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Digital Economy Act 2017 - Formal Submission for
Local Authority and HMRC Business Case v 1.1

Name of Pilot	Data share between Dudley Metropolitan Borough Council (DMBC) 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
List the specific clause in the DEA Act (2017)	For the purposes of the taking of action in connection with debt owed to a public authority or to the Crown, the Digital Economy Act (2017), part 5, chapter 4, paragraph 48
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.	Dudley Metropolitan Borough Council, listed on Schedule 7,
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	
<p>This should include:</p> <ul style="list-style-type: none"> ● 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 	

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- 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 Dudley MBC LA and is part of a submission for a total of 28 other local authorities.

Dudley MBC is based within the West Midlands location and has approximately 138,000 domestic properties.

Dudley MBC has a strong track record of good council tax collection performance. This collection has reduced slightly year on year recently. Dudley MBC's elected members consider that Dudley does not get a fair deal in terms of money from central government. As such a great importance is placed on effective and efficient collection of council tax, to enable Dudley MBC to provide services to its people. This performance is monitored on a monthly basis and reported as a Key Performance Indicator to corporate board and cabinet on a quarterly basis.

For 2017/18, Dudley MBC issued approx. 240,000 bills to resident households demanding £127m council tax, with an average collection rate of 97% (national average is 97.1%), leaving a shortfall of liability order debt of £4m, before any recovery action.

Dudley MBC obtained 14,500 liability orders at the Magistrates' Court, of which 65% of these liability orders were eventually passed to enforcement agents and only 7% resulting in Attachment of Earnings (AoEs) – a process where direct deductions are made from salary at a percentage set by Local Government Finance Act 1992 (LGFA 1992).

Note that our enforcement agents are external to the council, i.e. private companies. As such, we will not be sharing any information provided by HMRC with our enforcement agents. Any data accessed by the enforcement agents are not from outside of the EAA.

<https://www.dudley.gov.uk/media/8009/dudley-council-plan-2016-19.pdf>

https://www.dudley.gov.uk/media/6657/dudleys_council_tax_2018-19.pdf

<https://www.dudley.gov.uk/media/9847/c-users-mikecollett-desktop-council-tax-recovery-policy-2018-19.pdf>

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

- liability order adds approximately £92.50
- enforcement action normally adds either £75 or £310

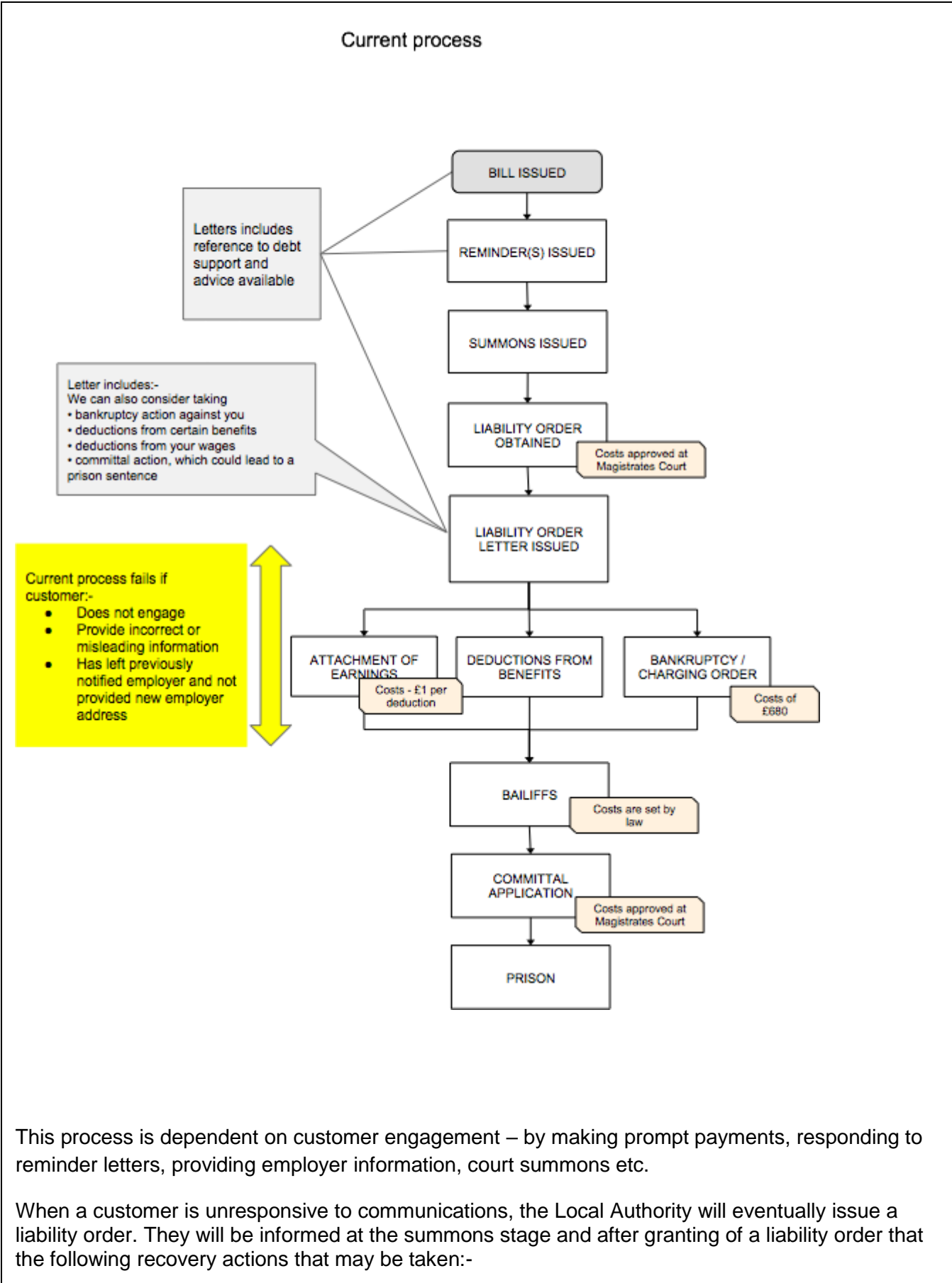
Arrears that remain outstanding, following recovery action from previous financial years 2010 to 2016 are shown in the table below:-

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Year	Total number of Liability Orders issued	Value of Liability Orders obtained £	Value Outstanding £
2010	8408	Not available	85,268
2011	8938	5,966,834	142,923
2012	8351	5,951,757	202,012
2013	9543	6,983,035	418,251
2014	12447	6,975,427	610,703
2015	11699	7,098,277	851,134
2016	14676	6,653,032	1,319,541
Arrears total			5,840,707

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

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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:-

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- 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.

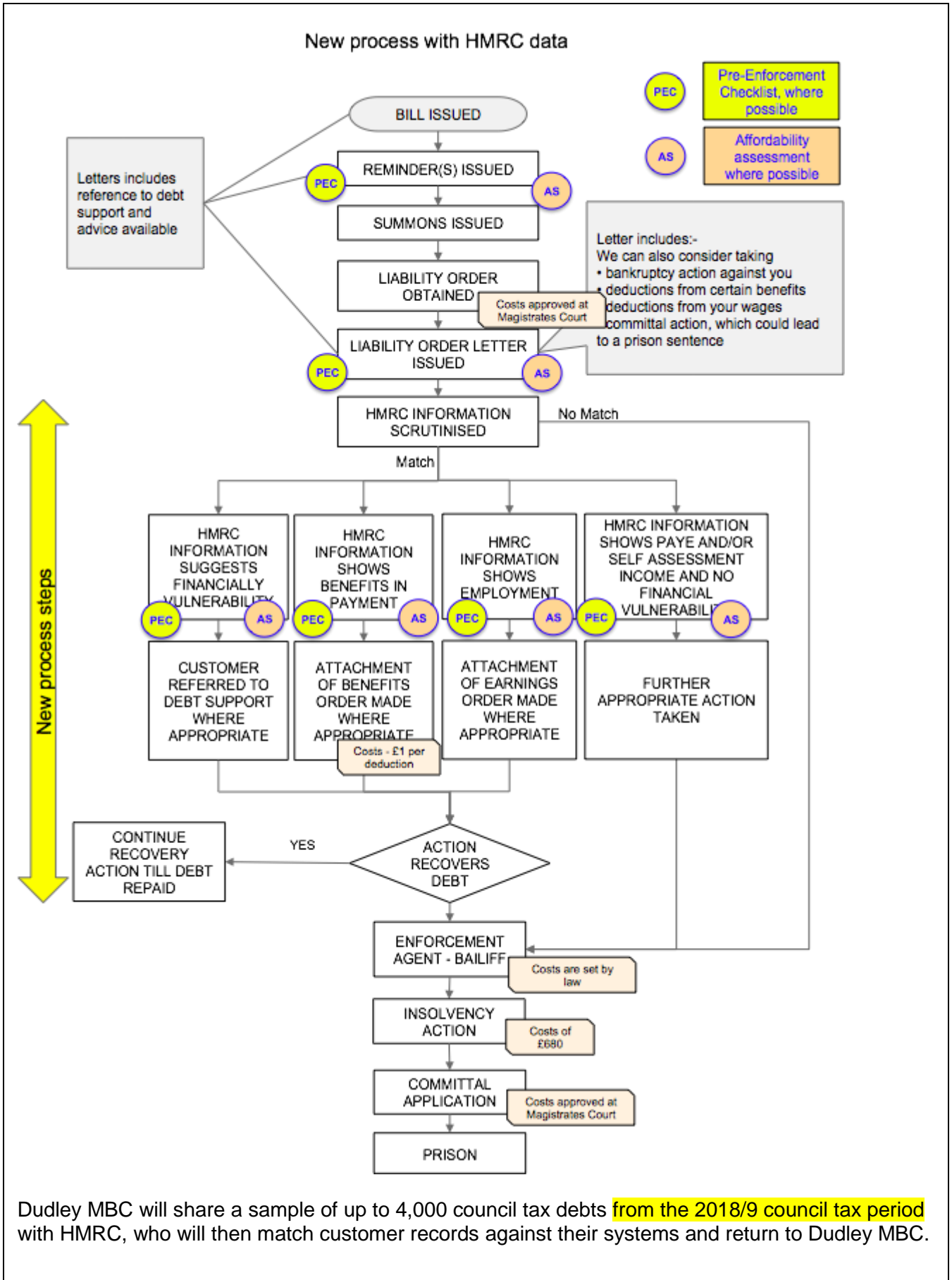
Dudley MBC has identified that Her Majesty's Revenues and Customs (HMRC) PAYE, Self-Assessment and tax credit data as potentially useful and could support:-

- 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 local authorities 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 local authority may take.

A proposed process map is shown below:-

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Local authority criteria for the sample is:-

Category

- Debt from £125 to £500
- Debt from £500 to £1500
- Debt £1500 to £5000
- Debt above £5000
- Multiple Liability Orders
- Absconder
- Closed accounts
- Left LA area
- Abroad
- Band E and above

Regarding the above, cases sent will be from a random sample factoring in proportionality for each category.

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 (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:-
- Current HMRC Address
- PAYE data, including:-
 - Employer Name
 - Employer Address

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- Employer District Number
- Employer Reference
- Employment Start Date
- Employment End Date
- Employment Pay Frequency
- Payment Date
- Taxable Pay in Period
- Weekly Period Number
- Monthly Period Number
- Payroll ID in this employment
- Individual Address

- Self-Assessment data, including:-
 - Date SA record set up
 - Tax Return date of receipt
 - Tax Year
 - SA Total Income
 - SA Employment Income (Pay from all Employments)
 - SA Self-Employment Income (Profit from Self-Employment)
 - SA Partnership income (Profit from Partnerships)
 - SA UK Pensions and State Benefits
 - SA Trust and Estates Income
 - SA Foreign Income
 - SA Dividends from Foreign Companies
 - SA Shares Schemes Income
 - SA Profit from UK Land and Property
 - SA Dividends from UK Companies
 - SA Interest received from UK Bank and Building Societies
 - Other Income
 - Gains on Life Insurance Policies
 - Business Description
 - 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 Dudley MBC.

Persons at Dudley MBC receiving and disclosing data are limited to debt analysts and debt recovery officers. All such users sign data disclosure agreements before system access is granted. All staff have had DPA and lately GDPR training.

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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 Dudley MBC who will manage and recover debt, related to this pilot, 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.

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

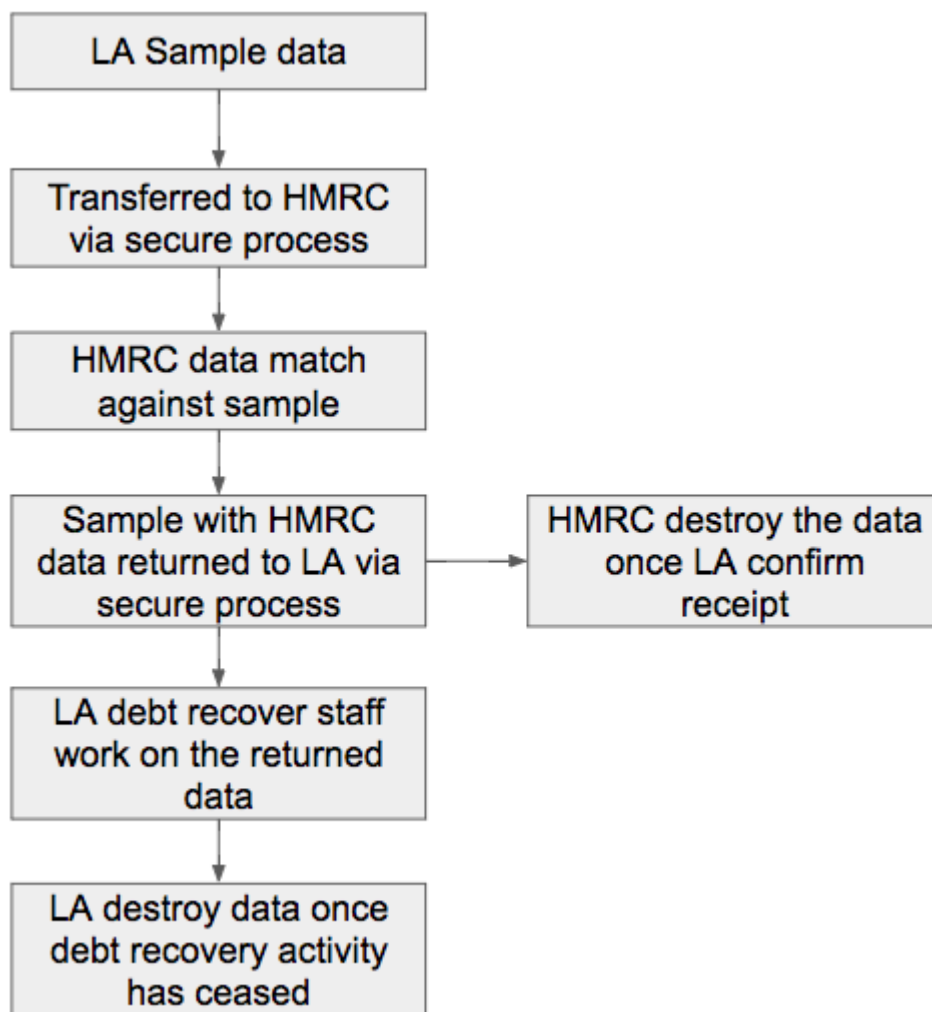
The data for AoE's processing will be held on the councils' existing document management and data processing systems, supplied by Northgate Public Services (UK) Limited system, which has the following security standards accreditations:

- Cyber Essentials (secure against cyber hacking)
- ISO 27001 (Information Security Management)
- ISO 20000-1 (Information Technology 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

A simple process map is shown below.



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.

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- 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 attachment of earnings 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

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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 to this business case.

FOR ALL INFORMATION SHARES

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

I/we confirm that this business case and associated documents adheres/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)

[REDACTED]

Funds are available

Yes

Resources (including staffing) are available

Yes

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Supplier contract amendments are in place (if applicable)	N/A
Please add links or embed the following documents	
Debt recovery policy/ strategy	[REDACTED]
Fairness/vulnerability policy/strategy	N/A
Privacy Notice	https://www.dudley.gov.uk/privacy-disclaimer-statement/revenue-and-benefit-services-privacy-notice/

Persons Involved in Data Share (Lead organisation)	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED] Dudley MBC
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Persons Involved in Data Share (Organisations disclosing data)	

Primary Point of Contact (person submitting the business case)	
Name	[REDACTED]
Contact number	[REDACTED]
E-mail address	[REDACTED]
Job title incl. department and organisation	[REDACTED] Dudley MBC

Date of submission	1/2/19
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Privacy Notice

This notice sets out how we will use your personal data, and your rights. It is made under Articles 13 and/or 14 of the General Data Protection Regulation (GDPR).

YOUR DATA

We will process your name, department, email address, telephone number and job title for the purposes of evaluating your business case in accordance with the Information Sharing Code of Practice for public authorities disclosing information under Chapters 1, 3 and 4 (Public Service Delivery, Debt and Fraud) of Part 5 of the Digital Economy Act 2018.

The legal basis for processing your personal data is because processing is necessary in the exercise of official authority vested in the data controller under Part 5 of the Digital Economy Act 2017.

Your personal data will be shared by us within Cabinet Office, and with members of the Fraud and Debt Information Sharing Review Board, and other parties to the pilot data share. As your personal data will be stored on our IT infrastructure it will also be shared with our IT suppliers.

Your personal data will be kept by us until such time that the review of Part 5 of the Digital Economy Act 2018 is complete.

YOUR RIGHTS

You have the right to request information about how your personal data are processed, and to request a copy of that personal data.

You have the right to request that any inaccuracies in your personal data are rectified without delay.

You have the right to request that any incomplete personal data are completed, including by means of a supplementary statement.

You have the right to request that your personal data are erased if there is no longer a justification for them to be processed.

You have the right in certain circumstances (for example, where accuracy is contested) to request that the processing of your personal data is restricted.

You have the right to object to the processing of your personal data where it is processed for direct marketing purposes.

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You have the right to object to the processing of your personal data.

INTERNATIONAL TRANSFERS

As your personal data is stored on our IT infrastructure, and shared with our data processors, it may be transferred and stored securely outside the European Union. Where that is the case it will be subject to equivalent legal protection through the use of Model Contract Clauses

COMPLAINTS

If you consider that your personal data has been misused or mishandled, you may make a complaint to the Information Commissioner, who is an independent regulator. The Information Commissioner can be contacted at:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF
0303 123 1113
casework@ico.org.uk

Any complaint to the Information Commissioner is without prejudice to your right to seek redress through the courts.

CONTACT DETAILS

The data controller for your personal data is the Cabinet Office. The contact details for the data controller are:

Cabinet Office
70 Whitehall
London
SW1A 2AS
0207 276 1234
publiccorrespondence@cabinetoffice.gov.uk

The contact details for the data controller's Data Protection Officer (DPO) are:

Stephen Jones
DPO
Cabinet Office
70 Whitehall
dpo@cabinetoffice.gov.uk