Fraud and Error in the Benefit System

2017/18 Preliminary Estimates

The Department for Work and Pensions administers welfare benefits to around 20 million people. 'Fraud and Error in the Benefit System' estimates **overpayments** (the total amount of money lost to the department because claimants are paid too much) and **underpayments** (the total amount of money lost to claimants who are not paid enough). Further information on how these statistics are compiled can be found in the Background and Methodology document.
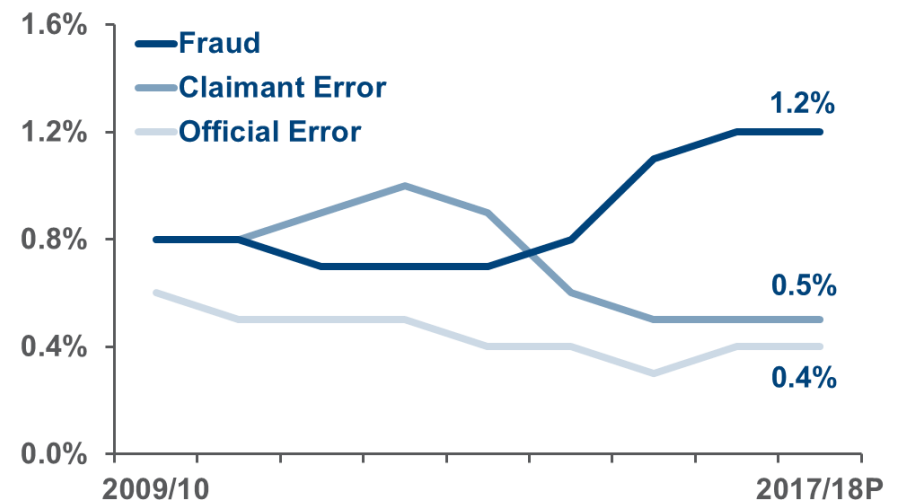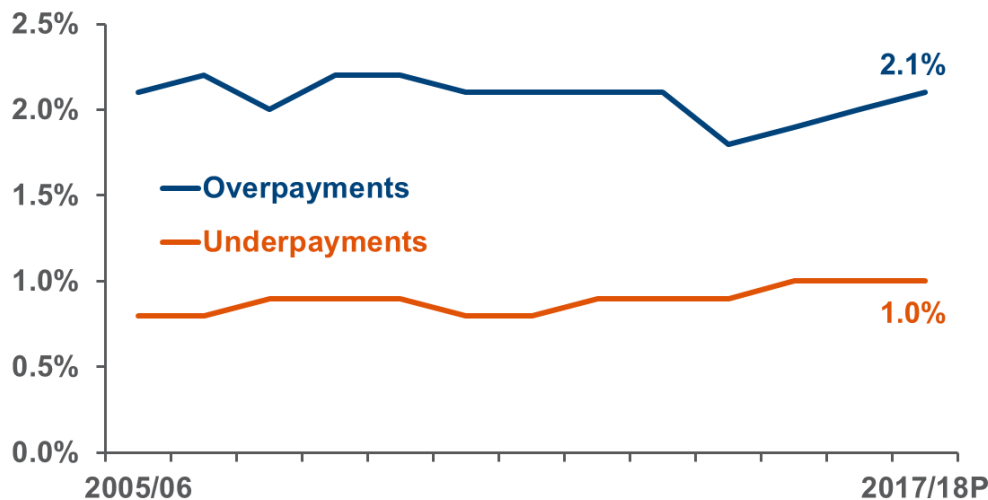
Main stories

2.1% of expenditure overpaid

This has increased from **2.0%** in **2016/17**. It amounts to **£3.8bn** of overpayments.

1.0% of expenditure underpaid

This has remained the same as in **2016/17**. It amounts to **£1.7bn** of underpayments.

Recent trends within overpayments have stabilised

The improved evidence gathering process is now embedded within the measurement system. The changes had driven recent trends, but levels of fraud, claimant error and official error are all unchanged over the last 12 months.

What you need to know

At a glance

In this document

This report provides estimates of fraud and error in benefits funded by the Department for Work and Pensions (DWP). This publication provides the preliminary 2017/18 estimates, covering cases reviewed during the period October 2016 to September 2017. These statistics have been developed in accordance with the Code of Practice for Official Statistics and supporting Principles. Monetary values for individual benefits and tables may differ from the overall overpayments and underpayments as the latter are based on more up-to-date expenditure.

The report contains estimates of **overpayments** (when a claimant is paid more in benefit than they are entitled to) and **underpayments** (when a claimant is not paid enough). We measure fraud and error all the time for some benefits, randomly sampling people and checking that the information we hold is up-to-date. For benefits we don't measure all the time we use either old estimates or a proxy (based on a similar benefit or an average rate). This allows us to estimate the total rate of overpayments or underpayments for all benefits funded by DWP. More information about which benefits we measure and how we measure them can be found in the Background and Methodology document. Throughout the document we have rounded monetary values of totals and error categories (fraud, claimant error and official error) to the nearest £10m; monetary values of error causes are rounded to the nearest £1m.

The tables presented in the statistical report estimate fraud, claimant error and official error, defined as follows:
- **Fraud**: Cases where the following three conditions apply:
  - The conditions for receipt of benefit, or the rate of benefit in payment, are not being met
  - The claimant can reasonably be expected to be aware of the effect on entitlement
  - Benefit stops or reduces as a result of the review.
- **Claimant Error**: The claimant has provided inaccurate or incomplete information, or failed to report a change in their circumstances, but there is no fraudulent intent on the claimant's part.
- **Official Error**: Benefit has been paid incorrectly due to inaction, delay or a mistaken assessment by the DWP, a Local Authority or Her Majesty's Revenue and Customs to which no one outside of that department has materially contributed, regardless of whether the business unit has processed the information.

Statistical Significance and Confidence Intervals

These estimates are based on a sample of benefit claims in payment. **Statistical significance** is an expression that says whether an estimated value is likely to have arisen only from variations in the sampling. It is most often used when talking about a change or a difference: a *significant change or difference* is one that is not likely to be due only to the sampling, and is therefore likely to be a real change/difference.

Confidence intervals are a measure of uncertainty in our estimates. Confidence intervals in this publication are set at a 95% level, meaning we are 95% sure that the actual estimate lies within the confidence interval. The confidence interval is shown as a shaded area on the main overpayment and underpayment graph for each benefit.

Additional tables and data

A number of ODS reference tables are available online, breaking down results presented in this report by different characteristics. Results are available for most continuously reviewed benefits back to 2005/06

https://www.gov.uk/government/statistics/fraud-and-error-in-the-benefit-system-financial-year-201718-preliminary-estimates

Interactive information and charts illustrating the fraud and error data are available at https://femavis.herokuapp.com

Total overpayments have risen whilst underpayments have remained unchanged from 2016/17

The total overpayment and underpayment rates are estimates of Fraud and Error across all benefit expenditure.

Fraud overpayments

1.5%
1.2%
1.0%
0.5%
0.0%
2005/06   2017/18P

Claimant Error overpayments and underpayments

0.6%
0.5%
2005/06   2017/18P

Official Error overpayments and underpayments

0.4%
0.3%
2005/06   2017/18P

Overpayments and underpayments on continuously reviewed benefits: 2017/18
Arrows denote the direction of change in rate since 2016/17

Benefit	Overpayment rate (monetary value)	Underpayment rate (monetary value)
Housing Benefit	▲ 6.5% (£1,460m)	▲ 1.4% (£320m)
Employment and Support Allowance	▲ 4.3% (£650m)	▼ 2.6% (£390m)
Pension Credit	▲ 5.8% (£320m)	◄► 2.4% (£130m)
Jobseeker's Allowance	▲ 6.3% (£110m)	▲ 1.3% (£20m)
Universal Credit	▲ 7.2%* (£230m)	◄► 1.3% (£40m)
Personal Independence Payment	◄► 3.1% (£260m)	▲ 3.7% (£300m)

Fraud and Error in the Benefit System: 2017/18P, Tables 2 and 8

*These changes are statistically significant

The total rate of overpayments has increased from 2.0% in 2016/17 to 2.1% in the 2017/18 preliminary estimates. The monetary value of overpayments has increased from £3.6bn to £3.8bn. Benefit expenditure has increased from £174.0bn in 2016/17 to £177.5bn in 2017/18.

The rate of fraud overpayments remained at 1.2%, the highest recorded rate. The rate of claimant error overpayments remained at its lowest recorded rate of 0.5%. The rate of official error overpayments remained at 0.4%. When rounded to one decimal place, these rates were all unchanged, although total overpayments (the sum of these) has risen by 0.1%.

The rate of overpayments has increased on all continuously reviewed benefits, with the exception of Personal Independence Payment for which the overpayment rate has remained unchanged.

Within the measured benefits we changed the way that we categorise overpayments from 2014/15. This was a result of tightening up the evidence gathering process and subsequent classification of errors as either claimant error or fraud. Recent trends within overpayments have stabilised though – levels of fraud, claimant error and official error are all unchanged over the last 12 months.

The total rate of underpayments remained the same in the 2017/18 preliminary estimates as 2016/17, at 1.0%. The monetary amount also remained the same at £1.7bn.

The rate of claimant error underpayments has decreased from 0.7%, the highest recorded rate, to 0.6%. The rate of official error underpayments remained at its lowest recorded rate of 0.3%.

Net loss from overpayments

Not all of these overpayments are lost, as the department can recover overpayments. In 2017/18, we recovered £1.1bn of overpayments, the same as in 2016/17. **The net rate of loss from overpayments is 1.5%, or £2.7bn, an increase from 1.4% or £2.5bn last year.**
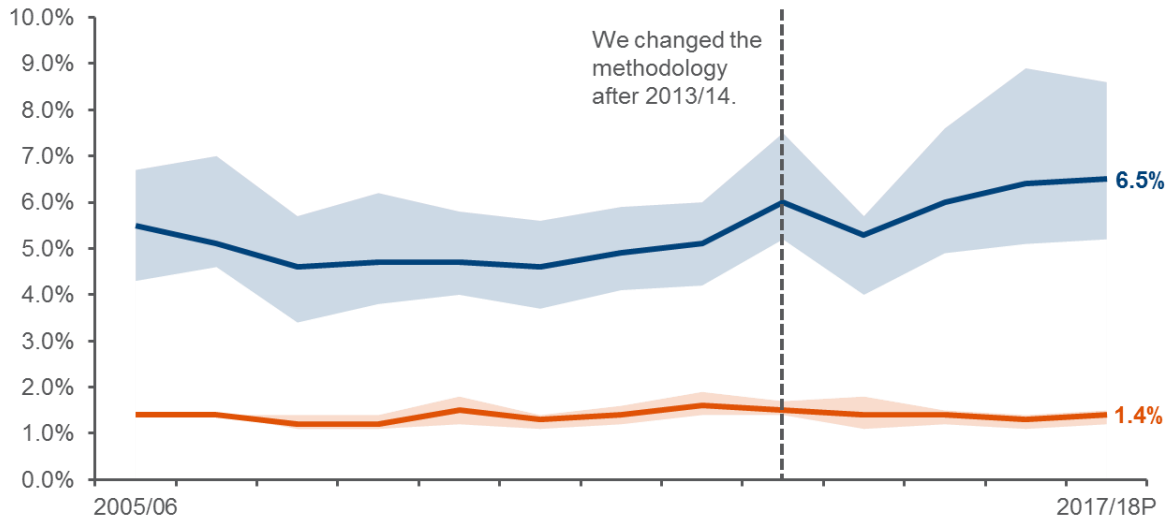
Housing Benefit (HB) overpayments and underpayments have increased

People get Housing Benefit to help pay rent if they are on a low income. How much you get depends on your income and circumstances. You can apply for Housing Benefit whether you are unemployed, working, or retired.

HB overpayments and underpayments as a percentage of expenditure

We changed the methodology after 2013/14.

6.5%

1.4%

2005/06   2017/18P

Fraud overpayments

4.6%

2005/06   2017/18P

Claimant Error overpayments and underpayments

1.5%

1.0%

2005/06   2017/18P

Official Error overpayments and underpayments

0.4%
0.4%

2005/06   2017/18P

Fraud and Error in the Benefit System: 2017/18P, Tables 2 and 8

*These changes are statistically significant

The rate of overpayments on Housing Benefit increased between 2016/17 and 2017/18, from 6.4% to 6.5%, the highest recorded rate. Expenditure decreased from £23.4bn to £22.4bn. The monetary value of overpayments decreased from £1,510m to £1,460m, due to the fall in expenditure.

The rate of fraud overpayments increased from 4.5% to 4.6%, the highest recorded rate. The rate of claimant error overpayments increased from 1.4% to 1.5%, whilst the rate of official error overpayments decreased from 0.5% to 0.4%.

The increase in the overpayment rate is largely due to an increase* in claimants remaining abroad for longer than the allowable period of temporary absence. The allowable period of temporary absence outside Great Britain was reduced from 13 weeks to 4 weeks in July 2016; this is the first publication that contains a full 12 months of data since the policy was introduced. These abroad overpayments are all categorised as fraud overpayments, with a total monetary value of £75m, an increase of £51m since last year. This was mainly due to pension age claimants who accounted for £31m of the increase.

Failure to declare changes to earnings and employment continues to be the main cause of overpayments, accounting for £643m of total overpayments, an increase of £16m since 2016/17.

The rate of underpayments on Housing Benefit increased between 2016/17 and 2017/18, from 1.3% to 1.4%. The monetary value of underpayments increased from £300m to £320m.
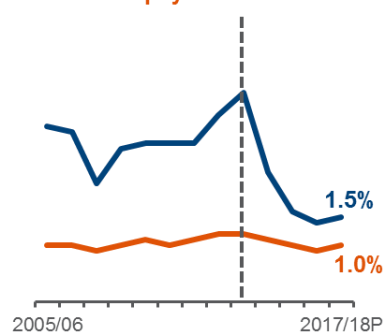
The rate of claimant error underpayments increased from 0.9% to 1.0% and the rate of official error underpayments increased from 0.3% to 0.4%.

Failure to declare changes to earnings and employment continues to be the main cause of underpayments – similarly to overpayments – accounting for £144m of total underpayments, an increase of £11m since 2016/17. This increase is the main cause of the increase in the rate of total underpayments.

Employment and Support Allowance (ESA) overpayments are at the highest recorded rate and underpayments have decreased

If you're ill or disabled, Employment and Support Allowance offers you financial support if you're unable to work, or personalised help so that you can work if you're able to.

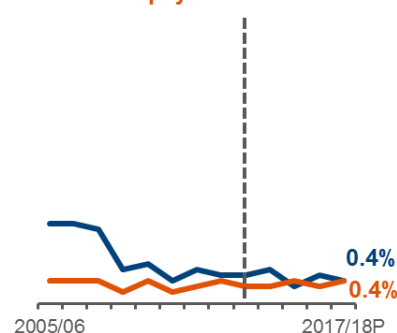## ESA overpayments and underpayments as a percentage of expenditure

Fraud overpayments
Claimant Error overpayments and underpayments
Official Error overpayments and underpayments

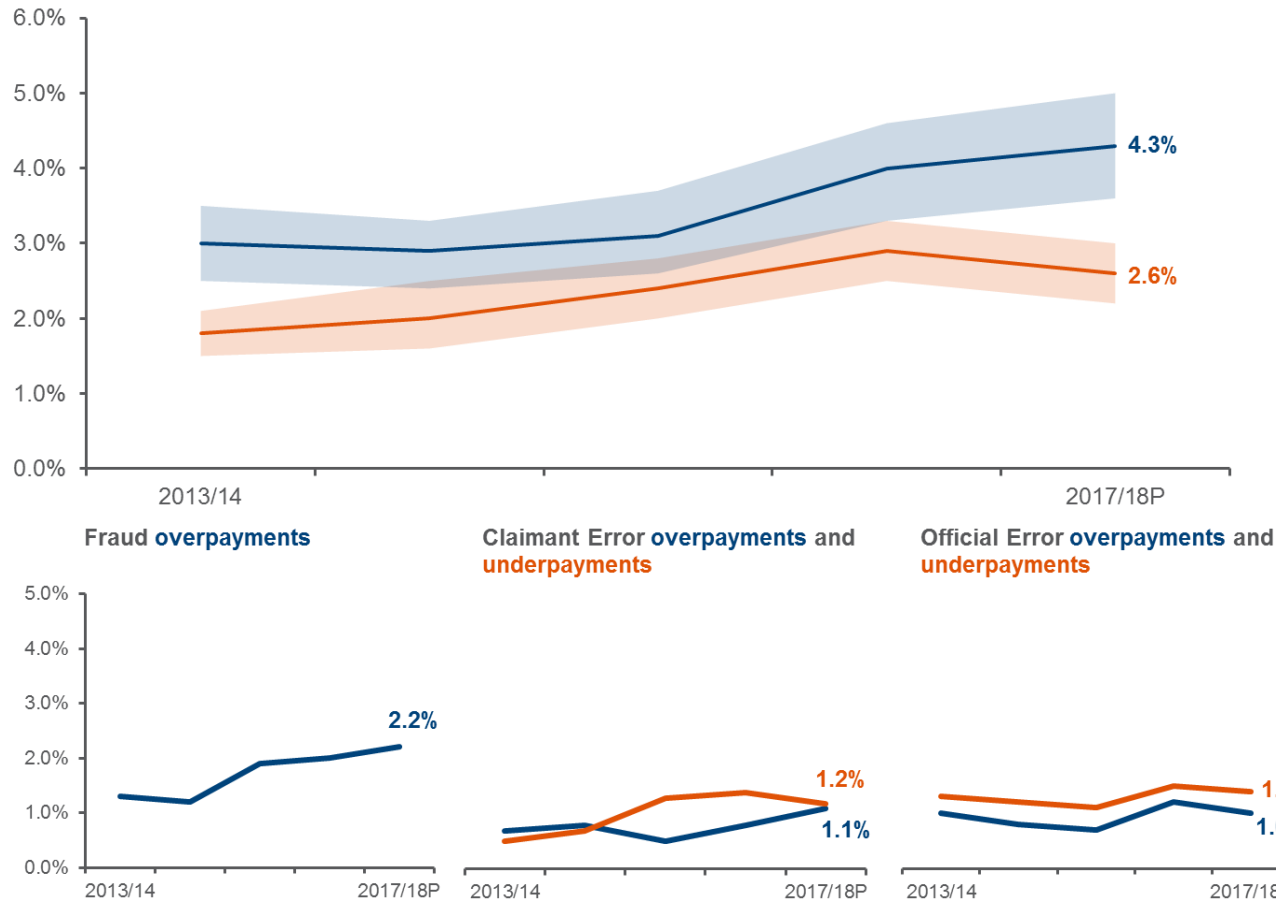Fraud and Error in the Benefit System: 2017/18P, Tables 2 and 8

*These changes are statistically significant

The rate of overpayments on Employment and Support Allowance increased between 2016/17 and 2017/18, from 4.0% to 4.3%, the highest recorded rate. Expenditure on ESA remained at £15.0bn. The monetary value of overpayments increased, from £590m to £650m.

The rate of fraud overpayments increased from 2.0% to 2.2%, the highest recorded rate. The rate of claimant error overpayments increased from 0.8% to 1.1%, the highest recorded rate. The rate of official error overpayments decreased from 1.2% to 1.0%.

The increase in overpayments is mainly due to an increase in capital errors*, which increased in monetary value by £49m to a total of £100m. The second largest rise was an increase in not declaring earnings or employment, which increased by £23m to a total of £138m, becoming the largest cause of overpayments for ESA.

The rate of underpayments on Employment and Support Allowance decreased between 2016/17 and 2017/18, from 2.9% to 2.6%. This amounts to a decrease in monetary value from £440m to £400m.
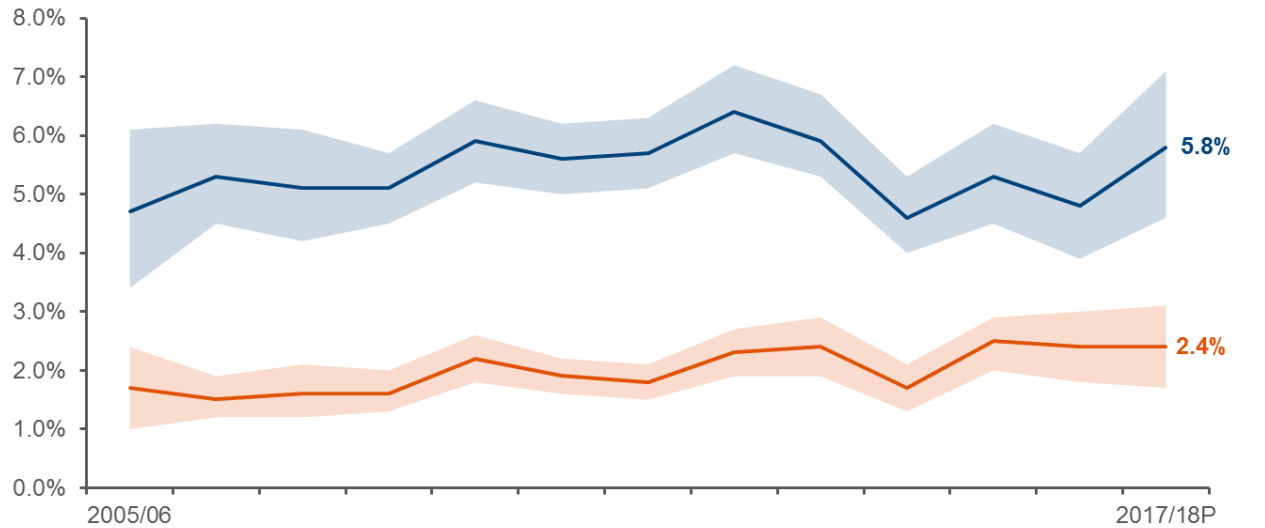
The rate of claimant error underpayments decreased from 1.4% to 1.2%. The rate of official error underpayments decreased from 1.5% to 1.4%.

The decrease in underpayments is largely due to a decrease in errors related to income from other benefits, decreasing in monetary value by £38m to a total of £117m.

Pension Credit (PC) **overpayments** have increased and **underpayments** have remained unchanged

Pension Credit provides support to people older than the female state pension age. The Guarantee Credit element guarantees an income at a set level, and people aged 65 or over (and couples where one member is 65 or over) may also be entitled to Savings Credit if they have modest income from savings, investments or a second pension.

PC **overpayments** and **underpayments** as a percentage of expenditure

Fraud **overpayments**

Claimant Error **overpayments** and **underpayments**

Official Error **overpayments** and **underpayments**

The rate of overpayments on Pension Credit increased between 2016/17 and 2017/18, from 4.8% to 5.8%. Expenditure on Pension Credit decreased from £5.8bn to £5.5bn and the monetary value of overpayments increased from £280m to £320m.
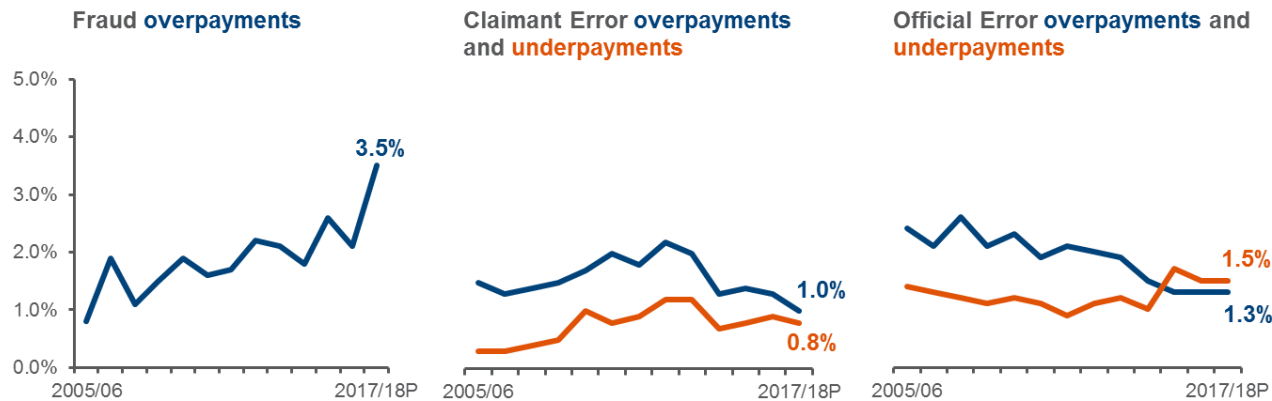
The rate of fraud overpayments increased* from 2.1% to 3.5%, the highest recorded rate. The rate of claimant error overpayments decreased from 1.3% to 1.0%, the lowest recorded rate. Official error overpayments remained at 1.3%, the lowest recorded rate.

The main reason for the increase in overpayments is that the monetary value of overpayments due to claimants remaining abroad for longer than the allowable period of temporary absence has increased* by £54m to a total of £105m. These abroad overpayments are all categorised as fraud overpayments.

The rate of underpayments on Pension Credit remained at 2.4% between 2016/17 and 2017/18. The monetary value decreased from £140m to £130m.

The rate of claimant error underpayments decreased from 0.9% to 0.8%. The rate of official error underpayments remained at 1.5%.

Underpayments associated with premiums continue to be the main cause of official error with a monetary value of £48m.
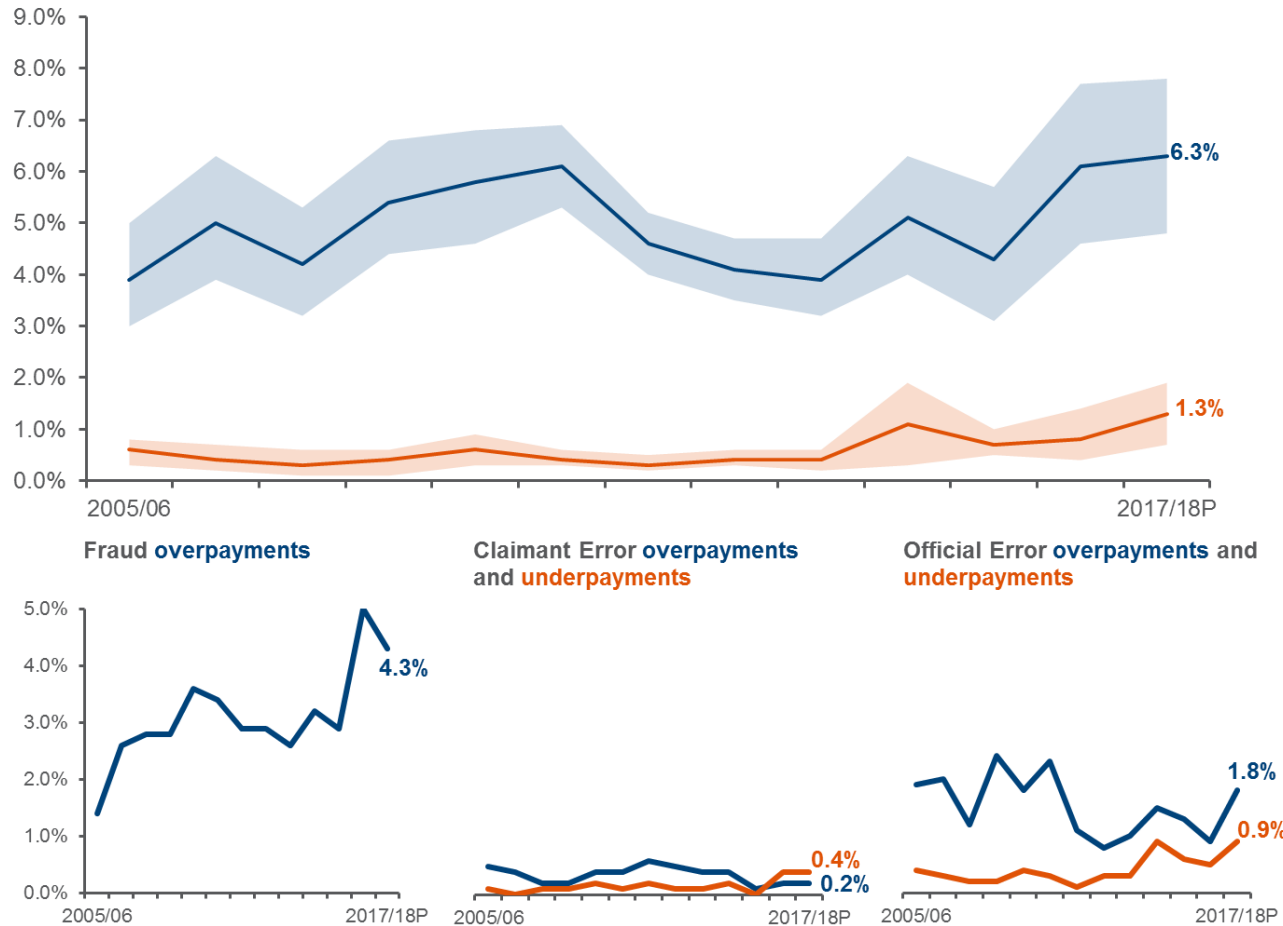
Fraud and Error in the Benefit System: 2017/18P, Tables 2 and 8

*These changes are statistically significant

Jobseeker's Allowance (JSA) overpayments and underpayments have increased

Jobseeker's Allowance is paid to people under state pension age who are available for and actively seeking work.

JSA overpayments and underpayments as a percentage of expenditure

Fraud overpayments

Claimant Error overpayments and underpayments

Official Error overpayments and underpayments

The rate of overpayments on Jobseeker's Allowance increased between 2016/17 and 2017/18, from 6.1% to 6.3%, the highest recorded rate. Expenditure has decreased from £1.9bn to £1.7bn. The monetary value of overpayments decreased from £120m to £110m.

The rate of fraud overpayments has decreased from 5.0% in 2016/17 to 4.3% in 2017/18. Claimant error overpayments have remained at 0.2% between 2016/17 and 2017/18. Official error overpayments have increased from 0.9% in 2016/17 to 1.8% in 2017/18.

The decrease in fraud is mainly due to a decrease in monetary value of £16m in errors relating to earnings or employment. The increase in official error is mainly due to an increase in labour market issues of £6m and an increase* in errors related to the claimant living with a partner of £5m.

The rate of underpayments on Jobseeker's Allowance increased from 0.8% in 2016/17 to 1.3% in 2017/18. The monetary value remained at £20m.

The rate of claimant error underpayments remained at 0.4%. Official error underpayments increased from 0.5% to 0.9%.

The largest increase* in JSA underpayments was due to premiums, which rose by £7m to a monetary value of £8m. This is now the highest cause of JSA underpayments.
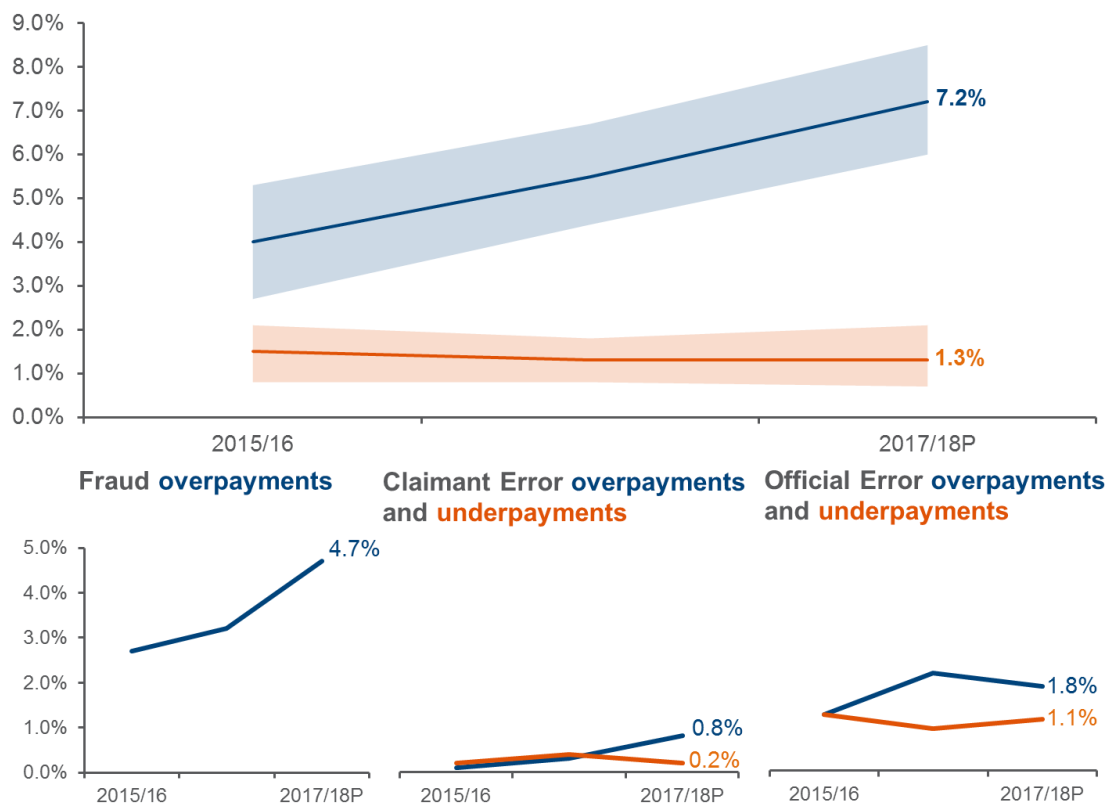
Fraud and Error in the Benefit System: 2017/18P, Tables 2 and 8

*These changes are statistically significant

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Universal Credit (UC) overpayments have increased and underpayments have remained unchanged

Universal Credit is a working age benefit which is designed to make work pay and replaces Jobseeker's Allowance, Working Tax Credits, Child Tax Credits, Income Support, Employment and Support Allowance and Housing Benefit. It aims to encourage claimants to take personal responsibility to actively seek work, increase earnings and take ownership of their benefit account and the information they supply, while continuing to provide support for those who need it most.

UC overpayments and underpayments as a percentage of expenditure

Fraud and Error in the Benefit System: 2017/18P, Tables 2 and 8
*These changes are statistically significant

Notes
1. _Expenditure on UC has increased from £1.6bn (in 2016/17) to £3.3bn (in 2017/18); consequently the monetary values of fraud and error have not been directly compared year on year within the text._
2. _Estimates are based on Live Service cases which is the intermediary system in place to administer UC until the full online service is fully rolled out. Monetary amounts are based on an assumption that Full Service fraud and error rates will be similar to those being found in Live Service._
3. _Continued rollout of UC has seen increased size and complexity of the caseload, hence comparisons to JSA are less meaningful and have been excluded for this publication._

The rate of overpayments in 2017/18 are 7.2%*, which represents £230m overpaid on expenditure of £3.3bn. This is 1.7% higher than the 5.5% overpaid in 2016/17.

The rate of fraud overpayments on UC is 4.7%* (£150m), increasing from 3.2% in 2016/17. The largest cause of fraud on UC is living together at 1.2%; this is an increase of 0.7% compared with 2016/17 but this difference is not statistically significant.

Capital fraud has also increased from 0.3% to 0.9%*; this is largely due to strengthening of capital verification in the measurement process. This has led to more capital fraud being identified within the sample.

Official error has reduced from 2.1% to 1.8% (£60m). The main contributors to this reduction are housing costs (reduced from 0.6% to 0.4%) and household composition (reduced from 0.3% to 0.1%). Some of the reduction has been offset by an increase in 'other' (increased from 0.4% to 0.6%) which includes errors related to benefit uprating, benefit cap, sanctions and waiting days.

Claimant error is 0.8%* (£20m), increasing from 0.3% in 2016/17. This is mainly the result of increased claimant errors related to earnings and employment and housing costs.

Underpayments on Universal Credit for 2017/18 are 1.3% of expenditure or £40m. This rate is unchanged from 2016/17.

The majority of underpayments on UC are due to official errors, with a monetary value of £40m. The rate of official error underpayments is 1.1%, an increase from 0.9% in 2016/17.

The rate of claimant error underpayments on UC is 0.2% (£10m), a decrease from 0.4% in 2016/17.

Underpayments on UC are largely caused by errors relating to housing costs, at 0.9%, with a total monetary value underpaid of £31m. These errors relate to both official error (0.8%) and, to a lesser extent, claimant error (0.1%). This is an increase from 2016/17 when housing cost error underpayments totalled 0.6%.

Personal Independence Payment (PIP) overpayments are unchanged while underpayments have increased

Personal Independence Payment (PIP) helps with some of the extra costs caused by long-term disability, ill-health or terminal ill-health. From April 2013 PIP started to replace Disability Living Allowance (DLA) for people of working age. Due to different assumptions used and the length of time since DLA was measured, **the PIP estimates are not directly comparable with DLA. See Appendix 4 for further details.**

PIP overpayments as a percentage of expenditure

PIP Underpayments as a percentage of expenditure

Fraud overpayments

Claimant Error overpayments and underpayments

Official Error overpayments and underpayments

Fraud and Error in the Benefit System: 2017/18P, Tables 2 and 8
*These changes are statistically significant

Notes
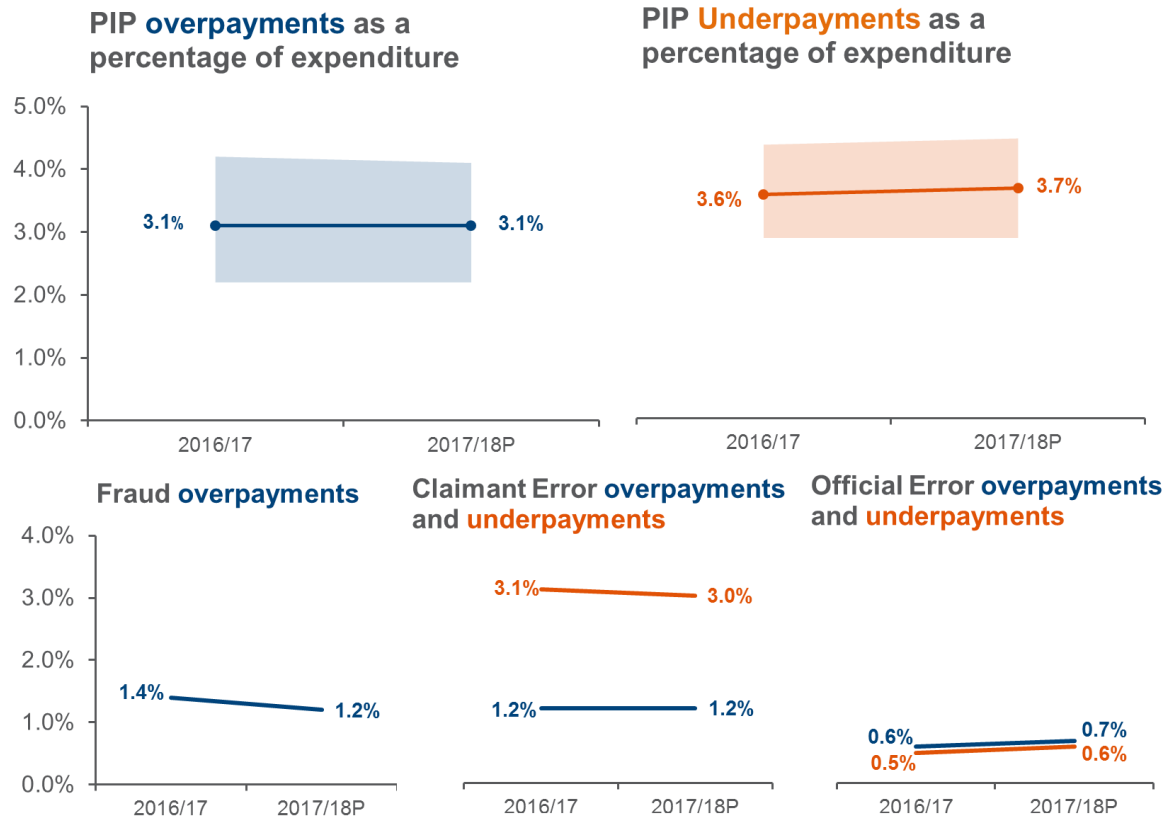1. _These PIP statistics are based on cases reviewed during the period from August 2016 to July 2017. Appendix 4 provides more detailed explanations and background information._
2. _A proportion of claimant error arising from a gradual change in functional needs have been excluded from the headline overpayment estimates._
3. _A change to a claimants needs was previously categorised as 'Medical Needs'. This descriptor has now been renamed to 'Functional Needs'._

The total rate of overpayments on Personal Independence Payment has remained at 3.1%, representing £260m overpaid on expenditure of £8.1bn.

Within overpayments, fraud and claimant errors are the highest error type at 1.2% (£100m each). This is a decrease in fraud by 0.2%, but no change to claimant errors. Official errors account for 0.7% (£60m), an increase of 0.1%.

The main cause of overpayments is changes to the claimant's functional needs, accounting for 2.2% (£178m) overpaid. This type of error is recorded when the claimant's daily living and/or mobility needs have improved but the claimant did not inform the department, either fraudulently (1.0% or £79m), or by mistake, leading to claimant error (1.2% or £99m). The latest year shows no change in either fraud or claimant error within the functional needs category.

Award determination errors are the second highest overpayment reason, estimated at 0.7% (£59m), an increase of 0.2% compared to 2016/17. These are due to errors made by the department in determining the PIP award and include failing to consider the qualifying period; all award determination overpayments are categorised as official error.

The total rate of underpayments on Personal Independence Payment increased from 3.6% to 3.7%, and represents £300m underpaid.

Claimant error is the main reason for underpayments at 3%, a decrease of 0.1% compared to 2016/17.

The vast majority (2.9%) of claimant error underpayments are due to claimants failing to report deterioration in their functional needs. This has decreased by 0.2% from 2016/17. The remaining 0.1% are due to the claimant being hospitalised or in a registered care home; these are categorised as 'Other'.

Official errors resulting in underpayments are 0.6%, an increase of 0.1%, consisting entirely of errors made in the award determination of benefit by the department.

Appendix 1: Overpayment rates and monetary values by benefit

	Expenditure	Total		Fraud		Claimant Error		Official Error		Last measured
		Rate	Value	Rate	Value	Rate	Value	Rate	Value	
Continuously reviewed										
Housing Benefit	£22.4bn	6.5%	£1,460m	4.6%	£1,020m	1.5%	£340m	0.4%	£90m	Oct 16 - Sep 17
Pension Credit	£5.5bn	5.8%	£320m	3.5%	£190m	1.0%	£60m	1.3%	£70m	Oct 16 - Sep 17
Employment and Support Allowance	£15.0bn	4.3%	£650m	2.2%	£330m	1.1%	£160m	1.0%	£160m	Oct 16 - Sep 17
Jobseeker's Allowance	£1.7bn	6.3%	£110m	4.3%	£70m	0.2%	£0m	1.8%	£30m	Oct 16 - Sep 17
Universal Credit[1]	£3.2bn	7.2%	£230m	4.7%	£150m	0.8%	£20m	1.8%	£60m	Oct 16 - Sep 17
Personal Independence Payment[3]	£8.2bn	3.1%	£260m	1.2%	£100m	1.2%	£100m	0.7%	£60m	Aug 16 - Jul 17
Occasionally reviewed										
Income Support	£2.2bn	3.9%	£90m	2.4%	£50m	1.0%	£20m	0.4%	£10m	Oct 13 - Sep 14
Incapacity Benefit[2]	£0.0bn	2.4%	£0m	0.3%	£0m	0.9%	£0m	1.2%	£0m	Oct 09 - Sep 10
Disability Living Allowance[3]	£9.4bn	1.9%	£180m	0.5%	£50m	0.6%	£60m	0.8%	£70m	Apr 04 - Mar 05
State Pension[4]	£93.9bn	0.1%	£90m	0.0%	£0m	0.1%	£80m	0.0%	£10m	Apr 05 - Mar 06
Carer's Allowance	£2.9bn	5.5%	£160m	3.9%	£110m	1.0%	£30m	0.6%	£20m	Apr 96 - Mar 97
Interdependencies			£40m		£10m		£10m		£20m	
Unreviewed	£13.1bn	1.8%	£230m	0.8%	£100m	0.5%	£60m	0.5%	£70m	
Total[5]	**£177.5bn**	**2.1%**	**£3.8bn**	**1.2%**	**£2.2bn**	**0.5%**	**£1.0bn**	**0.4%**	**£0.7bn**	
Range[6]		(1.9,2.5)	(3.3,4.5)	(1.0,1.6)	(1.8,2.8)	(0.4,0.7)	(0.8,1.3)	(0.3,0.5)	(0.5,0.9)	

Notes:

1. The sample for Universal Credit is split into Reviewed and Cannot Review cases. The latter cases are included in the final statistics but calculated using assumptions as opposed to measured data.
2. Monetary values associated with Incapacity Benefit are displaying zeroes due to rounding.
3. The **2004/05 Disability Living Allowance (DLA)** National Benefit Review and **Personal Independence Payment** (**PIP) Continuous Review** (started in October 2015) both identified cases where the change in claimants' needs had been so gradual that it would be unreasonable to expect them to know if and when their entitlement to benefit may have changed. The legislation between DLA and PIP differs, but both treat such cases as being correct up to the point of reassessment. Accordingly, a proportion of cases have been excluded from the headline overpayment estimates for DLA and PIP. **DLA excluded cases** are defined as those that do not have a recoverable overpayment. In 2005/06, the difference between what the claimant received before and after the review was estimated to be £0.6 billion (+/- £0.2 billion). Based on 2017/18 expenditure this figure is now estimated to be £0.7 billion (+/- £0.2 billion). **PIP excluded cases** are defined as those resulting in a decrease in benefit, due to a change where the claimant could not reasonably have been expected to know they should have reported it. The difference between what the claimant received before and after the review is estimated to be £170 million (+/- £60 million) for 2017/18. These excluded cases do not form part of the headline total overpayments for DLA and PIP above.
4. Official error estimates for State Pension (SP) are derived from a continuous review exercise which covered the period October 2016 to September 2017. SP fraud and customer error estimates have been produced based on a National Benefit Review exercise carried out in 2005/06, applied to the latest 2017/18 expenditure.
5. Rows and columns may not sum to totals due to rounding.
6. Approximate 95% confidence intervals are given for the totals in the row above. These allow for non-sample error in occasionally reviewed benefits and the additional uncertainty that comes from the use of older measurement periods.

General note: Monetary values for individual benefits and tables may differ from the overall overpayments table as the latter is based on more up-to-date expenditure.

Appendix 2: Underpayment rates and monetary values by benefit

	Expenditure	Total		Fraud		Claimant Error		Official Error		Last measured
		Rate	Value	Rate	Value	Rate	Value	Rate	Value	
Continuously reviewed										
Housing Benefit	£22.4bn	1.4%	£320m	0.0%	£0m	1.0%	£230m	0.4%	£80m	Oct 16 - Sep 17
Pension Credit	£5.5bn	2.4%	£130m	0.0%	£0m	0.8%	£40m	1.5%	£90m	Oct 16 - Sep 17
Employment and Support Allowance	£15.0bn	2.6%	£390m	0.0%	£0m	1.2%	£190m	1.4%	£210m	Oct 16 - Sep 17
Jobseeker's Allowance	£1.7bn	1.3%	£20m	0.0%	£0m	0.4%	£10m	0.9%	£10m	Oct 16 - Sep 17
Universal Credit[1]	£3.2bn	1.3%	£40m	0.0%	£0m	0.2%	£10m	1.1%	£40m	Oct 16 - Sep 17
Personal Independence Payment[3]	£8.2bn	3.7%	£300m	0.0%	£0m	3.0%	£250m	0.6%	£50m	Aug 16 - Jul 17
Occasionally reviewed										
Income Support	£2.2bn	0.8%	£20m	0.1%	£0m	0.4%	£10m	0.3%	£10m	Oct 13 - Sep 14
Incapacity Benefit[2]	£0.0bn	0.7%	£0m	0.0%	£0m	0.0%	£0m	0.7%	£0m	Oct 09 - Sep 10
Disability Living Allowance[3]	£9.4bn	2.5%	£240m	0.0%	£0m	2.4%	£230m	0.1%	£10m	Apr 04 - Mar 05
State Pension[4]	£93.9bn	0.0%	£30m	0.0%	£0m	0.0%	£0m	0.0%	£30m	Apr 05 - Mar 06
Carer's Allowance	£2.9bn	0.1%	£0m	0.0%	£0m	0.1%	£0m	0.0%	£0m	Apr 96 - Mar 97
Unreviewed	£13.1bn	1.6%	£200m	0.0%	£0m	1.4%	£180m	0.2%	£30m	
Total[5]	**£177.5bn**	**1.0%**	**£1.7bn**	**0.0%**	**£0.0bn**	**0.6%**	**£1.1bn**	**0.3%**	**£0.5bn**	
Range[6]		(0.8,1.2)	(1.4,2.1)	(0.0,0.0)	(0.0,0.0)	(0.5,0.9)	(0.9,1.5)	(0.3,0.4)	(0.5,0.7)	

Notes:

1. The sample for Universal Credit is split into Reviewed and Cannot Review cases. The latter cases are included in the final statistics but calculated using assumptions as opposed to measured data.
2. Monetary values associated with Incapacity Benefit are displaying zeroes due to rounding
3. No adjustments to the headline underpayment rate or claimant error for DLA and PIP have been made to account for gradual changes to claimants' needs.
4. Official error estimates for State Pension (SP) are derived from a continuous review exercise which covered the period October 2016 to September 2017. SP fraud and customer error estimates have been produced based on a National Benefit Review exercise carried out in 2005/06, applied to the latest 2017/18 expenditure.
5. Rows and columns may not sum to totals due to rounding.
6. Approximate 95% confidence intervals are given for the totals in the row above. These allow for non-sample error in occasionally reviewed benefits and the additional uncertainty that comes from the use of older measurement periods.

General note: Monetary values for individual benefits and tables may differ from the overall underpayments table as the latter is based on more up-to-date expenditure.

Appendix 3: Universal Credit Full Service assumption

The UC fraud and error estimates in the published national statistics are based on Live Service cases which is the intermediary system in place to administer UC until the full online service is fully rolled out. Monetary estimates are based on an assumption that Full Service fraud and error rates will be similar to those being found in Live Service.

Measurement of fraud and error for UC Full Service claimants started in October 2017. On current plans we will be incorporating this data into the UC fraud and error final estimates for 2017/18, due for publication in autumn 2018. Until this point we are assuming that the fraud and error level on UC Full Service is the same as in the Live Service.

It is forecast that across the whole of 2017/18, on average 55% of the UC caseload was administered through the Live Service system and 45% via the Full Service system. The level of fraud and error in UC reported in these statistics is 7.2%. If the level of fraud and error in Full Service cases differed, the overall fraud and error rate and the amount of expenditure over or underpaid (MVFE) would be impacted.

If the level of fraud and error in Full Service was higher than that seen in Live Service, then we would expect the overall UC error rate and expenditure overpaid or underpaid to increase. For example, if the Full Service rate of fraud and error was 50% higher than Live Service, the overall overpayment error rate for UC would increase from 7.2% to 8.8% and the amount of expenditure overpaid would increase from £230m to £290m.

The table below presents different scenarios for the level of fraud and error in Full Service, to illustrate the sensitivity of the assumption that fraud and error in Full Service is a similar level to Live Service.

Change in assumption from live service rate	Live Service Overpayments	Full Service Overpayments	Total UC Overpayments	MVFE Overpaid	Live Service Underpayments	Full Service Underpayments	Total UC Underpayments	MVFE Underpaid
Full Service 100% lower	7.2%	0.0%	4.0%	£130m	1.3%	0.0%	0.7%	£20m
Full Service 50% lower	7.2%	3.6%	5.6%	£180m	1.3%	0.7%	1.0%	£30m
Full Service 25% lower	7.2%	5.4%	6.4%	£210m	1.3%	1.0%	1.2%	£40m
Central Estimate - 2017/18 Preliminary	7.2%	7.2%	7.2%	£230m	1.3%	1.3%	1.3%	£40m
Full Service 25% higher	7.2%	9.0%	8.0%	£260m	1.3%	1.7%	1.5%	£50m
Full Service 50% higher	7.2%	10.8%	8.8%	£290m	1.3%	2.0%	1.6%	£50m
Full Service 100% higher	7.2%	14.4%	10.4%	£340m	1.3%	2.7%	1.9%	£60m

Total UC over and under payments are based on: (Live Service Rate * 55%) + (Full Service Rate * 45%)
The MVFE illustrated in the table is rounded to the nearest £10m

Universal Credit Rollout

UC Live Service is an intermediary system used to administer the majority of UC claims to date, predominantly single unemployed jobseekers, until a new full online service is rolled out. The online system referred to as Full Service will be open to all UC claimant types and will result in the 6 legacy benefits closing to new claims.

The Live Service system closed to new claims in December 2017, and the Full Service system will be nationwide from December 2018. Migration of all remaining legacy benefit claimants to Universal Credit will commence in 2019 and complete by 2022.

Appendix 4: About Personal Independence Payment

From April 2013 DWP started to replace Disability Living Allowance (DLA) for working age people with PIP.

PIP Rollout

- On 8th April 2013, PIP was introduced as a controlled start, for new claims from people living in a limited area in the North West and part of the North East of England.

- On 10th June 2013, PIP was introduced for new claims for the remaining parts of Great Britain.

- From 28th October 2013, using a structured roll out to postcode areas, DWP has been inviting DLA working age recipients to claim PIP if:

  - DWP received information about a change in care or mobility needs which meant their claim had to be renewed;
  - the claimant's fixed term award was due to expire;
  - children turned 16 years old (unless they have been awarded DLA under the special rules for terminally ill people);
  - or the claimant chose to claim PIP instead of DLA.

- From October 2015, the remaining DLA working age recipients have started to be invited to claim PIP.

PIP Fraud and Error Measurement

Measurement of fraud and error in Personal Independence Payment started in October 2015. Rollout of PIP is still ongoing with the caseload increasing from 0.6m at the start of measurement to 1.3m by the end of 2016/17. Expenditure has increased from £5.2bn in 2016/17 to £8.1bn in 2017/18.

The PIP statistics are **based on cases reviewed during the period from August 2016 to July 2017**.

Approximately 2% of the PIP caseload are terminally ill and so are excluded from the review process. In addition, newly assessed claimants or recently reviewed awards due to a planned review or a reported change of circumstance have not been subject to a full review. These cases have been examined for official error only.

The PIP and DLA headline fraud and error estimates <u>are not</u> directly comparable for the following reasons:
- They have different legislation and regulations;
- Consequently, DLA and PIP fraud and error reviews have taken a different approach to categorising claimant error cases within the headline figures;
- DLA was last measured in 2004/05;
- PIP claimants are predominantly working age so differ from DLA in 2004/05.

Claimant error cases excluded from the headline overpayment statistics

In most benefits, a non-fraudulent failure to report changes of circumstances which affect benefit entitlement is claimant error. Typically such changes of circumstances involve a change in financial or personal circumstances.

For disability benefits there are some changes which the claimant should report, for example hospitalisation. However, many changes are gradual improvements or deteriorations in medical needs and it is difficult for some claimants to know at what point their needs have changed sufficiently to affect their entitlement to benefit.

PIP legislation states that when a case is reassessed and their benefit is <u>reduced</u> the Department will only raise and seek to recover an overpayment when it is reasonable for the claimant to have known they should have reported the change. In other cases the benefit will be treated as correct up to the point of reassessment.

Accordingly, a proportion of cases have been excluded from the headline totals if the review resulted in a decrease in benefit, due to a change where the claimant could <u>not</u> reasonably have been expected to know they should have reported it. The difference between what the claimant received before and after the review is estimated to be 2.1% of PIP expenditure or £170m in 2017/18.

This exclusion is <u>not</u> applied to underpayment claimant errors, since these are not subject to the "reasonably expected to know" legislation and follow different rules in the regulations.

About these statistics

All the information underlying the charts and figures featured in this document is included in accompanying Excel reference tables. Sources in this document that state a Table number refer to the reference Tables spreadsheet available on the gov.uk website:
https://www.gov.uk/government/statistics/fraud-and-error-in-the-benefit-system-financial-year-201718-preliminary-estimates

The tables show the rates and monetary values of overpayments and underpayments for each benefit going back to 2005/06, split by fraud, claimant error and official error. The tables also show the net loss of overpayments measure with a time series and a breakdown by benefit.

For the benefits we measure all the time, we can also show more detail about the cause of the error (for example, incomes, savings and who lives in the house) and the demographics of the claimants. We also estimate the percentage of cases that are incorrect, and the amount of money that is incorrectly paid.

Our Background and Methodology information note provides further information on how we calculate 'Fraud and Error in the Benefit System' statistics and gives a glossary of the causes of fraud and error used in this document and the reference tables.

For this release a number of minor methodological changes have been introduced. National grossing has been used for ESA and PC, bringing them in line with JSA, UC and PIP. Rotational sampling has also been introduced from April 2017, with a small selection of hard to reach areas only being selected within the sample at least once in a three year period. For more details see the Background and Methodology information note.

Our technical appendices give more detail about the data manipulation process:
https://www.gov.uk/government/publications/fraud-and-error-in-the-benefit-system-supporting-documents-for-statistical-reports

Fraud and error – rates and monetary values

For continuously measured benefits, the **monetary value of fraud and error** is calculated using the percentage of fraud and error found in our sample:

(Percentage of fraud and error) x (Benefit expenditure)

Even if the rate of fraud and error is increasing, if the benefit expenditure is decreasing, we could see a lower monetary value; and *vice versa*. For example:

The rate of overpayments on Jobseeker's Allowance increased from 6.1% to 6.3% between 2016/17 and 2017/18 but expenditure dropped from £1.9bn to £1.7bn.

6.1% of £1.9bn is £120m. 6.3% of £1.7bn is £110m.

This is why it is usually better to compare **rates of overpayments and underpayments** rather than monetary values and why statistically significant changes to monetary values are not highlighted.

Interactive information and charts to represent the fraud and error data: https://femavis.herokuapp.com

We intend to hold a consultation later this year to get the views of all of our users regarding how often we publish these statistics, which benefits we should measure and how frequently we measure individual benefits. For more information please e-mail us at caxtonhouse.femaenquiries@dwp.gsi.gov.uk and we will keep you informed about the consultation

Other National and Official Statistics

Details of other National and Official Statistics produced by the Department for Work and Pensions can be found on the DWP website via the following links:
- A list of DWP statistical summaries: https://www.gov.uk/government/collections/dwp-statistical-summaries;
- A schedule of statistical releases over the next 12 months and a list of the most recent releases: https://www.gov.uk/government/organisations/department-for-work-pensions/about/statistics;
- In addition, users can find links to additional DWP statistical analyses that have not been included in our standard publications at https://www.gov.uk/government/organisations/department-for-work-pensions/series/ad-hoc-statistical-publications-list

If you would like to receive occasional e-mails from DWP to directly inform you of documents seeking the views of users, please email general.statistics@dwp.gsi.gov.uk giving details of the DWP publications you use.