

Funding the Future

It really is time that the government got serious about...

Published: January 14, 2026, 6:38 pm

My friend Prem (Lord) Sikka has drawn my attention to this question he asked in the House of Lords:

Question



Lord Sikka
Labour
Life peer

Lords

To ask His Majesty's Government what was (1) the estimated total amount of fraud and error loss across all government departments, and (2) the breakdown of these losses by each department, in each of the last five years.

This is the answer he was provided with:

Answer



Baroness Neville-Rolfe
Conservative
Life peer

Lords

Answered on

8 November 2022
The Public Sector Fraud Authority uses annual detected fraud figures and fraud estimates from fraud measurement activity to estimate fraud loss across Government. Due to the nature of this work the estimate for fraud and error levels in the public sector are reported retrospectively. From these calculations we estimate that levels are between 0.5-5% of government expenditure. The Public Sector Fraud Authority estimates that for 2020-21 the levels of fraud against the public sector, including tax and welfare, were between £33-55bn.

This estimate excludes fraud and error within Covid-19 schemes as fraud measurement activity within these schemes is still ongoing. Some departments have published estimates. However, a full picture of fraud and error levels in COVID-19 schemes is not yet available.

Detected fraud figures by department are published annually within the Fraud Landscape Report, this includes 5 year trends for total detected, prevented and recovered fraud and error across government, outside of tax and welfare.

The table below shows a departmental breakdown of detected fraud and error over the last available five years, outside of tax and welfare. Figures for 2020-21 will be published shortly in the 2021 Annual Fraud Landscape report.

Detected Fraud and Error

There are so many questions that this poses. First, how are the figures for HMRC so utterly inconsistent with the tax gap?

Second, why is the detection rate so abysmally small, at less than 1%?

Third, what is being to improve this?

Fourth, why isn't this issue, plus the tax gap, the focus of attention if the government really thinks it needs to find £50 billion of savings?

It really does feel that the government has paid too little attention to this issue for far too long, as remains true of the tax gap about which I have been writing for longer than most people given that the issue was virtually unknown in the UK when I first published a report on it, way back in 2006.

It really is time that the government got serious about these issues. There is no evidence that it ever has been.