

Reducing Fraud and Error in the UK Benefits System

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Tackling Fraud and Error

What this presentation will cover;

- Early approaches
- Strategy from 1999
- Departmental Strategic Objectives
- Current Estimates
- Counter Fraud Activities
- Publicity Campaigns
- Fraud Review
- Fraud Investigation Service
- How far have we come?
- Where are we going?

Today

- Making a difference to millions of people every day.
- Leading Govt's welfare, pensions and child reform agendas
- Two main roles: paying benefits and pensions and helping people to get jobs
- Over 20 million customers through our main delivery businesses:
 - o Jobcentre Plus
 - o Pension, Disability and Carers Service

Every working day we:

- Help over 4,900 people find work.
- Interview 50,000 customers to help them prepare for work
- Process over 3,000 applications to State Pension
- Clear over 1,200 claims to Pension Credit
- Visit 3,000 customers in their own homes

We know

- Work works
- People want to have greater control of their lives
- We should provide the best possible service to our customers
- We are proud of what we do. But we always want to improve and are committed to transforming how we operate

Seven Strategic Objectives

1. Reduce the number of children living in poverty
2. Maximise employment & reduce numbers on benefits
3. Improve health and safety at work
4. Promote independence and well-being in later life,
5. Promote equality of opportunity for disabled people
6. Pay our customers the right benefit at the right time
7. Make DWP an exemplar of effective service delivery

Early approach to Fraud & Error strategy

Up to 1998

- Focussed on Fraud only – not error
- Focussed on finding fraud not preventing it
- Treated security against fraud as additional work and not integral
- Little information or analysis on types and prevalence of fraud per benefit

The strategy from 1999

‘Safeguarding Social Security’

Presented to Parliament in 1999 by the Secretary of State for Social Security

- Getting It Right
- Keeping It Right
- Putting It Right
- Making Sure The Strategy Works

Getting It Right

- Secure the benefit gateway at the new claims stage
- Risk based staff checks on claims
- Risk based customer interviews on new claims
- Payments direct to bank accounts instead of by cheque

Keeping It Right

- Risk based targeted review during the life of a claim
- Reminders to customers to report changes in their circumstances
- Data matching with other government departments and third parties

Putting It Right

- Improved evidence gathering techniques for customer fraud
- Developed a national framework of sanctions for fraudulent customers
- Closer working with other intelligence agencies (Police, Local Authorities, Immigration)
- Greater use of intelligence at a local level

Departmental Strategic Objectives 2008-11

- **DSO 6 – Pay our customers the right benefits at the right time.**

Indicators;

- Proportion of benefit expenditure overpaid or underpaid due to **Fraud & Error.**
- Time taken to process new claims to benefits, and change in circumstances including Housing Benefit and Council Tax Benefit.

DSO6 Target

- By 2011, reduce all overpayments from Fraud & Error to 1.8%
- And see a reduction in underpayments to 0.7%

Current Estimates

The amount of benefit overpaid due to Fraud and Error is estimated at 2.2% (target is to reduce to 1.8%)

Of this;

- Customer Fraud is 0.8% (£1.1 billion)
- Customer Error is 0.8% (£0.9 billion)
- Official Error is 0.6% (£0.8 billion)
- The total amount of benefit underpaid is 0.9% (target is to reduce to 0.7%)

Counter Fraud Activities

- **National Benefit Hotline** – An anonymous telephone service for the public to report suspected benefit fraud
- **A ‘Targeting Benefit Thieves’ publicity campaign.** Delivering a tough message by T.V, Radio and posters in public sites, stating that benefit fraud will not be tolerated
- **Data matching** – Comparing data held by DWP with data from tax, savings and other sources, to identify discrepancies that indicate possible fraudulent activity.
- **Tougher sanctions** - Introduction of new penalties for customers where benefit fraud has been proven
- **Abroad Fraud** – closer working with other countries

Publicity Campaigns

Before and after

- In 2001/02 fraud was estimated at 2%
- In 1998, only 1 person in 5 thought benefit fraud was a serious matter – some people indicated they could easily imagine themselves doing it
- In 2000, Lord Grabiner QC recommended using advertising to change public attitudes and make fraud socially unacceptable
- In 2007/08 fraud was estimated at 0.6%
- By 2007, 9 out of 10 think it is wrong for people to claim more than they are entitled to

More people think they will be caught

- In 2006, 40% of claimants thought it was easy to get away with benefit fraud
- In 2009 only 25% thought it was easy to get away with benefit fraud
- So attitudes are changing over time – and we will keep working to change them further

Fraud Review – revised strategy 2004

- New twin track approach to benefit fraud.
- 1. Creation of Fraud Investigation Service**
 - 2. Creation of Customer Compliance process**

Our Vision

- Reduce loss to public funds
- Correct benefit entitlement paid
- Overpayments identified and recovered
- Prevent and deter fraud from being committed
- Efficiency
- Standard approach
- Improved management information

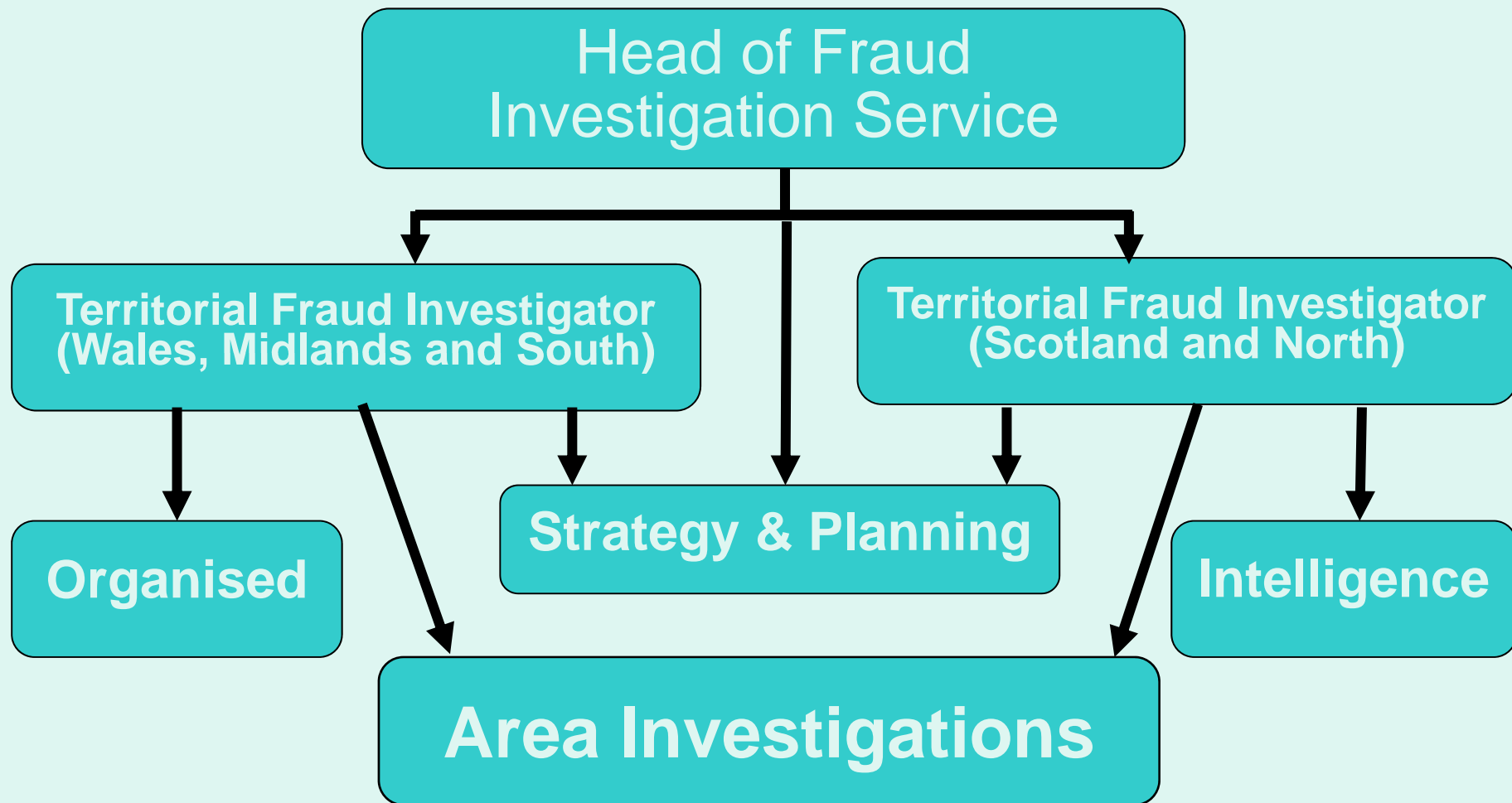
First Steps

- Criminal Investigation
- Customer Compliance
- Process Compliance

Criminal Investigation Objectives

- Professional Investigators
- Intelligence-led investigations
- Use of statutory powers
- Improved data-matching
- Increase sanctions, particularly prosecutions
- Maximise publicity
- Develop partnerships
- Exploit new IT and equipment

FIS – Fraud Investigation Service



Training

- Professionalism in Training (PinS)
- Financial Investigation
- Regulation of Investigatory Powers Act
- Range of 40 modules

FRAIMS

(Fraud Referral and Intervention Management System)

- Introduced 2007
- IT system for investigators and managers
- From referral to outcome
- Management information
- FRAIMS 2 – November 2009

Sources of work

- Members of the public
- DWP staff
- Generalised Matching Service

2008/2009	
TOTAL Referrals	223,093

Effective techniques

- Data Matching
- Intelligence Network (Development of Intel Desks)
- Legislative Gateways
- Collaboration with LA, Other Government Departments & Agencies
- Intelligence led risk assessed Fraud Drives
- Press and Advertising
- Internal Fraud awareness and publicity

DWP Sanction Regime

- Criminal Sanctions:-
 - Cautions
 - Administrative Penalties
 - Prosecutions
- Two Strikes - Loss of Benefit Provision
- Proceeds of Crime Act (POCA)
- One Strike (2010)

Targets 09/10

Sanctions	30,000
Living Together as Husband and Wife/Civil Partnership (18%)*	5,400
Disability Related (5%)*	1500
Prosecutions (37.5%)*	11,268
* % of overall sanctions	

FIS/Customer Compliance – Performance

Fraud Investigation Service Performance -	2008/09
Criminal Sanctions	32,694
Cautions	14,320
Administrative Penalties	6,966
Prosecutions	11,408
Proceeds of Crime Act (Incentive)	£ 1.3M
Customer Compliance Performance -	2008/09
Activity:	404,550
Change Cases:	123,465
Value of benefit decrease	£8,583,418

Financial Investigation

Proceeds of Crime Act (POCA)

	07/08	08/09
Referrals to FIU	928	980
Court Orders	£7.6m	£7.8m
Recoveries	£5.3m	£6m

Action taken

- Quality Assurance Framework
- Standard Operating Approaches
- LEAN (by Design)
- Decision Making Units

The future

- Working with partners
- One Customer One Team
- Her Majesty's Revenue and Customs
- Access to Work

How far have we come?

In 2000/01:

Fraud & Error overpaid was £3.3 billion of programme expenditure

- This equates to 3.2% of programme expenditure
- Fraud was 2.1% (£2.2bn) of programme expenditure

By 2008/09:

Fraud & Error overpaid was down to £3.0 billion of programme expenditure

- This equates to 2.2% of programme expenditure
- Fraud was 0.8% (£1.1bn) of programme expenditure

Where are going?

In 2009/10

- We continue to refresh the advertising campaign to get over the message that benefit fraud is not acceptable.
- We are improving the I.T data bases for reporting, recording and analysing Fraud.
- We are constantly improving the benefit processing systems for customers and staff.
- We strive to explore the data sharing process including more agreements with other countries.
- **We are determined to protect the UK tax payer from fraudulent customers.**

Thank You