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Pensions



# Fraud and Error Measurement Analysis

Adapting to a changing benefit  
landscape

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# Agenda

- Background
- Motivation
- Measurement Process
- Current challenges
- Solutions



# Background

- Estimate fraud, claimant error and official error in the benefit system
- Some benefits are **continuously measured**: e.g. Housing Benefit, Universal Credit, Pension Credit
- Some are **occasionally measured**: e.g. Disability Living Allowance



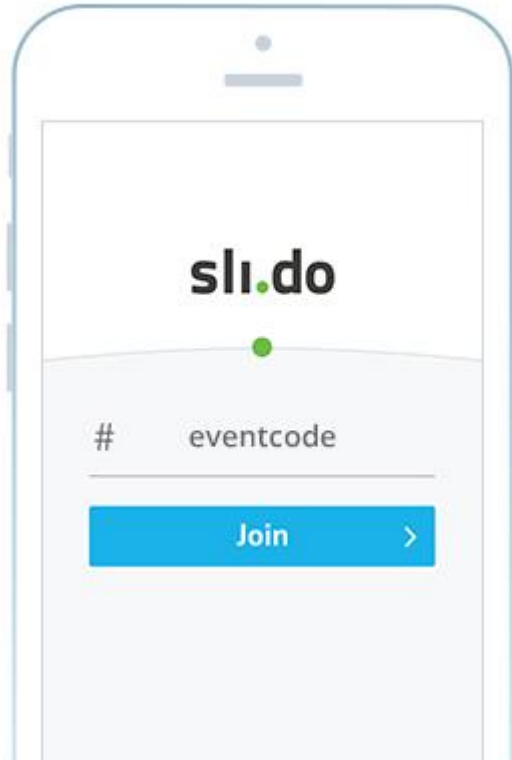
**UC** Universal  
Credit



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# Quiz!

How much do you know about Fraud  
and Error in the benefit system?



# Sli.do

**Event code #H116**



# Why measure Fraud and Error?

- Statistics are used by: Benefit Operations, policy officials, ministers, media
- Comparisons of Welfare Reform benefits (Universal Credit, PIP) to legacy benefits
- Evaluate new policies or strategies to reduce fraud and error

Election 2017 | Results | Constituencies | Reality Check | Cymru

## Reality Check: How much benefit money is lost to fraud?

By Michael Buchanan  
Social affairs correspondent, BBC News

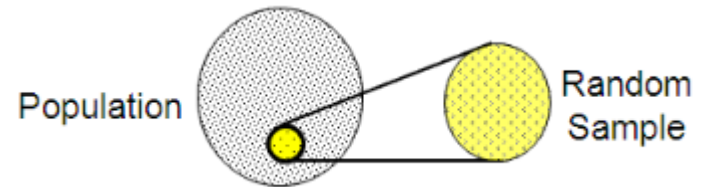
5 June 2017 | Election 2017





# Process for measuring fraud and Error

- Take a random sample
- Visit Claimants
- Data input & processing
- Analysis & Grossing
- Publication





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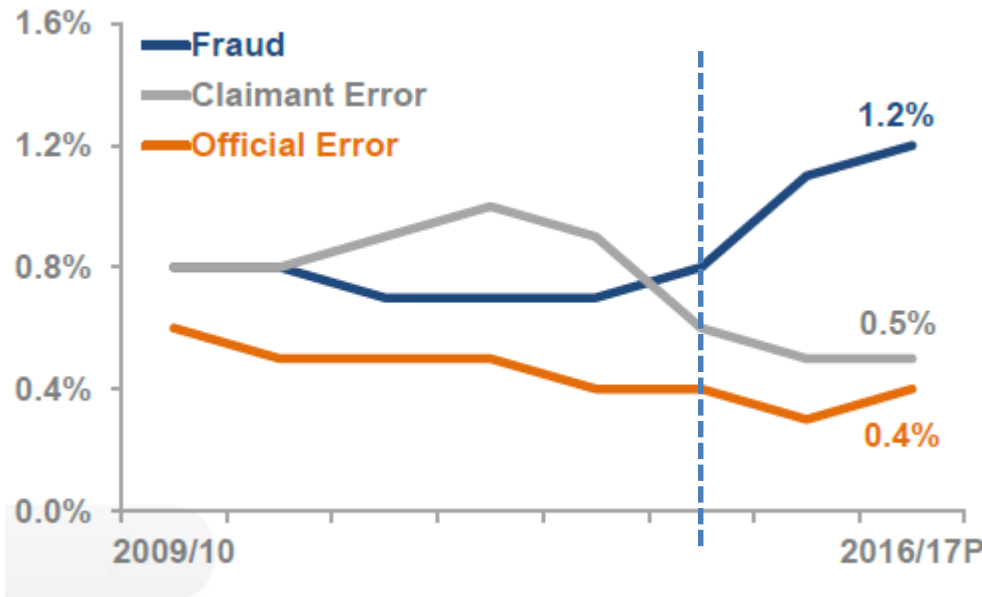
# Challenge 1

What is Official Error, Client Error and  
Fraud?!



# Classifying Fraud and Error

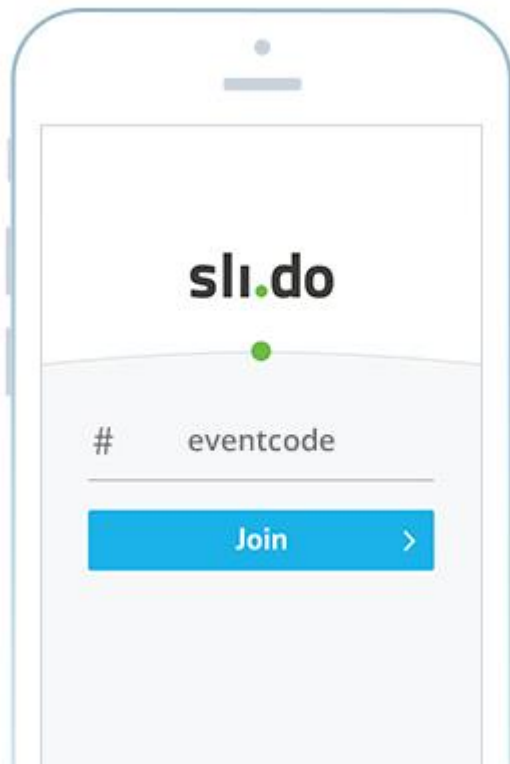
- After 2014/2015 we changed how we categorised fraud and error
- Resulted in an increase in fraud and a decrease in client error







Can you categorise these cases correctly as fraud, client error or official error?



Sli.do

Event code #H116



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# Challenge 2

## Changes in what we measure



# Changes in what we measure

- Universal Credit began roll out in 2013
- We began measuring fraud and error in 2015/16
- Our first estimates were published in May 2016





# Solutions!

- Building up Universal Credit analysis code as it rolls out
- Gradually **phasing out legacy benefits** – but need to keep sample numbers high enough to allow comparisons
- Desk based UC reviews help increase efficiency





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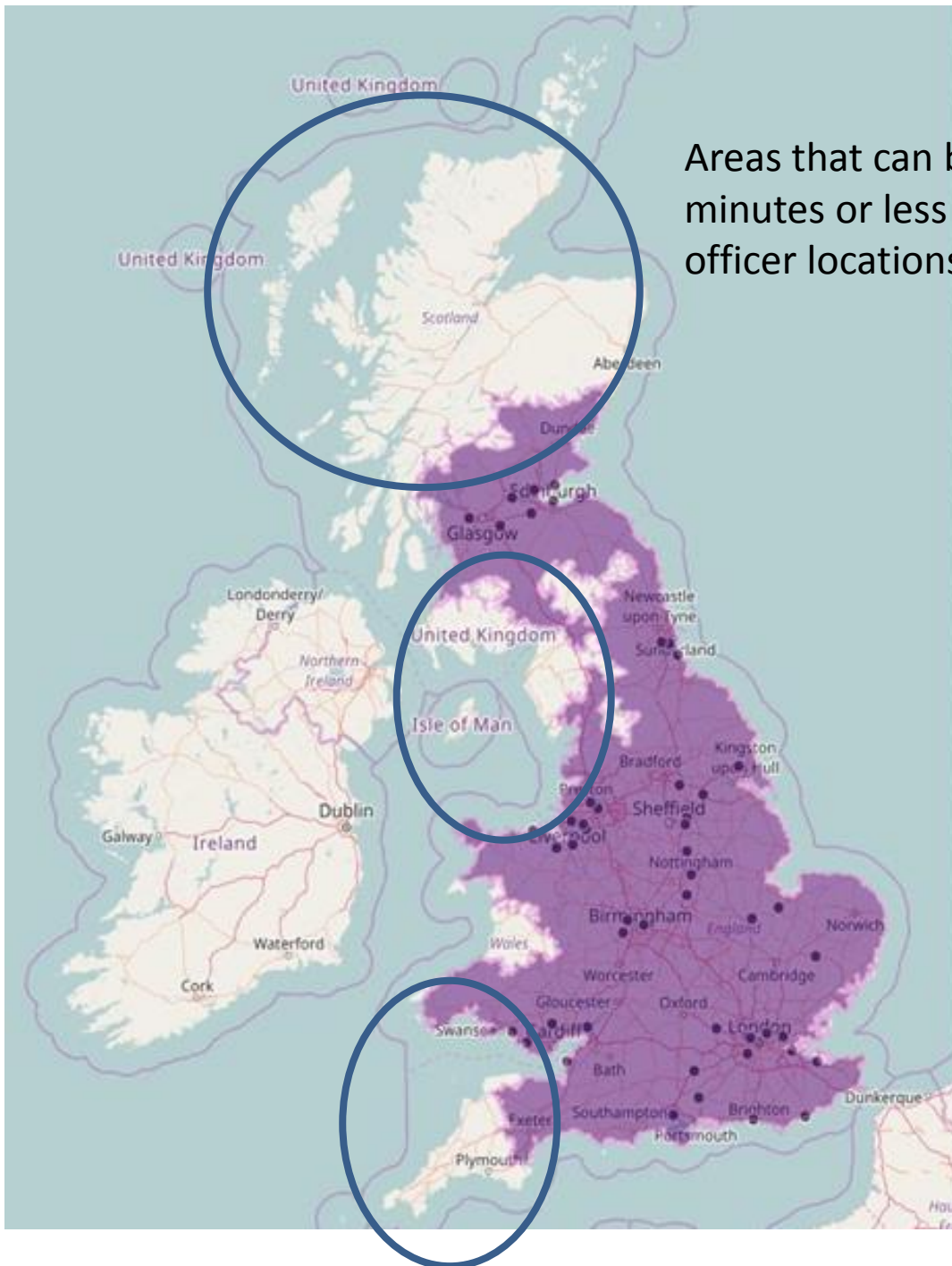
# Challenge 3

## Reduction of resources & Increasing Efficiency



# Reduction of Resources

- Visiting officer staff are decreasing
- Uneven spread of staff across the country



Areas that can be reached in 90 minutes or less from current visiting officer locations



# Reduction of Resources

- Visiting officer staff are decreasing
- Uneven spread of staff across the country
- Large costs and reduced efficiency with longer travel times
- Reduced sample sizes

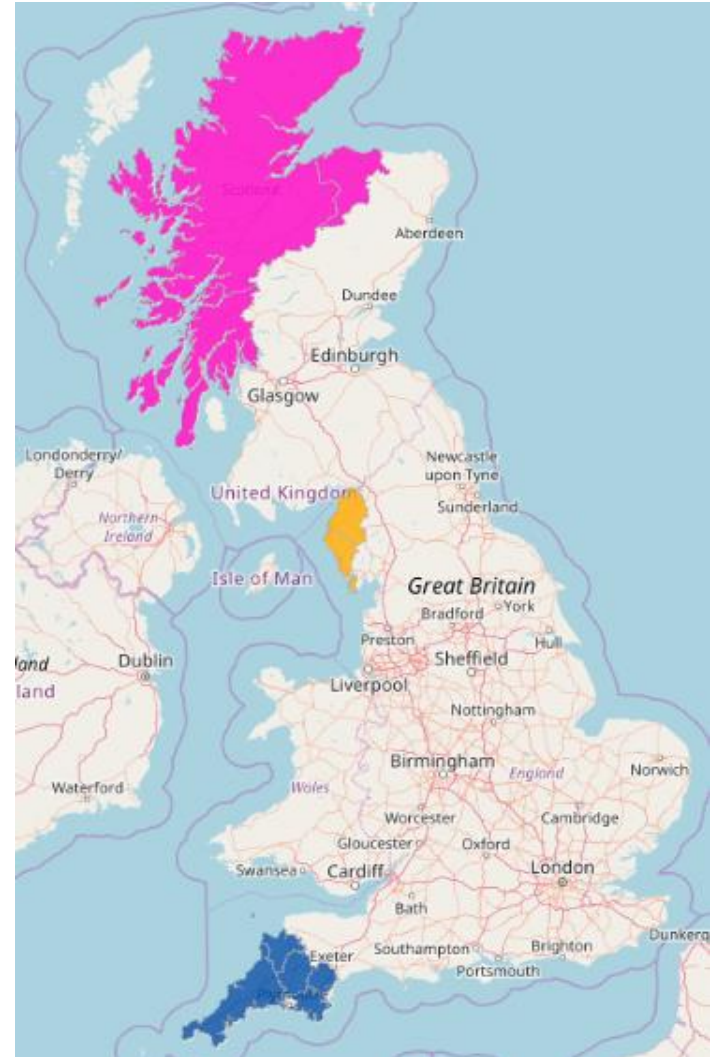






# Solutions!

- Rotational Sampling in hard to reach areas: Cornwall, Scottish Highlands, Lake District
- Desk based Housing Benefit Trial





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# Change 4

## Complex Methodology – Sampling & Analysis



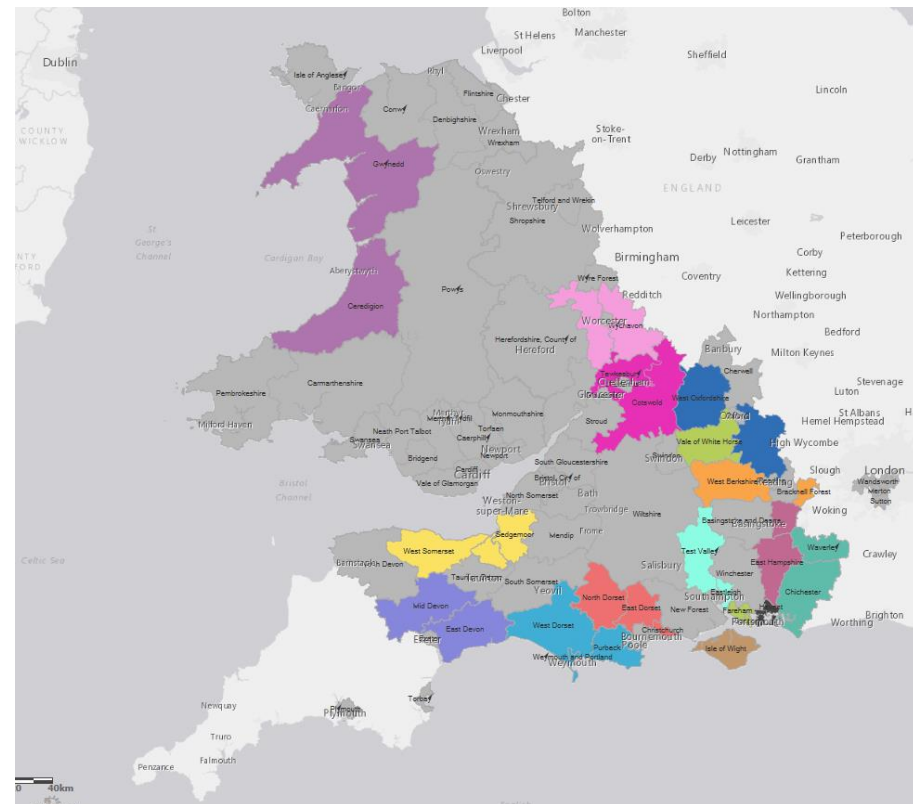
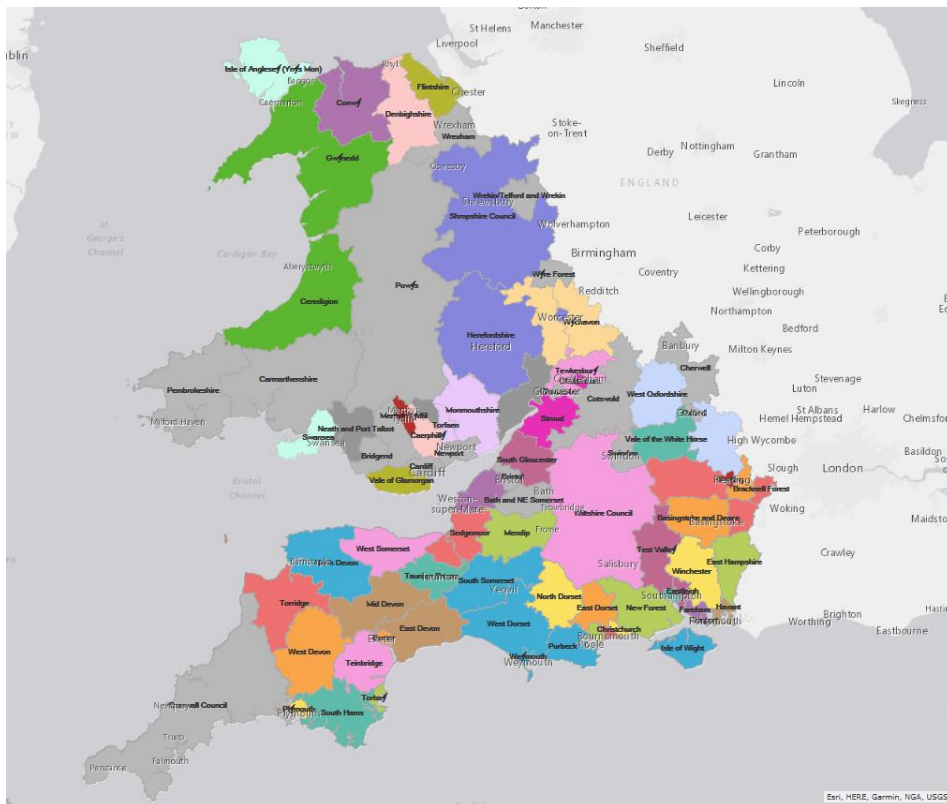
# Sampling Units

- Primary sampling units are Local Authorities or groups of local authorities
- Complex structure
- If cases have to be replaced – could be from a different part of the country !



# Solutions!

- Restructuring PSUs
- Move to national grossing





# Analysis Methodology

- Analysis code is complicated ! Large amount of adjustments
- Processing is clunky – Excel and SAS
- Limited time between rounds to improve code.





# Solutions !

- Rewrite excel spreadsheets so they can be ran in SAS
- Simplifying the code, removing redundant sections.





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# Challenge 5

## Making the Statistics more Widely Available



# Solutions!

- Updates to publication: new style DWP publication, updates to expressing uncertainty

Fraud and Error in the Benefit System: 2012/13 Estimates (Great Britain)

## Executive Summary

### Fraud and error 2012/13 estimates for all benefits

The estimate of total overpayments due to fraud and error across all benefits is £3.5bn; this is 2.1% of the total benefit expenditure, which is estimated to be £166.6bn in 2012/13. The 2012/13 estimates in this report are based on 2012/13 financial year expenditure and April 2012 to March 2013 sample data for individual benefits.

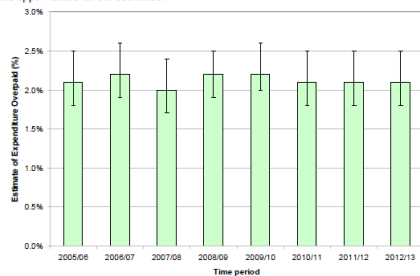
However, the net loss to DWP is less than the total overpayments since DWP and Local Authorities identified and recovered around £900m of overpayments in 2012/13. See section 1.22 below for further details.

The estimate of total underpayments due to fraud and error across all benefits is £1.6bn; this is 0.9% of the total benefit expenditure in 2012/13.

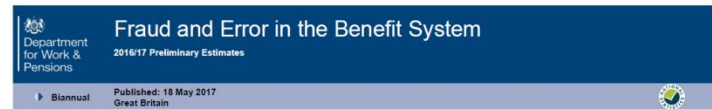
### Overpayments

The estimate for the percentage of total benefit expenditure overpaid in 2012/13 is the same when compared to the 2011/12 estimate and the 2010/11 estimate, 2.1%. This estimated percentage overpaid has remained between 2.0% and 2.2% since 2005/06.

Estimated 95% confidence intervals are illustrated by the black lines, which show the lower and upper values for the estimates.



128 pages



The Department for Work and Pensions administers welfare benefits to around 22 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

### 2.0% of expenditure overpaid

This has increased from 1.9% in 2015/16. It amounts to £3.5bn of overpayments.

### 0.9% of expenditure underpaid

This has decreased from 1.0% in 2015/16. It amounts to £1.6bn of underpayments.

### We changed the way we categorise overpayments after 2014/15

We have tightened up the evidence gathering process within the measurement system. This is driving recent trends: fraud is now at its highest recorded rate, claimant error is at its lowest recorded rate.



12 pages





# Interactive Visualisation: appeal to wider range of users – quicker way to dig into our statistics

**Year**  
2016-17

**Benefit**  
All Benefits

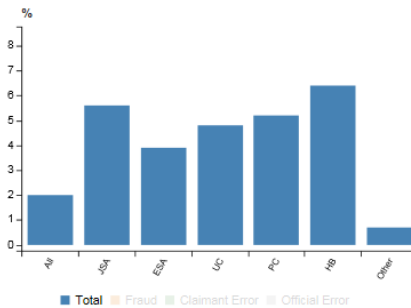
**Error Type**  
Total

**Measure**  
Percentage Overpaid

## How much is overpaid due to benefit fraud and error?

In 2016-17, DWP spent £174.1bn on all benefit payments. Around £3.5bn of this expenditure was overpaid due to fraud and error. This is roughly 2% of the amount spent.

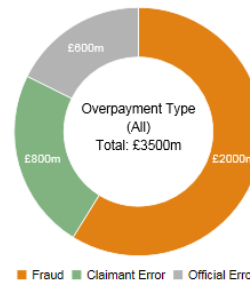
Figure 1: Percentage of expenditure overpaid on benefit claims due to fraud and error during 2016-17. [Click a bar for more details about that benefit]



## Why do benefit overpayments sometimes happen?

Overpayments can occur due to fraud, claimant error or official error. In 2016-17 the most common type of overpayment for all benefit claims was fraud, accounting for £2bn overpaid.

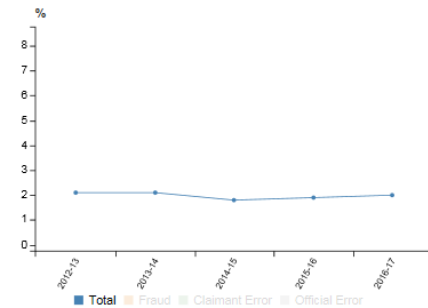
Figure 2: Error type breakdown for all benefit overpayments in 2016-17. [Click the chart for details about that error type and a breakdown of error reasons]



## How are benefit overpayments changing over time?

The chart below shows how overpayments due to fraud and error have changed over the past five years. The chart currently displayed is for all benefit overpayments.

Figure 3: Percentage of expenditure overpaid on all benefit claims due to fraud and error by year. [Click a point on the chart for more details about that year]





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# Any Questions?

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