Name of Pilot	Data share between City of Wolverhampton Council LA and HMRC to manage and reduce Council Tax debt
Is this information sharing arrangement for the purposes of managing/reducing debt, combating fraud or both?	Debt
Please confirm which public authority or service provider you represent and which Schedule your organisation is listed in for the purposes of the proposed data share.	City of Wolverhampton Council, listed on Schedule 7, For District councils – Paragraph 11
Please confirm which other public authorities are party to the proposed information arrangement, and which Schedule(s) they are listed in.	HMRC, listed in Schedule 7, paragraph 8
Review Board Region	England and Non-Devolved
If your information sharing arrangement includes a service provider, please refer to paragraphs 42 and 43 of the Code of Practice	
Please confirm if this is a submission for an informal review or the fully completed submission for Ministerial consideration	Full Submission

Please provide an outline of the information share. Note: you need not detail the counter fraud operations of partners

This should include:
- the objective of the information sharing agreement;
- an overview of the activity under the arrangement and how the data will be used;
- The period of duration for the arrangement, when the data share will be live and
- how retention periods will be managed; and
- an outline of what types of data will be shared and the data security arrangements to be put in place.

At 31 March 2018, the total amount of council tax outstanding in England amounted to £3 billion (cumulative from the introduction of council tax in 1993).

For 2017/18, Local authorities in England collected £27.5 billion, with arrears of £818 million, approximately 3% uncollected.

This business case is specifically for City of Wolverhampton Council and is part of a submission for a total of 28 other Local Authorities.

City of Wolverhampton Council is based within the West Midlands location and has a population of 260,000.

City of Wolverhampton Council has a strategic objective to improve the council tax collection rate, as noted in their Collection and Debt Strategy. Progress is measured and reported as a corporate strategic indicator on a quarterly basis to the Senior Executive Board and Cabinet Performance Management Board. It has a duty to ensure that all revenue owed is collected efficiently and effectively for the benefit of all council taxpayers. Whilst striving to continually improve collection and recovery performance, we recognise that some people do not pay their debts for a variety of reasons. This may include poverty or other financial hardship, which we will endeavour to balance against our duty to collect. This aligns to the corporate priority to be a confident, capable council, ensuring we have efficient processes for a customer service focussed organisation. In terms of collecting and recovering income our approach is to be firm but fair with our customers.

For 2017/18, City of Wolverhampton Council issued approx. 233,000 bills to resident households demanding £106m council tax, with an average collection rate of 94.11% (national average is 97.1%), leaving a shortfall of Liability Order debt of £6m, before any recovery action.

City of Wolverhampton Council obtained 18782 Liability Orders at the Magistrates Court, of which over 34% of these liability orders were eventually passed to Enforcement Agents and only 3% resulting in Attachment of Earnings (AoE) – a process where direct deductions are made from salary at a percentage set by Local Government Finance Act 1992 (LGFA 1992).

The Liability Order and eventual enforcement action adds significant costs to the customers debts. The issuance of a liability order adds

- Liability order adds approximately £74 per customer
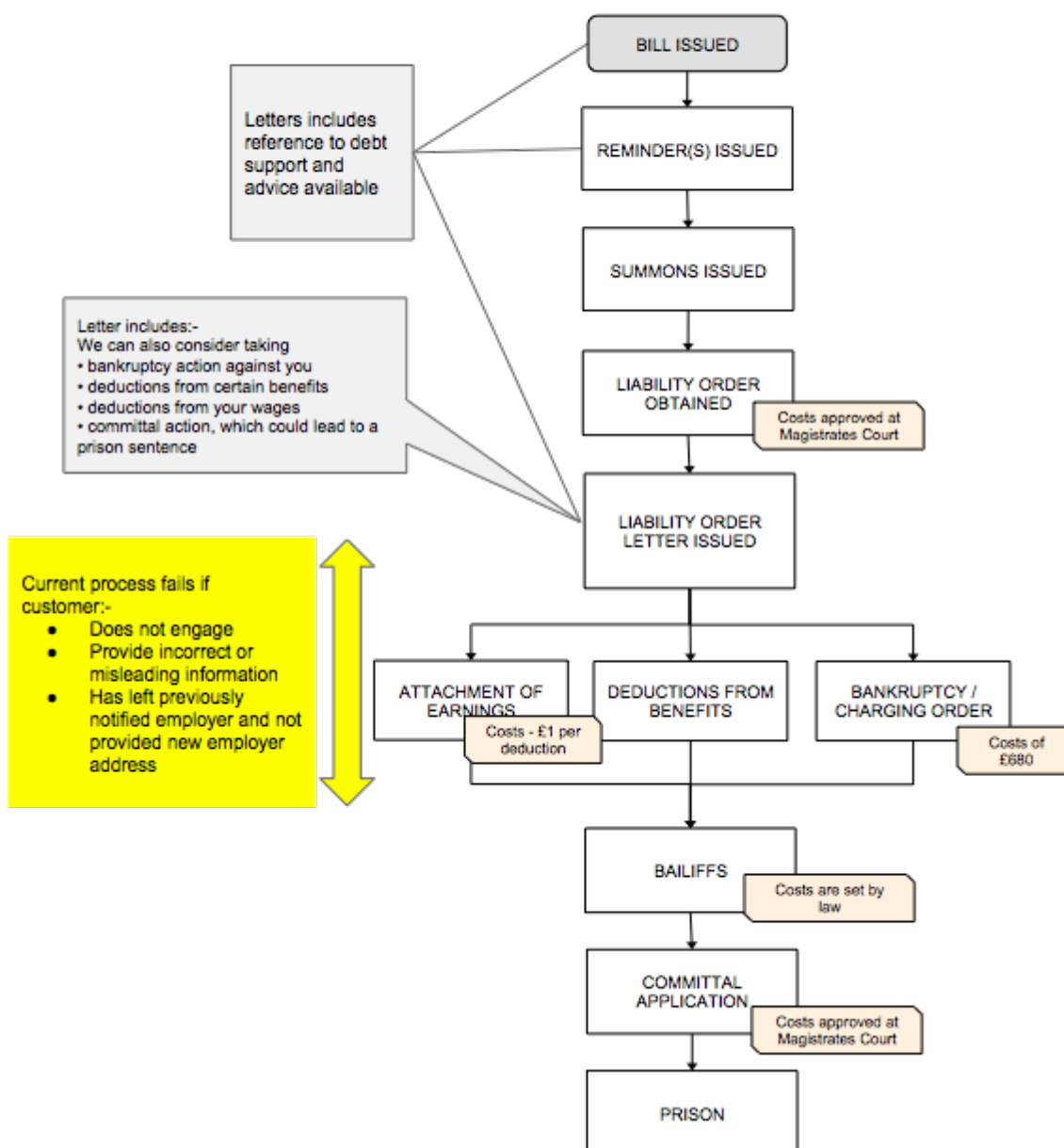- Enforcement Action adds approximately £565 per customer

Arrears that remain outstanding, following recovery action from previous financial years 2010 to 2016 are shown in the table below:-

Year	Total number of Liability Orders issued	Value of Liability Orders obtained £	Value of LO's outstanding as at 31 December 2018
2010	9,208	£4,859,812	£321,260
2011	15,599	£8,236,970	£406,514
2012	12,470	£7,226,683	£484,079
2013	18,192	£8,876,331	£817,111
2014	23,777	£9,683,797	£1,306,468

2015	19,622	£10,438,072	£2,141,104
2016	25,332	£12,075,273	£3,128,054
Arrears total	**124,200**	**£61,396,938**	**£8,604,590**

The current process for payment of Council Tax is shown below.

Current process

Letters includes reference to debt support and advice available

Letter includes:-
We can also consider taking
• bankruptcy action against you
• deductions from certain benefits
• deductions from your wages
• committal action, which could lead to a prison sentence

Current process fails if customer:-
• Does not engage
• Provide incorrect or misleading information
• Has left previously notified employer and not provided new employer address

BILL ISSUED

REMINDER(S) ISSUED

SUMMONS ISSUED

LIABILITY ORDER OBTAINED — Costs approved at Magistrates Court

LIABILITY ORDER LETTER ISSUED

ATTACHMENT OF EARNINGS — Costs - £1 per deduction

DEDUCTIONS FROM BENEFITS

BANKRUPTCY / CHARGING ORDER — Costs of £680

BAILIFFS — Costs are set by law

COMMITTAL APPLICATION — Costs approved at Magistrates Court

PRISON

This process is dependent on customer engagement – by making prompt payments, responding to

reminder letters, providing employer information, court summons etc.

When a customer is unresponsive to communications, the Local Authority will eventually issue a liability order. They will be informed at the summons stage and after granting of a liability order that the following recovery actions that may be taken:-

- Use of enforcement agents (bailiffs)
- Bankruptcy action
- Deductions from certain benefits
- Deductions from wages
- Committal action, which could lead to a prison sentence

If customers continue to not respond and without any further information, the Local Authorities have little alternative but to refer the case to Enforcement Agents (Bailiffs), a significantly intrusive and costly process.

City of Wolverhampton Council have identified that Her Majesty's Revenues and Customs (HMRC) PAYE, Self-Assessment and tax credit data as potentially useful and could support:-

- managing overall council tax arrears and further developing its recovery procedures, by analysing the data provided by HMRC to:-
    - identify customers whose circumstances make them vulnerable and providing appropriate support and appropriate recovery action, where they engage with the Local Authority;
    - for those in employment, recovering individual council tax debts by Attachment to Earnings Orders, where appropriate;
    - for those receiving benefits, recovering individual council tax debts by Attachment to benefits Orders, where appropriate;
    - for those are not identified as vulnerable, undertaking other recovery action, including the use of enforcement Agents and other legal avenues.
    - overall reducing use of Enforcement Agents and associated costs to customer

This is a significant change from the current process and allows the LA's to take positive action to recover the debt from those customers who are not engaging in the process and have already been informed of the action the LA may take.

A proposed process map is shown below:-

New process with HMRC data
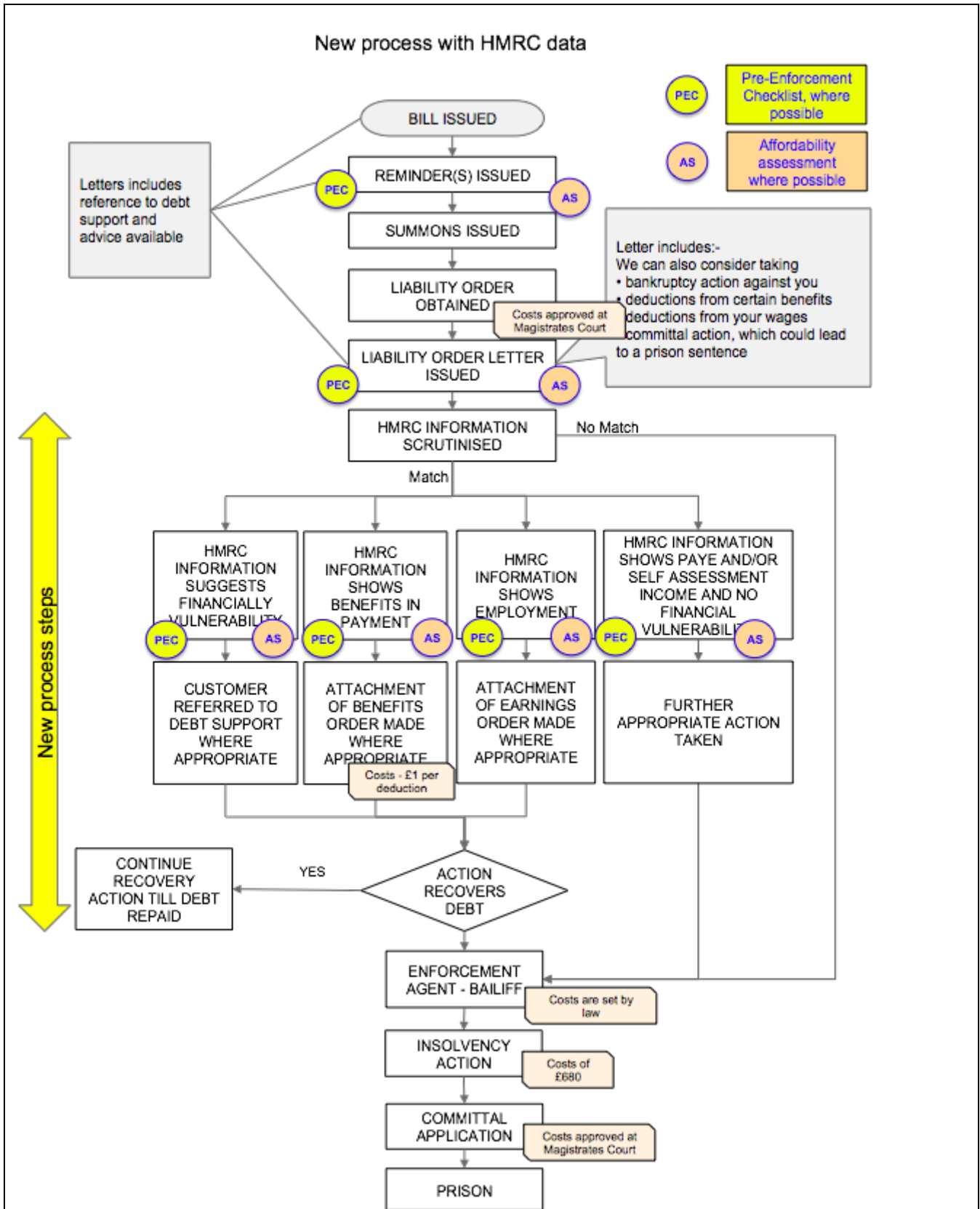
City of Wolverhampton Council will share a sample of up to 4,000 council tax debts with HMRC, who will then match customer records against their systems and return to the City of Wolverhampton Council. Please note the total sample below may exceed 400 cases, This is because some cases

would fall under more than 1 category i.e. they will be closed accounts, with multiple liability orders, which in total exceed £5,000.

Local Authority criteria for the sample is:-

Category
- Debt from £125 to £500 - 0
- Debt from £500 to £1500 - 1939
- Debt £1500 to £5000 - 1817
- Debt above £5000 - 242
- Multiple Liability Orders - 3018
- Absconder
- Closed accounts - 2072
- Left LA area
- Abroad
- Band E and above - 70

The sample will exclude debtors who are;
- in receipt of council tax support - full or partial;
- deceased;
- subject to committal and bankruptcy cases
- companies
- current Attachment of Earnings

A snapshot of the sample data will be taken before issue to HMRC for use for evaluation during and post action.

The data fields to be supplied to HMRC are selected according to the provisions of the Local Government Finance Act 1992. They are the minimum required to identify the customer, property and debt. They are:-

- Full name:-
  - Title;
  - First name;
  - Middle name or initials;
  - Surname.
- Current address and Post Code
- Forwarding address and dates;
- Date of commencement of Liability Order.
- Unique identifier
- National Insurance Number (Future proof)
- Date of Birth (Future proof)

The returning HMRC data will consist of customer and financial income details including;

- Match successful - yes or no
        If no, reason for non-match
        If yes:-
- Date of Birth
- PAYE data, including:-

- ○ Employer Name
- ○ Employer Address
- ○ Employment End Date
- ○ Employment Pay Frequency
- ○ Taxable Pay in Period
- ○ Payroll ID in this employment
- ○ Individual Address

- ● Self-Assessment data, including:-
  - ○ Tax Year
  - ○ SA Total Income
  - ○ SA Correspondence Address

- ● Reason for non-match

HMRC have provided the customers Date of Birth in the returning data to support LA's in identification of the correct citizen.

HMRC will conduct their own quality matching policy to the data to ensure match quality and data returned meet HMRC standards.

Data will be securely transferred by encrypted e-mail from a secure email address, will be stored in a secure folder and deleted after the completion of the pilot and analysis.

HMRC will delete the file immediately after receipt of data has been confirmed by City of Wolverhampton Council.

Persons at City of Wolverhampton Council receiving and disclosing data are limited to recovery managers. All such users sign data disclosure agreements before system access is granted. All staff have had DPA and lately GDPR training.

Persons at HMRC receiving, analysing and disclosing data are limited to data analysts and processors, within the Centre for Data Exploitation, data management team. These staff have been security trained.

Persons at City of Wolverhampton Council who will manage and recover debt are limited to the recovery team. All recovery staff are experienced in their approach and understanding of the requirements for recovery of council tax debt, in addition to DPA and GDPR training.

The period of the duration will be for one year from receiving Ministerial approval to enable analysis of the success or otherwise of the data share. An initial report will be compiled and submitted to the Review Board via the DEA secretariat after the end of four months of operational activity, outlining progress against success criteria and any issues found.

Data will be retained in accordance with the council's data retention policy or as specified in the Code of Practice. Shared data will be kept separate and recognizable to enable deletion at end of pilot and will be password protected.

Data is kept in accordance with the Records Management Policy

http://www.wolverhampton.gov.uk/CHttpHandler.ashx?id=1523&p=0

and the Information Risk Policy

http://www.wolverhampton.gov.uk/CHttpHandler.ashx?id=1521&p=0

Any data received as part of this pilot will be maintained in accordance with the terms of the Business Case.

The pilot data will be deleted one year after the pilot starts, except where the data is being used operationally and will be deleted once recovery action has been completed.

A provisional timetable is outlined below.
- March 19 - Ministerial approval
- March 19 - Data shared from LA to HMRC, HMRC conduct matching and return data to LA's
- April 19 - LA's begin analysis and operational activity on returned data
- August/September 19 - 1st evaluation report produced and submitted to the DEA Review Board
- April 20 - Pilot evaluation report produced

The data for AoE's processing will be held on the councils' existing document management and data processing systems, supplied by Northgate Public Services (UK) Limited system, which has the following security standards accreditations:
- Cyber Essentials (secure against cyber hacking)
- ISO 27001 (Info Security Management)
- ISO 20000-1 (IT Service Management)
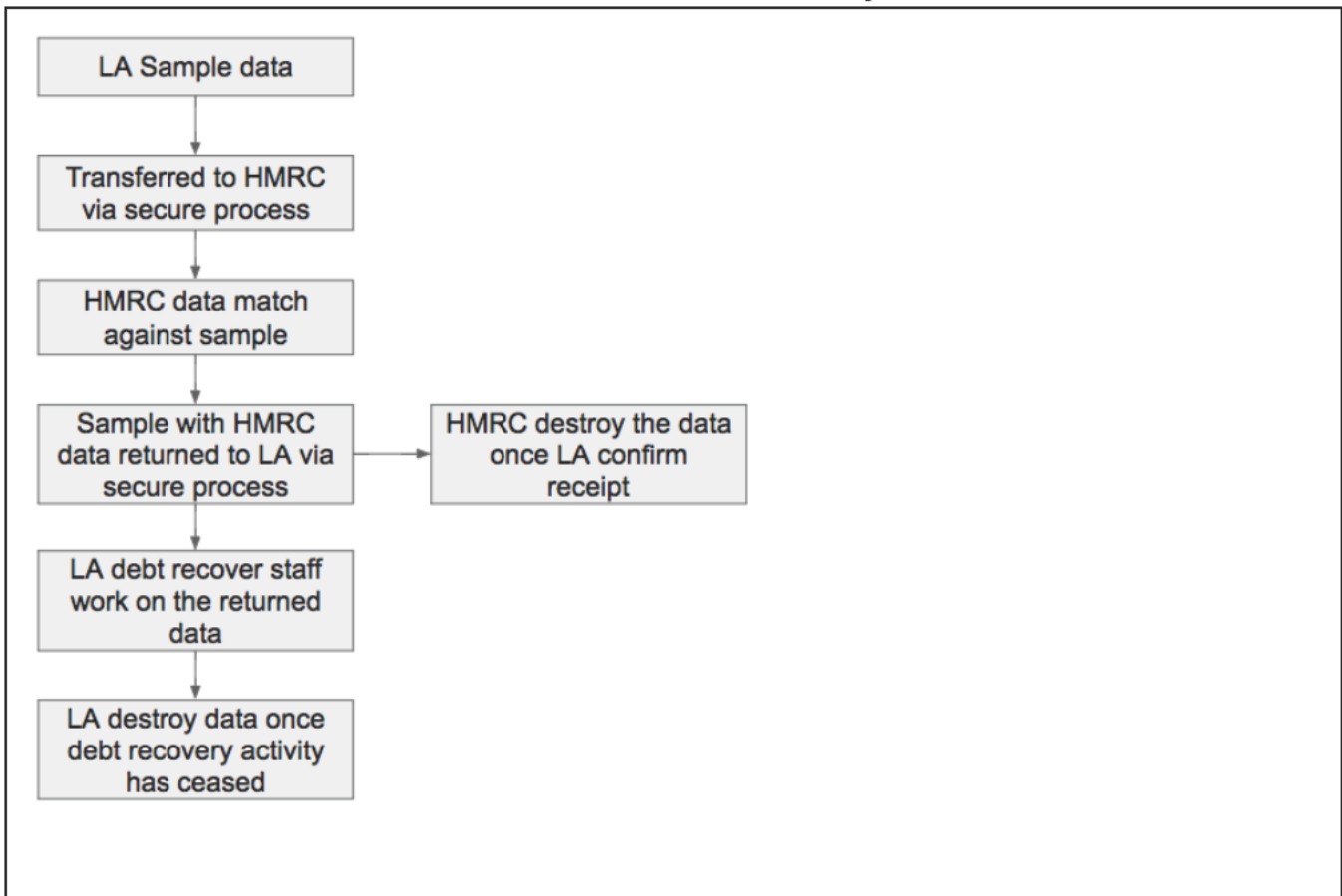- ISO 22301 (Business Continuity Management)
(see https://www.northgateps.com/certificates-and-registration/)

This software is supplied by Northgate Public Services (UK) Limited accredited to ISO and accessible by only specified persons

Northgate Public Services (UK) Limited (NPS) have confirmed in their GDPR Assurance Statement to only transfer personal data outside of the EEA in accordance with the data controller's instructions and in compliance with the GDPR. As data controller we have not authorised any transfer of personal data outside of the EEA.

A simple process map is shown below.

```
┌─────────────────────┐
│   LA Sample data    │
└─────────────────────┘
          │
          ▼
┌─────────────────────┐
│  Transferred to HMRC │
│  via secure process  │
└─────────────────────┘
          │
          ▼
┌─────────────────────┐
│  HMRC data match    │
│  against sample     │
└─────────────────────┘
          │
          ▼
┌─────────────────────┐      ┌─────────────────────┐
│  Sample with HMRC   │─────▶│ HMRC destroy the data│
│ data returned to LA via    │ once LA confirm      │
│  secure process     │      │    receipt          │
└─────────────────────┘      └─────────────────────┘
          │
          ▼
┌─────────────────────┐
│ LA debt recover staff│
│ work on the returned │
│       data          │
└─────────────────────┘
          │
          ▼
┌─────────────────────┐
│ LA destroy data once │
│ debt recovery activity│
│    has ceased       │
└─────────────────────┘
```

Please provide details of how the benefits of the information share will be measured.

This should include:
- the potential benefits the information share could bring; and
- the success criteria for the data share and the methodology you will use to measure success

Potential benefits;
- Increase in Council Tax debt recovered
- Increase of in-year collection rate
- Increase in identification of vulnerable debtors can be signposted for assistance within or without the council, where they engage with the Local Authority;
- Increase in debt recovery due to knowledge of PAYE and self-assessment information
- Increase take up of reliable Attachment of Earnings
- Reduce failure rate of Attachment of Earnings
- Reduce need for using enforcement agents as a first port of call and increasing debt with fees.
- A fair approach to reducing debt with ability to pay over a regular period.
- Improve our effectiveness in debt recovery reduces pressure on budgets
- Those in regular employment will avoid expensive and stressful enforcement agent visits.
- Customers knowing that we have access to HMRC data will encourage earlier take up in contacting us and making arrangements to pay.

- Efficiency savings by reducing time/court hearings on committal or insolvency cases.
- Efficiency savings on not transferring cases to enforcement agents.
- Swifter repayment of debt to the council
- Identify individuals with a propensity to pay and take appropriate recovery action
- Reduce or mitigate problem debt

Success criteria and associated metrics:-
- Number of successful matches from HMRC
- Amount of debt recovered (£)
- Change in in-year collection rate
- Number of cases that were identified as vulnerable due to data from HMRC and referred to internal and external debt support, where they engage with the Local Authority
- Number of AoE Issued
- Number of Attachment of Earnings in payment (over £300 per month income)
- Number of no payment Attachment of Earnings, that the employer did not act upon (to be investigated)
- Decrease in the number of cases that go to enforcement agents
- Comparison of above with control group
- Number of cases where previously unknown income now allowed for effective customer engagement and payment commences
- Number of cases where previously unknown income now allowed for effective customer engagement and enforcement action is taken upon non-payment
- At the end of the pilot consider the impact of the action on individuals and problem debt.

FOR DEBT INFORMATION SHARES

Please include detail of how you have considered the Debt Fairness Principles.

The fairness statement summarises the steps we will take to ensure that the way we use the data sharing power is aligned with the fairness principles in section 3.4 of the Code.

Access to this data will allow a more segmented approach to the recovery of Council Tax. The data received will, where possible, form part of an assessment to differentiate between
- those who cannot pay their debts because of vulnerable circumstances or financial hardship;
- those who may be able to pay their debt with additional support
- those with the means to pay but have not paid

All participating Local Authorities will have and apply a policy which takes into account resident vulnerability and financial hardship. The policy includes taking reasonable steps to obtain a resident affordability assessment based on the Standard Financial Statement (SFS)- the industry recognised standard.

Those identified as being in vulnerable circumstances or facing hardship will be treated fairly and where appropriate will be referred to internal and/or external sources of support.

This pilot also aims to reduce the use of more intrusive methods of recovery, which should only be considered as a last resort, e.g use of enforcement agents, bankruptcy and committal to prison.

We will contact individuals informing them of our intention to serve the AoE's, but allow them a 14 day period to engage with the authority before the AoE is served on the employer. This contact will include information that aims to encourage people to alert us to any affordability issues. We will always attempt to conduct an affordability assessment before commencing an AOE.

Where taking such action exposes the debtor to vulnerability, hardship or the possible build up of further debt, we will look again at the Attachment of Earnings and decide if this is the best option at that time by considering varying, withdrawing the order or putting it on hold, as appropriate.

We will consider longer-term payment or other appropriate arrangements for those suffering hardship.

We will abide by our Council Tax debt recovery policies.

We have appended our Debt recovery and vulnerability / hardship policies to this business case.

FOR ALL INFORMATION SHARES

Please include a statement showing how you will comply with the Code of Practice.

I confirm that this business case and associated documents complies with the Digital Economy Act (2017) and Information Sharing Code of Practice.

This has been demonstrated by the process to complete the business case and associated documents, which include ethical considerations, data security and for debt pilots a statement of how the Fairness Principles have been applied.

Please confirm that the following are in place:-	
Senior Leader approval (Senior Responsible Officer)	Yes
Funds are available	Yes
Resources (including staffing) are available	yes
Supplier contract amendments are in place (if applicable)	N/A
Please add links or embed the following documents	

Local Authority and HMRC Business Case v 1.1

Debt recovery policy/ strategy	http://wolverhampton.moderngov.co.uk/documents/s94687/Quarter%20Two%20Corporate%20top-25%20indicators%201%20July%20-%2030%20September%20and%20WV%20Insight%20Progress%20Update.pdf http://www.wolverhampton.gov.uk/CHttpHandler.ashx?id=13911&p=0
Privacy Notice	http://www.wolverhampton.gov.uk/privacy-policy

Persons Involved in Data Share (Lead organisation)	
████████	████ ████
██████	████████
██████	██████

Persons Involved in Data Share (Organisations disclosing data)	
██████	████████████████████ ██████

Primary Point of Contact (person submitting the business case)	
Name	██████
Contact number	█████
E-mail address	██████████████
Job title incl. department and organisation	██████ City of Wolverhampton Council

Date of submission	1st February 2019