

# DPIA - Southwark council and HMRC Digital Economy Act Data Sharing Pilot.

## Step 1: Identify the need for a DPIA

Explain broadly what project aims to achieve and what type of processing it involves. You may find it helpful to refer or link to other documents, such as a project proposal. Summarise why you identified the need for a DPIA.

Southwark is an inner London borough, has a growing population and as such has the 9<sup>th</sup> highest population density in England and Wales. Its social housing stock (38,000 council properties) is by far the largest in the South of England and has a number of ward areas that have significant levels of deprivation. As one of the first boroughs in the country to rollout Universal Credit full service with a Council Tax Reduction scheme offering a maximum 85% support due to funding reductions there are significant challenges in relation to the collection of Council Tax.

Despite these challenges the Council has managed to ensure increasing levels of Council Tax collection year on year and maintains a strategic objective to continue to improve the council tax collection rate.

In 2017/18, Southwark Council issued approx. 140,000 bills to resident households with a collectable of £126.7M. Despite increasing levels of deprivation and significant numbers of residents affected by welfare reform changes the Council achieved a collection rate of 95.43% (Inner London average is 95.9%), leaving a recoverable debt of £5.8M.

Despite utilising a number of recovery methods including both statutory and local processes the Council had to obtain 20,080 Liability Orders at the Magistrates Court to continue to proceed with statutory enforcement tools. In sending letters requesting information following receipt of the orders only 1.6% (of the total) resulted in an 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), 20% were subsequently identified as cases that could be passed to Enforcement Agents.

Southwark Council anticipate that by sharing council tax debt data with Her Majesty's Revenues and Customs (HMRC) to obtain PAYE and self-assessment information could support:-

- A significantly higher level of successful matches of current employment details resulting in a more informed discussion with debtors encouraging payment of arrears, thereby;
- Assisting in the management of overall council tax arrears, creating an increase

income collection return for the council.

- Ensure that there is early identification of customers whose circumstances make them vulnerable and providing appropriate support;
- Enable us to contact customers identified as having a propensity to pay and offering them the opportunity to pay, and ;
- For those that still do not engage and are in employment, recovering individual council tax debts via an Attachment to Earnings Order
- Resulting in an overall reduced use of Enforcement Agents and associated costs to customers (approx. £260 per customer).

Southwark Council and Her Majesty's Revenues and Customs are both joint data controllers.

The purpose of the pilot is to gather evidence to outline the results informing a business case as to the extent to which sharing HMRC data will assist the Council in the collection of Council Tax arrears.

The DPIA is required as we will be collecting new information from HMRC to enable customer engagement in the approach to Council Tax recovery. This could assist the Council in:

- The identification of financially vulnerable individuals to enable the appropriate support to be offered.  
or;
- Opening communication with individuals who previously did not engage despite receiving multiple notifications from the Council.
- The application of attachment of earnings orders to secure payment of debt where previous attempts to engage have failed.

## Step 2: Describe the processing

**Describe the nature of the processing:** how will you collect, use, store and delete data? What is the source of the data? Will you be sharing data with anyone? You might find it useful to refer to a flow diagram or other way of describing data flows. What types of processing identified as likely high risk are involved?

Southwark Council will supply to HMRC customer names and addresses for a sample of up to 4,000 council customers, who are subject to Liability Orders. HMRC will match against HMRC data and matching cases will be supplied to Southwark council with PAYE and self-assessment data.

The data will be used to enable management and recovery of council tax debtor accounts, to ensure:

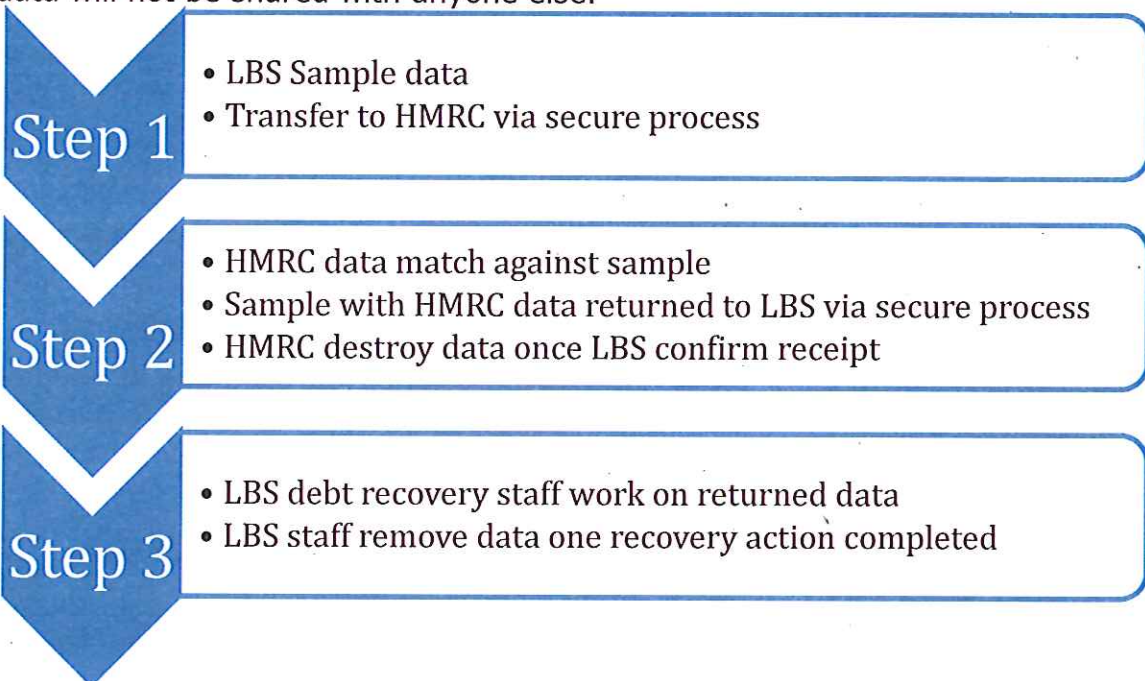
- financial vulnerability is identified, discussions around the use of debt support
- AOE are obtained where employment information has been provided
- Further discussion takes place with the individual where self-assessment information has been provided

The data will be stored in secure folder within Southwark council.

HMRC will destroy their data once Southwark council has confirmed receipt.

The data will be held for one year.

The data will not be shared with anyone else.



**Describe the scope of the processing:** what is the nature of the data, and does it include special category or criminal offence data? How much data will you be collecting and using? How often? How long will you keep it? How many individuals are affected? What geographical area does it cover?

The nature of the data is customer name, address and liability order date from Southwark council and for matching records and if applicable, PAYE and self-assessment information from HMRC.

There are no special categories or criminal offence data.

A sample of up to 4,000 records will be collected and used.

This is a one off pilot to inform the next phase.

HMRC will destroy the records supplied by Southwark Council after processing and return to the Council and confirmation of receipt by the Council.

Southwark Council will keep the data for the duration of the pilot.

Up to 4,000 individuals may be affected

The geographical area covers the Borough of Southwark's boundary.

**Describe the context of the processing:** what is the nature of your relationship with the individuals? How much control will they have? Would they expect you to use their data in this way? Do they include children or other vulnerable groups? Are there prior concerns over this type of processing or security flaws? Is it novel in any way? What is the current state of technology in this area? Are there any current issues of public concern that you should factor in? Are you signed up to any approved code of conduct or certification scheme (once any have been approved)?

The individuals reside within the Southwark council boundary and are liable to pay council tax to Southwark and have not paid.

The individuals will have controls as set out under existing GDPR legislation.

Council tax is covered by the Local Government Finance Act 1992 and individuals are required to pay their council tax and would expect Southwark Council to pursue recovery of their debt.

Children and other known vulnerable groups are not included.

There are no prior concerns over this type of processing and security flaws.

It is novel in that this is the first piloted use of data in this manner; however, the use of data sharing to manage and reduce debt is well established throughout the debt industry.

There is no new technology in this area for this type of pilot.

There are no issues of public concern to be factored in.

Southwark Council and HMRC are required to adhere to the DEA Code of Practice, DPA

2018 and LGFA 1992 (as amended).

**Describe the purposes of the processing:** what do you want to achieve? What is the intended effect on individuals? What are the benefits of the processing – for you, and more broadly?

The pilot is aimed at:-

Increasing recovery of council tax debt from individuals who have not paid and debt support for those individuals identified as financially vulnerable.

The intended effect on individuals will be to encourage payment of outstanding debt prior to the use of enforcement methods. Also to ensure those who are identified as vulnerable will receive the appropriate debt support.

The benefits of the processing:

- Identification of financially vulnerable debtors who can be signposted for assistance within the Council or to support organisations.
- Increase in Council Tax debt recovered.
- Increase take up of reliable Attachment of Earnings orders.
- Increase in debt recovery due to knowledge of customers self-assessment information.
- Reduce failure rate of Attachment of Earnings orders.
- Reduction in the need for enforcement agents and a reduction in associated fees.
- A fairer 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.

## Step 3: Consultation process

**Consider how to consult with relevant stakeholders:** describe when and how you will seek individuals' views – or justify why it's not appropriate to do so. Who else do you need to involve within your organisation? Do you need to ask your processors to assist? Do you plan to consult information security experts, or any other experts?

Individuals views will not be sought for this pilot, the council already has the power to request employment details from individuals when a liability order has been obtained under Regulation 36 of the Council Tax (Administration & Enforcement) Regulations 1992 and employment details are already held in many cases where an attachment of earnings order has been served. Consultation is not therefore necessary on this occasion. However the Council intends to fully engage with the voluntary sector forum network that exists within Southwark.

Additionally the Digital Economy Act 2017 has undergone a public consultation process.

Within Southwark council, the DPO, SIRO, senior decision makers, analysts and debt agents need to be involved.

Processors will be asked to assist.

Security, data protection and analyst experts will be involved and consulted.

## Step 4: Assess necessity and proportionality

**Describe compliance and proportionality measures, in particular:** what is your lawful basis for processing? Does the processing actually achieve your purpose? Is there another way to achieve the same outcome? How will you prevent function creep? How will you ensure data quality and data minimisation? What information will you give individuals? How will you help to support their rights? What measures do you take to ensure processors comply? How do you safeguard any international transfers?

The statutory gateway is:-

- Local Government Finance Act 1992
- Digital Economy Act 2017, part 5, Chapter 3.

The lawful basis for processing is the:-

Performance of a task carried out in the public interest or in the execution of official authority vested in the controller.

The processing will achieve the purpose and there is no other way of obtaining the same outcome.

The pilot will adhere to the DEA Code of Practice, DPA 2018 and LGFA 1992 and the project aims and objectives will ensure the scope remains as defined.

Data minimisation is achieved by adhering to the LGFA 1992, in that only the information supplied by the individual can be supplied to HMRC.

Data quality will be achieved by in-house processing by HMRC to ensure only matched individual data is returned to Southwark council that reaches HMRC matching criteria.

Information given to the individual will take the form of a Privacy Notice outlining the potential uses that may be made of their data for the purposes of Council Tax collection and in the event of non-payment. The Privacy Notice will also include details or reference to details of how to exercise data subject rights under the legislation.

Information given to individual as a consequence of the matching activity will depend on the match data returned by HMRC, and for those with:-

- PAYE data supplied, they will be informed that an AoE will commence.
- Self-assessment data, they will be informed by letter or phone conversation.
- For those identified as financially vulnerable they will be helped by debt support.

Southwark council will apply its fairness principles to the pilot.

All staff involved in the pilot have been suitable trained and have signed relevant data security policies.

Data will not be sent outside the UK.

## Step 5: Identify and assess risks

<b>Describe source of risk and nature of potential impact on individuals.</b> Include associated compliance and corporate risks as necessary.	<b>Likelihood of harm</b>	<b>Severity of harm</b>	<b>Overall risk</b>
<p><b>Risk</b> - Data is shared with other sections or organisations for which there is no authorisation or legal justification.</p> <p><b>Impact</b> - Possibility of information being shared inappropriately</p> <p><b>Compliance and corporate risk</b> -</p> <ul style="list-style-type: none"> <li>• Non-compliance with the DPA</li> <li>• Non-compliance with sector specific legislation or standards</li> <li>• Non-compliance with human rights legislation</li> <li>• Non-compliance with the DPA or other legislation can lead to sanctions, fines and reputational damage</li> <li>• Public distrust about how information is used can damage the council's reputation</li> <li>• Data losses which damage individuals could lead to claims for compensation</li> </ul>	Remote, possible or probable	Minimal, significant or severe	Low, medium or high
<p><b>Risk</b> - The data being collected may be considered sensitive as it shows employment details including levels of earnings, self employment and income</p> <p><b>Impact</b> - Attachments to earnings that are implemented as a result of collecting information about them and possible customer interaction might be seen as intrusive</p> <p><b>Compliance and corporate risk</b> -</p> <ul style="list-style-type: none"> <li>• Public distrust about how information is used can damage the council's reputation</li> </ul>	Remote	Significant	Low
<p><b>Risk</b> - Data concerning vulnerable customers may be divulged without authorisation putting individuals at risk</p>	Probable	Significant	Medium




<p><b>Impact</b> – Vulnerable people may be particularly concerned about the risks of identification or the disclosure of information</p> <p><b>Compliance and corporate risk -</b></p> <ul style="list-style-type: none"> <li>• Non-compliance with the DPA</li> <li>• Non-compliance with human rights legislation</li> <li>• Non-compliance with the DPA or other legislation can lead to sanctions, fines and reputational damage</li> <li>• Public distrust about how information is used can damage the council’s reputation</li> <li>• Data losses which damage individuals could lead to claims for compensation</li> </ul>	Remote	Significant	Low
<p><b>Risk</b> – Data held may be out of date</p> <p><b>Impact</b> – If a retention period is not established information might be held for longer than necessary</p> <p><b>Compliance and corporate risk -</b></p> <ul style="list-style-type: none"> <li>• Non-compliance with the DPA</li> <li>• Non-compliance with sector specific legislation or standards</li> <li>• Non-compliance with human rights legislation</li> <li>• Non-compliance with the DPA or other legislation can lead to sanctions, fines and reputational damage</li> <li>• Public distrust about how information is used can damage the council’s reputation</li> </ul>	Possible	Significant	Medium

## Step 6: Identify measures to reduce risk

<b>Identify additional measures you could take to reduce or eliminate risks identified as medium or high risk in step 5</b>				
<b>Risk</b>	<b>Options to reduce or eliminate risk</b>	<b>Effect on risk</b>	<b>Residual risk</b>	<b>Measure approved</b>
Data is shared with other sections or organisations for which there is no authorisation or legal justification	<ul style="list-style-type: none"> <li>A legal gateway for sharing this information has been established</li> <li>Restrict access to data through system usernames/ passwords</li> <li>GDPR training delivered to all existing staff and incorporated in induction procedures for new staff provided</li> </ul>	Eliminated reduced accepted	Low medium high	Yes/no
The data being collected may be considered sensitive as it shows employment details including levels of earnings, self-employment and income details	<ul style="list-style-type: none"> <li>Data only used by staff responsible for administering attachment of earnings</li> <li>legislation prescribes deduction percentages depending on income (section 6 of CT (admin and enforcement) regulations 1992</li> </ul>	Reduced	Low	Yes
Data concerning vulnerable customers may be divulged without authorisation	<ul style="list-style-type: none"> <li>Restrict access to data through system usernames/ passwords</li> <li>GDPR training delivered to all existing staff and incorporated in induction procedures for new staff. provided</li> </ul>	Reduced	Low	Yes

<p>putting individuals at risk</p> <hr/> <p>Data held may be out of date</p>	<ul style="list-style-type: none"> <li>Compliance with data retention periods that apply to service</li> </ul>	<p>Reduced</p>	<p>Low</p>	<p>Yes</p>
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**Step 7: Sign off and record outcomes**

Item	Name/date	Notes
<p>Measures approved by:</p>		<p>Integrate actions back into project plan, with date and responsibility for completion</p>

Residual risks approved by:	[REDACTED]	If accepting any residual high risk, consult the ICO before going ahead
DPO advice provided:	[REDACTED]	DPO should advise on compliance, step 6 measures and whether processing can proceed
Summary of DPO advice:		
DPO advice accepted or overruled by:		If overruled, you must explain your reasons
Comments:		
Consultation responses reviewed by:		If your decision departs from individuals' views, you must explain your reasons
Comments:		
This DPIA will kept under review by:		The DPO should also review ongoing compliance with DPIA