



First Release

15th May 2014

Coverage: Great Britain
Theme: Social and Welfare

Fraud and Error in the Benefit System: Preliminary 2013/14 Estimates (Great Britain)

Estimates of the levels of fraud and error in the benefit system in Great Britain are published today. These are available on the GOV.UK website at:

<https://www.gov.uk/government/collections/fraud-and-error-in-the-benefit-system>

The publication presents the preliminary 2013/14 estimates of total **percentage of expenditure overpaid and underpaid** across the benefit system in Great Britain. This release also covers individual preliminary estimates for Income Support, Jobseeker's Allowance, Employment and Support Allowance, Pension Credit and Housing Benefit for 2013/14.

Headline results

Estimates of Fraud and Error across all benefits in 2013/14 (Preliminary)

The estimate of **total overpayments** due to fraud and error across all benefits is **£3.3bn**; this is **2.0% of the total benefit expenditure**, which was £163.9bn in 2013/14 preliminary estimates.

However, the net loss to DWP is less than the total overpayments since DWP and Local Authorities identified and recovered around £940m of overpayments in 2013/14.

The estimate of **total underpayments** due to fraud and error across all benefits is **£1.4bn**; this is **0.9% of the total benefit expenditure** in 2013/14 P.

Overpayments

The preliminary estimate for the percentage of total benefit expenditure overpaid in 2013/14 is 2.0%. This fall can be attributed to the removal of Council Tax Benefit from DWP's expenditure. The 2012/13 estimate of 2.1% is the same when compared to 2011/12 and 2010/11, 2.1%. The estimated percentage overpaid has remained between 2.0% and 2.2% since 2005/06.



Department for Work & Pensions

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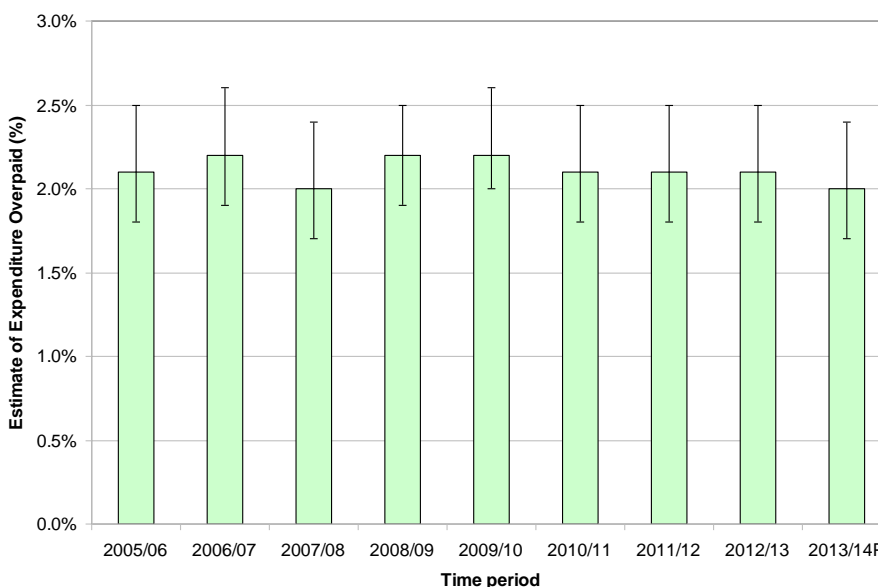
Feedback is welcome

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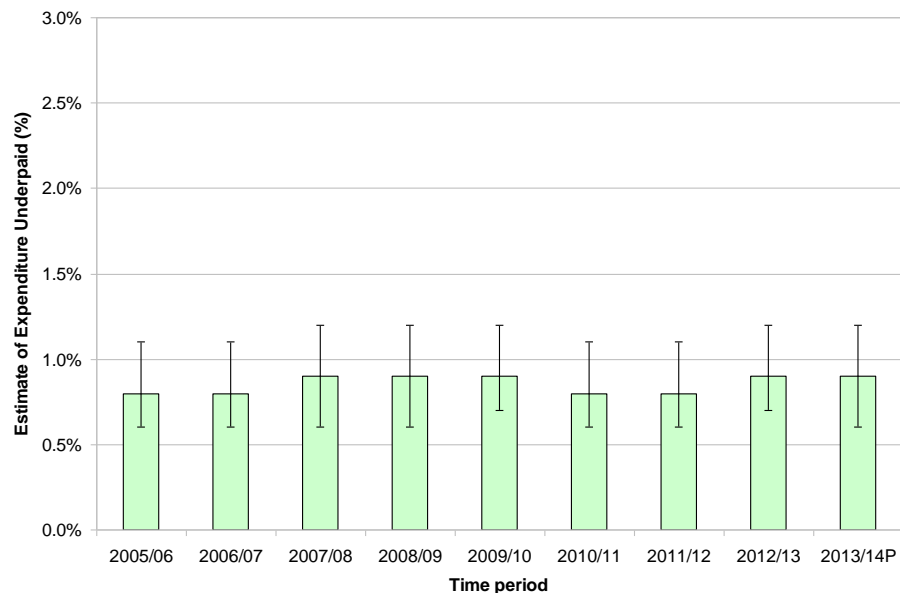
The preliminary estimated value of overpayment in 2013/14 is £3.3bn which is a decrease when compared to 2012/13: £3.5bn. In 2011/12, the value of overpayment was estimated to be £3.4bn and in 2010/11 it was estimated to be £3.2bn. This is due to the fall in the overpayment rate.

Estimates of Fraud and Error Overpayments by type of error in 2013/14 P

- **0.7%**, or £1.1bn, of total benefit expenditure is overpaid due to **fraud**;
- **0.9%**, or £1.5bn, of total benefit expenditure is overpaid due to **claimant error**;
- **0.4%**, or £0.7bn, of total benefit expenditure is overpaid due to **official error**.

Underpayments

The preliminary estimate for the percentage of total benefit expenditure underpaid in 2013/14 is 0.9%, the same as 2012/13. In 2011/12 and 2010/11 the rate was 0.8%. The estimated percentage underpaid has remained between 0.8% and 0.9% since 2005/06.



The preliminary estimated value of underpayment in 2013/14 is £1.4bn, a slight decrease compared to £1.6bn in 2012/13. In 2011/12, £1.3bn was estimated to have been underpaid and in 2010/11, £1.2bn was estimated to have been underpaid.

Estimates of Fraud and Error Underpayments by type of error in 2013/14 P

- **0.6%**, or £0.9bn, of total benefit expenditure is underpaid due to **claimant error**;
- **0.3%**, or £0.5bn, of total benefit expenditure is underpaid due to **official error**.



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Fraud

The percentage overpaid due to fraud in the 2013/14 preliminary estimate is the same as the 2012/13 and 2011/12 estimate, 0.7%. However, this is a slight decrease compared to the 2010/11 estimate, 0.8%. The monetary value of fraud overpayments in the 2013/14 estimates is £1.1bn, slightly lower than £1.2bn reported in 2012/13, 2011/12 and 2010/11.

The 2013/14 preliminary estimates show that underpayment due to fraud was 0.0% of total benefit expenditure, the same as in 2012/13 and 2011/12.

Claimant Error

The percentage overpaid due to claimant error in the 2013/14 preliminary estimate is 0.9% which is a decrease compared with the 2012/13 estimate, 1.0%. In 2011/12 it was 0.9%, the 2010/11 estimate was 0.8%. The monetary value of claimant error overpayments in the 2013/14 estimate is £1.5bn which is a decrease compared to £1.6bn in 2012/13. The values of overpayments were £1.4bn in 2011/12 and £1.3bn in 2010/11.

The 2013/14 preliminary estimates show that 0.6% of total benefit expenditure, £0.9bn, was underpaid due to claimant error which is the same when compared to the 2012/13 estimate, although a decrease in the monetary value from £1.0m. The 2011/12 estimate was 0.6% and £0.9bn.

Official Error

The percentage overpaid due to official error in the 2013/14 preliminary estimate is 0.4% and sees a reduction from 2012/13 and 2011/12: 0.5%. The monetary value of official error overpayments is also reduced, to £0.7bn in 2013/14. The 2012/13 estimates was the same as those in the 2011/12 and 2010/11 estimates, which was £0.8bn.

The 2013/14 preliminary estimates show that 0.3% of total expenditure, £0.5bn, was underpaid due to official error, the same as the 2012/13 estimates. The 2011/12 and 2010/11 estimates were 0.3% and £0.4bn.

Individual Benefits

Estimates of Fraud and Error by individual benefits in 2013/14 P

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

- **4.0%**, or £150m, of **Income Support** expenditure (£3.7bn) was overpaid;
- **3.7%**, or £160m, of **Jobseeker's Allowance** expenditure (£4.4bn) was overpaid;
- **3.4%**, or £360m of **Employment and Support Allowance** expenditure (£10.5bn) was overpaid;
- **5.7%**, or £410m, of **Pension Credit** expenditure (£7.2bn) was overpaid;
- **5.8%**, or £1,380m, of **Housing Benefit** expenditure (£23.9bn) was overpaid.
- **1.0%**, or £40m, of **Income Support** expenditure (£3.7bn) was underpaid;
- **0.4%**, or £20m, of **Jobseeker's Allowance** expenditure (£4.4bn) was underpaid;
- **1.5%**, or £160m, of **Employment and Support Allowance** expenditure (£10.5bn) was underpaid;
- **2.2%**, or £160m, of **Pension Credit** expenditure (£7.2bn) was underpaid;
- **1.6%**, or £370m, of **Housing Benefit** expenditure (£23.9bn) was underpaid.



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Income Support – Overpayment

The preliminary estimate of Income Support benefit expenditure overpaid for 2013/14 has fallen to 4.0% when compared to 2012/13 at 4.3% and the 2011/12 estimate of 4.4%. The overpaid value has decreased to £150m in 2013/14 P compared to £230m in 2012/13 and £310m in 2011/12. The decrease in the Monetary Value of Fraud and Error in this period has also been contributed to by the overall fall in Income Support expenditure.

Jobseeker's Allowance – Overpayment

The estimate of Jobseeker's Allowance benefit expenditure overpaid for 2013/14 P is 3.7%, which is a decrease when compared to the 2012/13 estimate of 4.1% and the 2011/12 estimate of 4.6%. The overpaid value in 2013/14 P is £160m. This is a decrease when compared to £210m in 2012/13 and £230m in 2011/12.

Employment and Support Allowance – Overpayment

This is the first time ESA fraud and error estimates have been published.

The estimate of Employment and Support Allowance benefit expenditure overpaid for 2013/14 P is 3.4%. The overpaid monetary value in 2013/14 P is £360m.

Pension Credit – Overpayment

The estimate of Pension Credit benefit expenditure overpaid for 2013/14 P has decreased to 5.7% when compared to the 2012/13 estimate of 6.4%, it returns to the rate reported for 2011/12. The overpaid value in 2013/14 P is £410m, which is a decrease from £490m in 2012/13 and £460m in 2011/12.

Housing Benefit – Overpayment

The estimate of Housing Benefit expenditure overpaid for 2013/14 P is 5.8% which is an increase when compared to the 2012/13 estimate of 5.1% and the 2011/12 estimate of 4.9%. The overpaid value in 2013/14 is £1,380m. This is an increase compared to the overpaid value in 2012/13 of £1,220m and £1,130m in 2011/12.

Please see section 3 and 5 of this report for more details on changes in the estimates over time.

None of the changes above are statistically significant at a 95% level of confidence unless specifically stated. This suggests that any changes are more than likely to be due to sampling variation and that these estimates are stable over time and little change occurs year on year.

Notes to Editors

1. The estimates being published are National Statistics and as such are produced to the high professional standards set out in the National Statistics Code of Practice. These estimates have regular quality assurance reviews to ensure that they continue to meet customer needs.

2. The full National Statistics report "Fraud and Error in the Benefit System: 2013/14 Preliminary Estimates" is published at:

<https://www.gov.uk/government/collections/fraud-and-error-in-the-benefit-system>