claims before they go into payment, moving us from a reactive position to one where we are on the front foot in the fight against illegitimate payments.

6. DWP will employ further defences at the point of claim, using risk-profiling to alert our staff and systems when an application is particularly at risk of being fraudulent or in error. For example, if the system identifies that the claimant has a previous

conviction for fraud, the user will be prompted to undertake further investigative action to ensure that the claim is legitimate. This technique is known as 'predictive analytics'.

7. DWP will also be able to protect the system during the lifetime of the benefit claim: when customers report a change in their circumstances to a third party organisation, we will receive an alert which we can use to check whether the customer has also registered the change with the Department.

Smarter use of customer data

8. Under this new strategy we will look to build partnerships with private sector firms, such as Credit Reference Agencies, to give us **access to a radically increased range of third party data** on our customers.

9. We will consider different funding models to get the best value for money from this relationship, including paying by results for data-matching exercises carried out by the private sector, where this is appropriate. In doing so we will ensure that the private sector shares the financial risk and is incentivised to provide high quality information.

10. HMRC and DWP have already started working to make better use of third party data, specifically targeting cases where a customer has an undeclared partner.

11. Further to this, DWP will aim to make better use of information held in the public sector. For example, we will pursue secure ways of getting more direct access to the medical statements which customers are required to provide to the Department in respect of their claims for Incapacity Benefit and Employment and Support Allowance. The Department already obtains customer consent to access this information, but we would be able to further drive down levels of fraud and error by getting hold of it more quickly using secure electronic systems. This will help tackle an area which has been seen as particularly open to abuse.

12. We will ensure that we are fully equipped to react to any cases which do throw up inconsistencies with the creation of a new **integrated risk and intelligence unit**. This unit will be a hub for data and intelligence on fraud, error and debt. It will use the very best data-matching techniques, drawing on private sector best practice, and have at its disposal high quality analysts using intelligence gained to target high risk cases. We will look at the potential for this unit to be operated by or in partnership with the private sector.

13. The unit will use advanced analytics to apply risk scores to alerts which are raised on customer claims, and refer these on for further action. It will also ensure that a feedback loop is created which enables it to gather information on the success of these referrals and the return they generate. This information will be used in a process of constant re-evaluation to continually review, refine and improve data-matching techniques and risk-scoring models.

Customers

14. We know that most claims start accurate and only lapse into incorrectness when customers neglect to report changes in their circumstances which affect their benefit. Insights from behavioural economics tell us that people are much more likely to commit fraud through an act of omission, something they don't do that they should, than through a positive act.

15. In DWP in particular the current reporting system is too passive, expecting a significant proportion of our customers to inform us of any changes in their circumstance with little or no contact from the Department. We need a more active system that forces customers to proactively engage with their responsibility to inform us of any changes in their circumstance during the life of their claim.

16. DWP will therefore **require all benefit claimants to sign an official form explicitly and proactively stating that the information we hold about them is correct** and that they will report any changes in their circumstances as they occur. This form will also state that the customer will be committing an offence by failing to adhere to these conditions.

17. By signing this statement and actively taking the responsibility that goes with it, benefit customers will think twice before allowing their claim to lapse into incorrectness. As more of our services move online, we will take the opportunity to cost-effectively reinforce this behavioural message by requiring customers to re-sign the statement on a periodic basis. We will look to employ a risk-based approach, requiring the most significant degree of commitment from those customers most at risk of fraudulent activity.

Staff and systems

18. Effective IT systems are crucial to delivering welfare payments accurately and efficiently. We currently deliver a large number of different payments on a number of different computer systems. Where these systems are poorly integrated there is a high risk of error entering the system, particularly where different benefits, grants and premiums are linked with one another.

19. We will therefore continue a programme of system fixes targeted at areas that are particularly vulnerable to error. This will reduce overpayments, particularly those due to official error, by linking different computer systems and ensuring that changes to entitlement in one system are automatically broadcast to another.

20. For example, DWP will introduce a system which will **automatically notify local authorities when Tax Credits or other benefits are awarded** to a customer or when there is a change to an existing award. This will ensure that all relevant circumstances are taken into account when paying Housing or Council Tax Benefit, enabling us to tackle a significant source of fraud and error.

21. Alongside system improvements, DWP will run a system of **accreditation for staff.** Staff put forward for accreditation will be given support by dedicated coaches and line managers as they consolidate their learning. They will then be assessed through observation and written evidence, and if they do not meet the standards required they will have further training made available to them.

22. This system will help ensure that staff have sufficient support to prioritise accuracy in their work, and will also enable the Department to get a clearer understanding of those who are struggling to meet the required standard. Extra support and performance management procedures can then be put in place to ensure these staff are helped to meet expected performance levels.

6. Detect – rooting out fraud and error

1. Where we cannot prevent fraud and error entering the benefit system we must do all we can identify and stop it as soon as possible.

2. The data techniques outlined in the previous chapter will play a crucial role in this, helping us to find fraud and error once it has entered the system as well as preventing it at the gateway. However, cases flagged up through data-matching have to be investigated and acted upon. We will therefore take steps under this strategy to create significant efficiencies in our investigation work and introduce innovative new forms of investigation to drive positive customer behaviour.

Fraud investigations: more efficient and more effective

3. Benefit fraud investigations are currently carried out by DWP's Fraud Investigation Service and by local authorities. Tax Credit fraud is currently investigated by HMRC. However, HMRC have few investigators specifically employed to look into tax credits, as much of their resource is deployed for higher value tax investigations.

4. These arrangements mean that even if a claimant is committing fraud across benefits administered by DWP, local authorities and HMRC, they will potentially be subject to two or potentially even three separate investigations. This means that the totality of the offence committed is not always considered or presented in prosecution cases. The current arrangements are therefore inefficient and open to charges of unfairness – those who commit fraud on tax credits are less likely to face a punishment than those who commit it on a DWP benefit.

5. This strategy will respond to these challenges through **the creation of a single integrated fraud investigation service** with statutory powers to investigate and sanction all benefit and tax credit offences. A single unified service will ensure that all offences are taken into account for anyone accused of benefit and tax credit fraud. This will increase the efficiency of the service, bringing benefits for the taxpayer, as well as ensuring greater equality of treatment for customers. It will also deliver more investigations and sanctions as a result of an increase in the number of tax credit investigations. As part of this initiative we will also **establish dedicated units** to focus resource and expertise on organised fraud, tax credit fraud and disability related fraud.

6. We will ensure that the service is able to meet the increased level of workload it is likely to face as a result of proposals in this Strategy by investing in more investigative resource, increasing the number of fraud investigators by over 200. We expect this to increase the volume of sanctions applied to welfare fraudsters by over 35%.

7. To maximise the impact of the new service we will ensure that its operation is driven by appropriate incentives which are aligned and simplified, ensuring that any perverse effects from competing priorities are minimised.

8. Leading up to the introduction of the single service, we will increase the incentives for local authorities to reduce fraud and error by looking to publish fraud and error data relating to each authority. This will enable local authorities to identify and learn from the best performers, and better enable local residents and taxpayers to hold local authorities to account.

Mobile regional taskforce

9. Research shows that one of the reasons that customers commit fraud is the belief that they are unlikely to get caught. Drawing on insights from behavioural economics, DWP will look to increase the certainty of detection through the **creation of a new mobile regional taskforce**. This force will thoroughly audit all claims in specific locations to both detect current fraud and error and deter future incorrect claims. Areas will be selected on the basis of intelligence gathered from our integrated risk and intelligence unit. The force will be led by DWP but will look to closely involve HMRC where appropriate.

10. The work of the taskforce will be supported by highly visible local media activity in the area being targeted. This campaign will highlight the work of the taskforce so that any customers committing fraud in that area will know that there is a very high likelihood that they will be caught.

11. Critically, the effects of this intervention should not be confined to the areas undergoing an audit. The comprehensive nature of these audits will send out an important message to those in other parts of the country that they could be next and, if they are, there is very little chance they will be able to avoid punishment. The tough new range of sanctions we plan to introduce (see chapter 10) will make the effect of this campaign even stronger.

Cross-government identity fraud unit

12. Alongside this strategy, the Government will look to establish a cross-departmental **Identity Fraud Unit**. This unit will target the growing problem of identity fraud across the public sector, particularly that led by criminal gangs. Both departments will play a key role in this initiative, feeding in experience from welfare fraud and sharing information and analysis where appropriate. This integrated approach will enable identity fraud to be tackled in its entirety, across a range of public services.

Reporting fraud

13. To encourage an increase in customer referrals of fraudulent cases DWP and HMRC will **establish a new relationship with Crimestoppers**, an independent charity which takes calls from customers to anonymously pass on information about crime. Crimestoppers are planning to launch a major national campaign

against fraud, and we will ensure that we work closely with them to maximise the impact of the campaign on benefit fraud. DWP are currently in discussions with them about how they could provide additional support in encouraging people to report a benefit thief. Building on this relationship, HMRC and DWP will join together to establish further areas where both departments could work more closely with Big Society partners.

14. DWP will also explore ways of **encouraging more valuable calls to the National Benefit Fraud Hotline**. We will look at both rewards and sanctions, implementing mechanisms to ensure that those who provide particularly valuable information to the hotline have their contribution rewarded, as well as seeking to put a stronger obligation on those who have information about a fraud to report the case. Alongside this, we will explore ways of integrating the work of HMRC more closely with the hotline.

7. Correct – getting back what we're owed

Introduction

1. As outlined in Chapter 6, our efforts to tackle fraud and error under this new strategy have to be primarily focused on preventing fraud and error entering the system. However, we cannot ignore the fact that there is a stock of payments already in the system which are fraudulent or being paid in error, and that these need to be stopped. When left in the system, such payments can continue for long periods of time, meaning that even small weekly overpayments can add up to significant levels of wasteful expenditure.

2. Once such payments have been detected and stopped we need to ensure that we are recovering them as quickly and effectively as possible. The current debt recovery regime is too slow and does not provide a significant return for the taxpayer. Nor does it present a particularly strong deterrent to those who are considering defrauding the system.

3. Our new strategy will address these two problems, ensuring that we put right the illegitimate payments which currently exist and get back what we are owed.

Case cleansing

4. A key part of preparing our systems for a greater focus on prevention will be ensuring that they are cleansed of the current stock of fraud and error. We will therefore use trained staff to **rigorously assess current claims and find any instances of illegitimate payments**, putting right errors where they exist and referring suspicious cases for fraud investigation.

5. HMRC will redeploy staff from existing corporate services and back office functions onto fraud and error tasks, and will drive efficiency and improve productivity by implementing their PaceSetter continuous improvement techniques to these staff.

6. DWP, alongside HMRC, will look to use a range of data from the private sector, including that from Credit Reference Agencies, to carry out a systematic purge of benefit cases. This will be targeted on specific areas of the country and provide intelligence to inform the work of our new mobile regional taskforce.

7. DWP will also thoroughly inspect the current Incapacity Benefit caseload to ensure that illegitimate payments aren't carried forward in the migration from Incapacity Benefit to Employment and Support Allowance (ESA). This will present

us with a much cleaner system and allow us to focus our efforts on preventing new fraud and error entering ESA.

8. We will also continue to use staff to telephone customers currently on Income Support and Jobseeker's Allowance to give them a full change in circumstances review, and check that all the information they currently hold with the Department is correct. This will not only help purge the system of incorrect payments, but also allow us to reinforce customers' obligations in order to reduce instances of fraud and error going forward.

9. DWP will deliver these interventions through a new **Error Reduction Centre**, bringing around 600 staff under one roof to specifically focus on driving error out of the Jobcentre Plus system.

10. Further to this, DWP will undertake a full cleanse of the Pension Credit caseload. A significant proportion of error entered the Pension Credit system when the benefit was first introduced in 2003, due to difficulties for staff in correctly applying the rules of a new and complex benefit. This makes Pension Credit a prime candidate for a case cleansing exercise of this kind, and DWP will invest in a further 600 staff to achieve this.

11. In total these interventions will result in almost **one million cases** being cleansed within DWP each year, in clear recognition of the priority the Government is placing on cutting official error.

More effective recovery

12. As we root out cases of fraud and error through case cleansing, and as new cases are uncovered in the future, we have to ensure that we are recovering any debts we are owed as effectively as possible.

13. The current system for recovery is slow and cumbersome. For those on benefits DWP is able to recoup their debt at source, by deducting it directly from their benefit payments. However, as detailed in Chapter 2, the maximum rate at which the law allows us to recover fraud-related debt from means-tested benefits is £13.20 per week, and this rate may be lower depending on the customers' circumstances. Such debts can take a long time to recover.

14. DWP will therefore seek powers to **increase the maximum rate at which we can recoup such fraud-related debts** from means-tested benefits from £13.20 per week to £16.50 per week, thus increasing our rate of recovery from such debts by around 25%. We will also seek powers to enable us to **widen the range of debts we can recover from**, to include those resulting from official error. While the Department must take responsibility for payments made mistakenly by our staff, that does not give claimants the right to keep hold of public money not intended for them.

15. In HMRC, debts can be recovered from ongoing payments at the rate of 10% or 25%, depending on the individual's circumstances. HMRC will seek to enhance their existing recovery powers to increase the rate they can recover such debts from ongoing payments of tax credits.

16. HMRC civil penalties are currently only recoverable directly from the claimant, rather than by recovery through deduction from an on-going claim. This means that the punishment is more immediately obvious to the claimant. However, in cases of true hardship recovery is difficult to enforce, so HMRC will seek changes to enable recovery of civil penalties from ongoing payments.

17. DWP's current debt management systems lack effective means available to deal with those who have stopped claiming benefit but still owe money. Once customers have moved off our systems it is sometimes difficult to make contact with them and, even where possible, it can be difficult to extract the money owed.

18. DWP will tackle this problem head-on by **introducing a new fast track system of 'Attachment of Earnings',** which allows us to require that money is deducted from an employees' earnings. At the moment we have to apply to the court for the ability to use this option, which costs £100 a time. We will therefore seek powers which allow us to introduce a 'fast track' system, enabling the Department to impose an Attachment of Earnings without going through the courts.

19. For those still on benefit and those who have ceased claiming, DWP will apply a much stricter regime where valuable assets are present. Using data-matching techniques we will identify those who are likely to have the funds available to repay their debts and will **seize the assets of those who have persistently refused to pay.** In the first instance we will trial these techniques on those with debts over £2,500 and will subsequently roll this out across the fraud-debt caseload in all instances where cost effective.

20. As part of this, DWP are about to begin a pilot exercise with a **Credit Reference Agency to obtain better information about benefit debtors**, giving us a better understanding of the extent to which our debtors are in a position to pay.

21. In the most serious cases we will seek a Court Order **requiring debtors to sell their house to pay off their debt**, an intervention already used by the Child Maintenance Enforcement Commission (CMEC). CMEC has found that the use of these powers has had a significant deterrence effect, and it will also enable faster debt recovery.

22. HMRC is planning to roll out use of **Debt Collection Agencies** to boost debt collection capacity and help the pursuit of lower value debts. We will draw upon this collaboration to inform future debt collection efforts across government.

23. In the longer term, both departments will work together to try to move to a position where our deductions from earnings are even more efficient by looking to **deduct**

debts directly through the PAYE tax system. Fast tracking Attachment of Earnings will allow us to pave the way for this new system.

8. Punish – making the punishment fit the crime

Introduction

1. Welfare fraud is a crime against the taxpayer, and the Government strongly believes that those caught committing such crimes should face tough punishments.

2. However, there is currently a concern that, in a number of cases, the system is too lenient with those caught committing welfare fraud. This is not only a fairness issue – in that it is right that those who commit a crime are suitably punished – but also an issue of deterrence. The lower the potential punishment for fraud, the more likely those who wish to attack the system will choose to do so. This is why we are committed to revising the sanctions regime and ensuring that it helps maintain public confidence in the welfare system.

3. HMRC and DWP currently take different approaches to sanctions and penalties. HMRC's regime has been light touch, with low value penalties charged for low levels of error and fraud and prosecution activity primarily concentrated on tackling organised crime groups. DWP's sanction regime for fraud and error is primarily based on the ability to take a criminal prosecution. These differing approaches have reflected the different purpose and customers of the benefit and tax credit systems. However, through this strategy, HMRC and DWP will work together to align their sanctions regimes where possible. Below, we outline what each department is doing to tighten its existing regime.

Tightening the sanctions regime in DWP

Failure to take care

4. The first step we will take in renewing the sanctions regime will be to introduce tougher measures for those who don't take sufficient care of their claim, resulting in a low-value overpayment. These claimants may not proactively be setting out to commit fraud, but they may knowingly let a change in circumstances go unreported because they simply don't get around to telling us, or they want to gain a little bit extra money before letting us know. At the moment HMRC has a charge of 'failure to take reasonable care' which allows a penalty to be imposed in such cases. However, DWP currently does not punish these individuals, and so in the future we will look to impose a **£50 civil penalty** in such cases to deter such negligent behaviour in the future. These penalties will be issued quickly and without the need for a lengthy investigation.

Low value fraud

5. For those who are found to have committed fraud, we must look to tighten the punishments administered. In 2009/10 DWP's Fraud Investigation Service

administered around 30,000 criminal sanctions to benefit fraudsters. However, around half of these only received cautions, with another quarter receiving administrative penalties (amounting to 30% of the overpayment) and the final quarter facing a prosecution. In order to more clearly reflect the seriousness of benefit fraud and to act as a stronger deterrent to fraudsters in the future we will **no longer issue cautions**.

6. We will also look to tighten the regime governing administrative penalties. While these penalties play an important role in sanctioning low value fraud cases (where it would not be cost-effective to pursue a prosecution) they are currently too lenient. At the moment, someone committing a fraud worth £200 could receive a penalty worth only £60. This seems a small price to pay for stealing the equivalent of a week's pay for someone on the minimum wage.

7. In the future, therefore, we will guarantee that **all fraudsters will receive at least a minimum penalty**, in the region of £350. We will also ensure that administrative penalties more accurately reflect the severity of benefit fraud by raising the penalty rate from 30% to 50%.

8. These fraudsters will also receive a four-week loss of benefit payments as a reflection of the fact that they have, for a period, abrogated their right to draw on this public service.

Higher value fraud

9. While a strengthened penalty regime is a cost-effective response to low value fraud, where crimes of a higher value have been perpetrated against the taxpayer it is essential that fraudsters should feel the full weight of the law and face a prosecution.

10. Prosecutions are already used for higher value fraud offences, but there is a perception that the punishments handed down often do not fit the severity of the crime. We will therefore discuss with the Ministry of Justice whether the Sentencing Council could be invited to **review its guidelines, with a view to magistrates and judges imposing tougher penalties** on those convicted in court.

11. We will also **review with HM Courts Service how benefit fraud cases are prosecuted** in the courts, to discuss how they could be dealt with more quickly and effectively as well as enabling people in a local area to see that justice is being done to benefit cheats

12. As well as being subject to a prosecution, these serious fraudsters will also face a loss of benefit for a significant time period. This sanction already exists in DWP in the form of the 'one strike' (4 weeks loss) and 'two strikes' (13 weeks loss) regimes. However, to more appropriately reflect the seriousness of welfare fraud we will look to **extend these punishment to three months (one strike) and six**

months (two strikes). We will also introduce a **third strike**, which will mean those convicted of benefit fraud three times will have their benefits removed for at least **three years.**

Serious and organised fraud

13. While all welfare fraud is unacceptable, we must be at our strongest in acting against the most serious and aggravated cases of fraud, such as those which are clearly pre-meditated or orchestrated by gangs. As stated above, where people decide to abuse the welfare system the Government believes that they forfeit, to some degree, the right to assume that the system will continue to provide for them. This belief is at its strongest in the case of the most serious fraud, and so in such cases we will look to apply a benefit deduction for **at least three years after a single offence.** We will explore the possibility of applying such a sanction to the ringleaders of serious attacks, both ensuring that we administer a suitably strong punishment and protect the system from such attacks in the future.

Attempted fraud

14. Under the current system it is very difficult to uncover cases of attempted fraud because there are only a limited number of checks we are able to make at the point of claim. However, when our new systems are introduced which allow us to make more checks at the point of claim (as outlined in Chapter 5), it will be possible to more accurately determine which customers are attempting to target the system through the use of near real-time data matching.

15. **We will ensure that those caught trying to commit fraud at the point of claim will face punishments of similar severity to those who actually succeed in defrauding the system**. This will be critical in strengthening the deterrence effect of our current sanction regime and in making it clear to the public that the Government doesn't tolerate fraudulent activity of any kind.

Tightening the sanctions regime in HMRC

Failure to take reasonable care and low value fraud

16. HMRC can currently impose a civil penalty of up to £3000 for each tax year in cases where the claimant has received too much due to their negligence or fraud. The current regime imposes different levels of penalty depending on the behaviour of the customer which led to the overpayment. This gives greater flexibility than the existing DWP regime which depends on the ability to prosecute for a criminal offence. It is sensible that this flexibility be retained.

17. HMRC will make greater use of its existing civil penalty to encourage claimants to take greater care and responsibility for the accuracy of the information they provide, but this will be consistent with the costs of imposing low value financial penalties; including those of managing the claimants existing right of appeal to an independent tribunal.

Higher value fraud or repeat offenders

18. The more effective use of the existing civil penalty regime, alongside a greater commitment to prosecutions, including closer working with DWP, will deliver a more effective regime of punishment to those who deliberately claim money they are not entitled too. To strengthen the deterrence factor HMRC will explore possible changes to enable them to follow the "one strike" and "two strikes" regimes currently in place within the benefits system.

Attempted fraud

19. HMRC can currently impose civil financial penalties in cases where a fraudulent claim has been made but no payments have yet been made and will increase the number of penalties it imposes in these cases.

20. Under this strategy HMRC will more closely align its sanctions regime with that deployed by DWP, including making more use of existing financial penalties better use of non-financial penalties and, in conjunction with DWP, increasing the number of criminal investigations and prosecutions.

9. Deter – changing attitudes, increasing awareness

Introduction

1. The range of stronger sanctions introduced in the previous chapter are a critical part of our approach to deterrence, as are the more stringent debt recovery processes announced in chapter 8.

2. However, these measures are likely to have a limited impact in deterring potential fraudsters unless they are well publicised. That is why **we will focus communications at a local level,** reinforcing customers' knowledge of their responsibilities and remind them of the consequences of non-compliance.

Publicising punishments

3. Our fraud communications activity will focus on publicising the extent of and outcomes from our tough range new range of punishments.

4. The overarching aim of this activity **will be to prompt potential fraudsters to reassess the risks associated with committing fraud**. The harsher nature of the punishments available and the increased likelihood of being caught should ensure that the risks are perceived as too high by a number of fraudsters who would otherwise have attempted to abuse the system.

5. We will also use communications to **disrupt the current social norms surrounding benefit fraud** to encourage a positive shift in behaviour. We will strive to ensure that benefit fraud is not perceived to be rife and that there is a high risk of getting caught because of the work of the mobile taskforce.

6. The communications activity will be focused on local media, a tactic which can increase the credibility of communications in the eye of the public by reinforcing the fact that people 'like them' are being caught in their area.

7. We will particularly focus on targeting the 'shame' element of deterrence by **undertaking 'naming and shaming' in local areas**. This will target those fraudsters who don't fear the financial or judicial consequences of being caught as much as they do the disgrace of their crime being revealed to their local community.

8. DWP will also use the Jobcentre Plus network to reinforce claimants responsibilities, including placing audio messages on claimant hotlines and comments in relevant forums and blogs. These techniques will also be used in

communicating the work of the mobile regional taskforce, as outlined in Chapter 7. We will also work closely with Crimestoppers on their public sector fraud campaign to ensure that we get our messages to as wide an audience as possible

9. We will continue to review our communications activity and consider the options for strengthening this approach if required, including the introduction of a more wide-ranging media campaign.

10. Delivery – making the strategy happen

Introduction

1. This strategy is a commitment by DWP, HMRC and the Government to drive down fraud and error and increase public confidence in the welfare system over the coming years. It is therefore critical that we articulate a clear vision of what the strategy is expected to achieve and how the public will be able to know if it has been a success.

2. It is also vital that this strategy is not a one off 'big push', after which fraud and error work returns to business as usual. Our departments have achieved some good results over the last decade, but this has not delivered enough. We will therefore outline plans for a renewal of fraud and error activity in the welfare system which will ensure that interventions in the future aim to maximise return on investment, tackle the root causes of fraud and error and are rigorously monitored and evaluated. We will also explore how the proposals outlined in this strategy can be enhanced and extended to deliver further savings, in particular taking into account the findings of the Government's new anti-fraud taskforce.

What will success look like?

3. The Government will be investing an extra £425m in the above initiatives over the next four years, reflecting our commitment to driving down wasteful expenditure on fraud and error. As a result of this investment, we expect to be able to reduce the annual amount spent on benefit and tax credit fraud and error overpayments by over one quarter – or **£1.4bn –** 2014/15.

4. We will able to drive further savings if we are able to successfully implement a real-time information system which allows us to accurately assess customers' earnings. It is anticipated that this could drive a further £300 million annual saving in HMRC, and £100 million annual saving in DWP.

5. While savings are a critical driver in our strategy they are by no means the only one. We are also committed to ensuring that our interventions increase public confidence in the welfare system, and that the consequences of committing fraud are perceived to be just. Therefore, in assessing the success of this strategy we will also consider a number of qualitative indicators based around public perceptions. Relevant wider quantitative indicators, such as the proportion of debt that is successfully recovered, will also be carefully monitored.

Implementing the strategy

6. Detailed timetables for implementation will emerge as projects get underway but we are already clear on a broad schedule for implementation. We expect to be able to undertake an initial cleanse of the benefit caseload using Credit Reference Agency data during the course of **2011/12**, feeding the findings into our emerging risk and intelligence unit to provide referrals for our new mobile regional taskforce. For those caught defrauding the system we will be able, where applicable, to apply our tougher asset seizure regime, as these powers are already available to the Department to use. We will start publicising and 'naming and shaming' such cases through our local media work.

7. In this period we will also begin a programme of IT fixes and roll out accreditation for staff across DWP's businesses, as well as continuing to undertake a number of cases cleanses of different benefits. We will also look to work with Crimestoppers on their new fraud campaign.

8. From **2012** we will look to expand our relationship with private sector data firms to increase the range of data-matching we carry out at point of claim. This will follow a full procurement process in which the Departments will seek to ensure that only the best and most cost-effective products are procured. As part of this process we will consider proposals for delivering the risk and intelligence unit in partnership with the private sector. We will also start requiring customers to proactively sign statements undertaking not to commit fraud while they are claiming benefits.

9. Alongside this, from **2012** we will look to start implementing powers sought in the Welfare Reform Bill being brought before parliament in 2011. If agreed by Parliament, this would enable the Department to apply its new set of sanctions, ranging from £50 civil penalties for those who are fail to take reasonable care of their claim up to long benefit suspensions in the most serious cases of fraud. These interventions will be backed up by new powers to recover debt more quickly from those still on benefits, as well as powers to order debts to be deducted from people's earnings.

10. Finally, in **2013** we will introduce our interventions which interact closely with the Department's programme of welfare reform, which will be phased in from 2013, with full implementation estimated to be achieved by 2018. We will look to begin the work of a single investigation service in 2013, empowered to investigate both benefit and tax credit cases. We will also use the opportunity presented by the radical simplification of the benefit system to start recovering debts which arise due to official error.

11. A high level timetable for implementation is outlined in Annex A.

Monitoring success

12. To successfully deliver the goals outlined above it is critical that we have a clear monitoring regime which carefully assesses how DWP and HMRC are performing against their objectives.

13. Both departments are subject to a significant degree of external scrutiny regarding their fraud and error performance. Fraud and error statistics are published on a regular basis and are publicly available. The National Audit Office monitors these closely and continues to qualify both departments' resource accounts because of the levels of fraud and error. As a result, the departmental Permanent Secretaries are regularly called before the Public Accounts Committee. The National Audit Office also undertakes Value for Money studies, analysing performance and identifying areas for improvements.

14. This external scrutiny will be reinforced by an internal architecture overseeing implementation of the new strategy within each Department. Within DWP this role will be played by the Fraud and Error Council, a strategic group attended by representatives from the key fraud and error stakeholder groups within the Department, which is chaired at Director level and reports directly to the Permanent Secretary. Within HMRC this role will be played by the newly established Error and Fraud Delivery Group, which is chaired by the Director of Operations and reports directly to the Director General for Benefits and Credits.

Maintaining success

15. It is critical that we do not see this strategy as the end of a process, but rather as the beginning of a new era for counter fraud and error activities. When we prepare our next fraud and error strategy we need to ensure that we are in an even stronger position in terms of assessing the best possible interventions which give us the highest possible return on investment.

16. Therefore, alongside this strategy, both Departments will need to start putting into place the necessary internal structural reforms to put us in a stronger position in the future. This will involve strengthening our analysis of the **causes** of fraud and error and ensuring that our **measurement** systems are up to scratch, putting in place mechanisms for ensuring future interventions focus on **prevention**, and developing consistent and effective measures of **return on investment**.

17. If we are able to begin re-orientating our fraud and error architecture in this direction then we will find ourselves in a much stronger position when we are looking to renew our strategy once more, and so these reforms will be a key underpinning to our new approach.

11. Conclusion

1. While both DWP and HMRC have made some positive progress in reducing fraud and error in recent years, the level of fraud and error in the welfare system remains at almost 3%. This is unacceptable at a time when the Government needs to make tough decisions on spending and is determined to ensure that the most wasteful expenditure is targeted first.

2. The Government has already announced a radical programme of welfare reform which should help drive down welfare spending, with proposals to simplify the benefit system and make work pay. These reforms will also have a significant impact on the levels of fraud and error in the system, as radical simplification will reduce the number of customer and staff errors, and a number of avenues for fraud will be closed off. This document has summarised these impacts, but has also outlined DWP and HMRC's new approach to tackling fraud and error alongside the *21st Century Welfare* reforms.

3. Under this new approach our priority is to **prevent** any new fraud and error from getting into the system, as this is the most cost effective way of driving down spending. We will do this through the innovative use of private sector data, interventions targeted on reinforcing customer responsibilities, and reforms which improve IT systems and increase incentives for our staff to minimise errors.

4. Where fraud and error does enter the system, we must be ready to **detect** it effectively. We will improve our capability to do this by creating a single integrated investigation service for welfare fraud as well as a new cross-government identity fraud unit. We will also introduce a new type of investigation, drawing on insights from behavioural economics, which targets and audits entire geographical areas. To encourage the public to report benefit fraud we will work closely with Crimestoppers on their new fraud campaign.

5. To prepare our systems for our improved approach to prevention and detection, we need to **correct** those illegitimate payments which are already in the system and get back the money we're owed. We will therefore undertake a case cleanse of our current systems and introduce new regimes for ensuring more robust recovery of our debts.

6. For those claimants who do commit fraud, we will ensure that the toughest available **punishments** are brought to bear. Benefit fraud is a serious crime, and must be treated as such. We will aim to tighten our sanctions for those who fail to take care of their claim, as well as ensuring that fraudsters are unable to escape without at least a minimum penalty payment. For more serious frauds we will look to increase the severity of punishments applied, including lengthy benefit suspensions a fraud is particularly serious or premeditated.

7. Finally, we will reinforce the power of our sanctions regime with the introduction of a new fraud communications campaign, which will aim to **deter** potential fraudsters from choosing to abuse the system. This will be targeted on local media outlets so as to bring the Department's tough message into local communities.

8. DWP and HMRC expect the measures announced in this strategy, along with the reforms outlined in *21st Century Welfare*, to reduce annual fraud and error overpayments by over one quarter – or **£1.4bn** – by 2015. We will be able to drive further savings if we are able to successfully implement a real-time information system which allows us to accurately assess customers' earnings. It is anticipated that this could drive a further £300 million annual saving in HMRC, and £100 million annual saving in DWP.

9. We will also expect the strategy to deliver improvements in indicators which show levels of public confidence in the Government's ability to deal effectively with welfare fraud. Our success or failure in achieving these goals will come under both internal and external scrutiny over the period of implementation.

10. We are therefore confident that this strategy – setting out our initial proposed priorities – will enable both Departments to achieve a step change in our fight against fraud and error, making valuable savings for the taxpayer at a time when every penny counts, and increasing public confidence in the welfare system. Alongside delivery of this strategy we will also continue to consider further opportunities to reduce overpayments, in particular exploring where more cross-government approaches could deliver further value for money.

Tackling fraud and error in the benefit and tax credits systems

Annex A: Timetable for implementation

	Key initiatives	2011	2012	2013	2014	2015
PREVENT	Integrated risk and intelligence unit		███	███	███	███
	Proactive signing		███	███	███	███
	Accreditation for staff	███	███	███	███	███
	IT fixes	███	███	███	███	███
DETECT	Single fraud investigation service			███	███	███
	Mobile regional taskforce	███	███	███	███	███
	Working with Crimestoppers	███				
CORRECT	Case cleanses	███	███	███	███	███
	Faster rate of recovery		███	███	███	███
	Wider range of debts			███	███	███
	Direct earnings attachment		███	███	███	███
	Wider ranging asset seizure	███	███	███	███	███
PUNISH	Civil Penalties		███	███	███	███
	Minimum Administrative Penalties		███	███	███	███
	New one/two/three strike regimes		███	███	███	███
DETER	Local media activity	███	███	███	███	███

Timetable for implementation – text version

Prevent

Integrated risk and intelligence unit	2012-2015
Proactive signing	2012-2015
Accreditation for staff	2011-2015
IT fixes	2011-2015

Detect

Single fraud investigation service	2013-2015
Mobile regional taskforce	2011-2015
Working with Crimestoppers	2011

Correct

Case cleanses	2011-2015
Faster rate of recovery	2012-2015
Wider range of debts	2013-2015
Direct earnings attachment	2012-2015
Wider ranging asset seizure	2011-2015

Punish

Civil Penalties	2012-2015
Minimum Administrative Penalties	2012-2015
New one/two/three strike regimes	2012-2015

Deter

Local media activity	2011-2015

Comments

If you have any comments to make on this publication please write to us at:

Fraud and Error Strategy Division

Department for Work and Pensions

Caxton House

6-12 Tothill Street

London

SW1H 9NA

Or you can email us at:

frauderror.strategy@dwp.gsi.gov.uk

Please quote the title and ISBN (given below)

How accessible is this PDF?
Please let us know at www.dwp.gov.uk/pdf-accessibility