Digital Economy Act 2017 - Formal Submission for
Local Authority Council Tax - Debt Recovery and Vulnerable Support pilot

Name of Pilot	Data Share Between Local Authorities and Government Departments to Manage and Reduce 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 3, Paragraph 48
Lead organisation - 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.	East Suffolk Council, as listed in Schedule 7, Paragraph 10 - 14
Please confirm which other public authorities are party to the proposed data sharing arrangement, and which Schedule they are listed in.	DWP, as listed in Schedule 7 Paragraph 6 HMRC, as listed in Schedule 7 Paragraph 8 Cabinet Office, as listed in Schedule 7 Paragraph 9
If applicable, please confirm which organisation(s) is considered to meet the definitions in para 41 of Schedules 7 (debt) or 8 (fraud)	N/A
Legal basis	Digital Economy Act (2017), Part 5, Chapter 3, Paragraph 48
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	Formal Review
Please provide an outline of the information share. Note: you need not detail the counter fraud operations of partners	
This should include:	

- the legal basis for the pilot and that no other legal gateways are available or can be used
- the objective of the information sharing agreement, including:-
  o a description of how the reaud or debt has occurred
  o the financial implications
  o a user case example
- an overview of the activity under the arrangement and how the data will be used;
- an outline of what types of data will be shared and the data security arrangements to be put in place
- the period of duration for the arrangement, when the data share will be live
- how retention periods will be managed
- the potential benefits the pilot
- the success measures of the pilot

Legal basis:

The legal basis for this pilot is the Digital Economy Act (2017).

This has been determined with discussion with our legal team.

The objective of the information sharing agreement:

This is a follow-up pilot to the Council Tax Pilot (DEA/D/1-29) that was in operation from March 19 to March 20. This new pilot involves over 30 local authorities, DWP and HMRC.

Both this new pilot and the first are and were aimed at:
- Increasing the management and recovery of debt by utilising HMRC PAYE and Self Assessment (SA) data,
- Identifying and supporting vulnerable debtors.

As the country begins to recover from Covid-19, debt recovery action will recommence. Thus, the aims of this pilot are to support public authorities in enacting fair debt recovery programmes, supporting those who can't pay whilst managing and recovering debt from those who can pay.

The first pilot involved 29 local authorities supplying a sample of their Council Tax debtors to HMRC, whereupon HMRC returned the associated PAYE and Self Assessment data to the local authorities for them to use in managing and recovering debt (via communication with the debtors and by using Attachments of Earnings (AoE) where appropriate).

The first pilot has now ended and the results are being analysed. Early indications suggest it has successfully achieved a Council Tax debt recovery rate of approximately 20%. This new pilot is again limited to Council Tax debtors.

In building upon the first pilot, there are two areas that can be improved upon in launching this second pilot:
- the identification of vulnerability, and,
- the matching rate.

Identification of Vulnerability - In the first pilot, we anticipated that the PAYE and SA information of debtors could indicate their vulnerability. This proved to be erroneous and no determination could be made from either data set.

Matching Rate - The first pilot's matching success rate was 54%. Although this was better than expected, the introduction of additional identification information can increase the match rate significantly, thus increasing the debt recovery rate.

Public Authorities - This second pilot aims to include the following:
Local Authorities, comprising
- a core from the first pilot, and,
- a small selection of those who have expressed a new interest.

DWP - Included as the source for:
- increasing the vulnerability identification, by returning matched debtors in receipt of income-based benefits,
- increasing the matching rate with HMRC, by adding additional identification data (including NINO to debtors it matches).

The data requested from HMRC is:
- Address data
  - to aid communication
- PAYE data
  - to aid segmentation of recovery action
- Self Assessment data
  - to aid segmentation of recovery action
- Furlough data
  - to aid in the identification of vulnerable debtors

Neither HMRC or DWP is to retain the data beyond its matching operations. Cabinet Office is not to retain the data beyond its collation of the Local Authorities' spreadsheets, its passing of this to DWP and its return of disaggregated information to respective Local Authorities. An MOU will be drawn up between all parties (including East Suffolk Council, Cabinet Office, DWP and HMRC) prior to the data share under Article 28 of the UK GDPR. Here, the process of transferring the data shall be detailed.

Background of the Authority.

Council Tax is levied on each domestic dwelling within the council's boundary. When payments are not made based on the statutory instalment plan, reminder notices are issued and non-paid amounts are enforced through the Magistrates' Court to obtain a Liability Order. Recovery is based on the regulations enacted by the Local Government Finance Act 1992.

As at 29.01.2021, there are 8,287 Liability Orders totalling in excess of £1.5m outstanding for the five years prior to 31.03.2020.

Details of the steps to recover non-payment are at the following link: How We Recover Unpaid Council Tax (angliarevenues.gov.uk)

East Suffolk Council has identified that customer income-based benefit information from DWP and PAYE and Self-Assessment customer information from HMRC is useful and able to support:

- the managing of overall arrears and further developing of recovery procedures, by:
  - identifying customers whose circumstances make them vulnerable and providing appropriate support and appropriate recovery action whereupon they engage with the Local Authority;
  - identifying those in employment and allowing the recovering of individual debts by Attachment to Earnings Orders, where appropriate;
  - identifying forwarding addresses for customers who have moved leaving arrears outstanding;
  - identifying those receiving benefits and allowing the recovering of individual debts by Attachment to Benefits Orders, where appropriate.

This is a significant change from the current process and allows us to take positive action to identify and support vulnerable customers and recover debt from those customers who are not engaging in the process and who have already been informed of the action the Local Authority may take.

An overview of the activity under the arrangement and how the data will be used:

East Suffolk Council will undertake a one–off data share as to a reasonable sample of debtors. This sample is to be of an appropriate size in relation to East Suffolk Council (as may include all debtors contained within our Liability Order dataset). There is no limit to this sample size. This sample is to be shared with Cabinet Office, who will then collate all of the submitted samples from the pilot's Local Authorities into a single document. This collated document will then be passed by Cabinet Office to DWP who will match against their benefits records. For those records matched, DWP will add income-based benefits data and add corroborative customer information (e.g., NINO and/or DoB) and then forward these records to CO. CO will then store the matched DWP data securely and produce a minimised version of the spreadsheet showing only the LA identifiers and personal information and matched DWP personal information, this minimised spreadsheet will then be password protected, and sent to HMRC, split into 10MB files, via forced TLS email over a government secure network. The password will be sent in a separate email once HMRC contact have confirmed receipt of the file(s).

HMRC will then match these customer records against their systems and return the records to Cabinet Office with the associated address, PAYE and/or Self Assessment information. Cabinet Office will then disaggregate this information and provide the respective samples to each local authority, whereupon East Suffolk Council shall receive its sample back.

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

A snapshot of data will be taken before being issued to DWP/HMRC for evaluation during and post-action.

A proposed process map is shown below:

Debt Recovery & Vulnerability Support Pilot
Data flow process
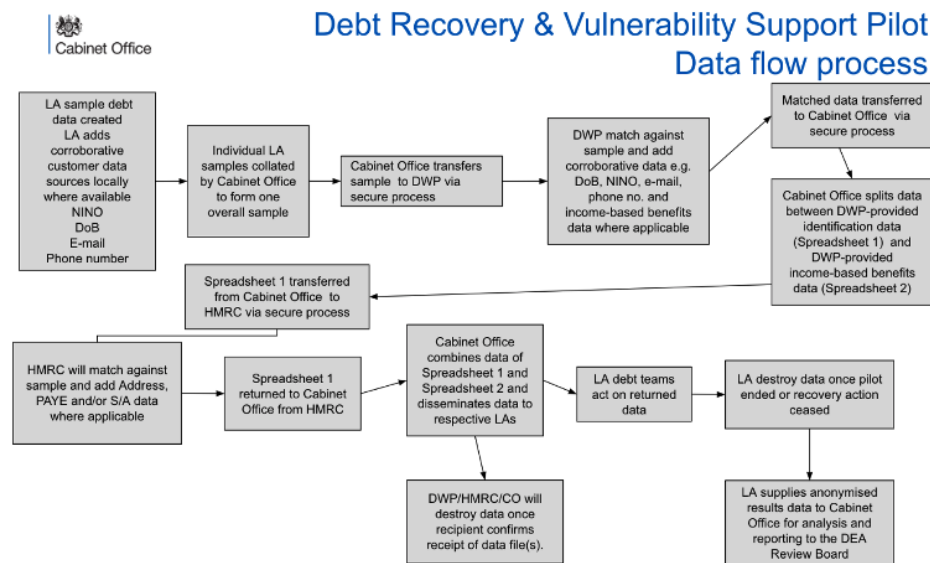
Once the data has been returned, East Suffolk Council will analyse the results from DWP and HMRC and;

For those in receipt of DWP Income-based benefits:
Pass to debt support team for action,
Communicate with the debtor,
If debtor contacted and vulnerability discussed, support offered (where appropriate) and/or payment plan agreed
if no contact, East Suffolk Council shall continue recovery action

For those in receipt of PAYE:
14-day letter (as per the first pilot) to be issued to the debtor.
If debtor contacted, payment plan or vulnerability discussed
If no contact, East Suffolk Council shall progress Attachment of Earnings action.

For those in receipt of S/A:
Communicate with the customer noting they are in receipt of S/A
If debtor contacted, payment plan or vulnerability discussed.
If no contact, East Suffolk Council shall continue recovery action.

An outline of what types of data will be shared and the data security arrangements to be put in place:

East Suffolk Council, will send a password protected Excel spreadsheet to the CO contact, XXX by forced Transport Layer Security (TLS) government-secure email relating to a sample of their Council Tax Debtors. The password will be sent via a separate means to CO on confirmation of receipt of file(s).

The total sample of debtors will be approximately 300,000. The sample will exclude debtors who are;
·   in receipt of debt support - full or partial;

- · deceased;

- · subject to committal and bankruptcy cases;

- · companies;

- · subject to a current Attachment of Earnings.

The data items sent from LA's to CO are as follows:

- LA ID Number (Housing Benefit Number)
- LA Name
- Party Pin (Unique Refence Number)
- Account Number (Council Tax Account Number)
- Title;
- First name;
- Middle name or initials
- Surname
- Date of Birth
- National Insurance Number (if available)
- Property address and postcode
- Mailing address and postcode (if applicable)
- Mailing address start date (if applicable)
- Telephone numbers (where available)
- Email addresses (where available)
- Date of commencement of Liability Order (if applicable)

CO will store this Data securely, in accordance with DPA 2018. The Data will be extracted, combined and then broken down into a single excel spreadsheets, not exceeding 10MB, by CO. The spreadsheet shall be password-protected and sent to DWP by forced TLS Government-secure email by the CO contact, XXX from the mailbox XXX to one of the nominated DWP D&A Data Security Team (DST):

XXX
XXX
XXX
XXX

Prior to the transfer of data to DWP, CO will liaise with the DWP DST contacts to confirm which nominated individual is to receive the data on that day.

DWP guidance requests that passwords are communicated in a separate format to the way the data is shared. Therefore, CO contact XXX, will telephone the confirmed DWP DST contact to relay the spreadsheet password verbally on receipt of the file(s).

DWP DST Team will then upload the file(s) to Centric, the DWP system/environment where the scans/matching will take place and inform the DWP TechChange Team the data is available.

Using Centric, DWP TechChange Team will match against their benefits records using DWPs Customer Information System (CIS) and, for those matched customers, will add additional corroborative data and income-based benefits information as follows:

- Match successful – Yes or no
- Customer name as recorded on DWP records
- NINO as recorded by DWP (where available)
- DoB as recorded by DWP (where available)
- Telephone numbers (where available)
- Email addresses (where available)
- Income-based benefit in payment – Yes or no
- Payment frequency – weekly or monthly
- Benefit amount

The DWP TechChange Team will notify the DWP DST Team when the matching is complete.

The file(s) will then be downloaded from Centric by the DWP DST Team and saved in the same format (i.e. an Excel document), ensuring the individual files do no exceed 10MB. Again, the file(s) will be password-protected, and sent to the CO contact, at the mailbox XXX via forced TLS email over a government secure network. In line with DWP policy, the password will be relayed to by the DWP DST individual to the CO Contact, XXX, by telephone once CO have confirmed receipt of the file(s).

CO will then store the matched DWP data securely and produce a minimised version of the spreadsheet showing only the LA identifiers and personal information and matched DWP personal information, this minimised spreadsheet will then be password protected, and sent to HMRC, split into 10MB files, via forced TLS email over a government secure network. The password will be sent in a separate email once HMRC contact have confirmed receipt of the file(s).

The area within HMRC who will be carrying out the matching will be Risk and Intelligence Services (RIS). The dedicated email address is XXX

HMRC RIS DAT will use the personal matching indicators supplied by CO to match in Connect and RTI. If the address provided does not match the current address held by HMRC, then previous addresses will be used as a match. If the customer information produces a successful match, RIS will return the following data items:

- Match successful - yes or no
- Full Name as recorded by HMRC
- Address as recorded by HMRC
- Previous address as recorded by HMRC (if applicable)

If person is in current employment, RIS will check RTI systems based on the matched data to provide the following PAYE information:

- PAYE Reference Number
- Employer Name
- Employer Address and postcode
- Employer Contact Details (e.g., name and phone number)
- Employment Start Date
- Employment End Date (if applicable)
- Employment Pay Frequency
- Tax Year
- Taxable Pay in Period

- Taxable Pay Year to Date

If there is a live Self-Assessment account for the individual, then RIS will match in CONNECT and return the following:

- Tax Year
- SA Total Income
- SA Correspondence Address

HMRC RIS DAT will produce a single spreadsheet with the matched data. This spreadsheet shall be password-protected and split into 10MB file(s) and returned via forced TLS Government-secure email to the CO contact, ~~XXX~~ at the mailbox ~~XXX~~. The password will be emailed from HMRC RIS DAT to CO on confirmation of receipt of files(s).

If Sensitive Customer Record's (SCR's) are identified, they are removed from the population by the Centre for National Information (CNI) prior to any matching being carried out. This will ensure data quality and that the returned data will meet all HMRC standards.

On receipt of the final data product from HMRC RIS DAT, CO will merge the data with the additional DWP benefits data and then disaggregate the final data set and create separate spreadsheets of the data relevant to each Local Authority. The spreadsheet for each Local Authority shall be password-protected and sent to that LA by TLS Government-secure email by CO.

Each LA will extract the data from the spreadsheet they receive from CO. The data will be used solely for the purpose of this project and will not be retained for the purpose of any other use. LA's will delete the data on completion of the pilot and its analysis, and this will be confirmed via email to CO, DWP and HMRC contacts.

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

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

Persons at East Suffolk Council 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.

Persons at DWP and 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.

For any third-party entity or body which provides services to East Suffolk Council and which has access to its software suppliers and is able to extract data to be used in a search tool available for other councils - East Suffolk Council shall ensure no data supplied to them under this pilot is available for any other council to obtain.

The period of duration for the arrangement, when the data share will be live:

The duration period for the pilot shall be 12 months from when the data is shared by East Suffolk Council to Cabinet Office, with this period enabling the analysis of the success or otherwise of the data share. An initial report will be compiled and submitted to the DEA Review Board via the DEA Secretariat after the end of the operational activity, as shall outline the progress made against the success criteria and any issues found.

A provisional timetable is outlined below:
- Feb 21 – Formal Business Case submitted to the DEA Review Board
- Feb 21 – Ministerial Approval
- March 21 - Data shared from East Suffolk Council to Cabinet Office and this collated data (comprising all pilot Local Authorities data) is shared with DWP,
- April 21 - HMRC to conduct matching and return data to Cabinet Office, who will then disaggregate and share related data back to East Suffolk Council.
- April/May 21 - Pilot authorities begin analysis and operational activity on returned data
- April/May 21 - Initial review of the pilot against the success criteria
- Sept 21 - Mid pilot review and report and BAU considered
- March 22 - Pilot ends and pilot evaluation report produced

How retention periods will be managed:

The retention period for the pilot shall be 12 months from when the data is shared with East Suffolk Council to Cabinet Office.

Personal data that has been part of the DEA legal gateway process will be retained in accordance with the authorities' data retention policy. Shared data will be kept separate and recognisable to enable deletion at the end of the pilot.

Cabinet Office will destroy the collated data once:
- East Suffolk has received the match results
- Anomalies in the data are resolved

Neither HMRC or DWP is to retain the data beyond its matching operations. Cabinet Office is not to retain the data beyond its collation of the Local Authorities' spreadsheets, its passing of this to DWP and its return of disaggregated information to respective Local Authorities.

The aggregated report produced will not be subject to a retention period as it will not contain personal data, only aggregated results.

For Local Authorities and HMRC, the pilot data will be deleted one year after the data has been shared with Cabinet Office, except where the data is being used operationally and will be deleted once recovery action has been completed.

From the information supplied by HMRC, if East Suffolk Council subsequently has this information confirmed by either the employer or the individual, then that information can be classed as having been supplied via another source (i.e., other than HMRC), then East Suffolk Council shall be able to retain this data on its systems. However, the data received from HMRC in its raw format shall be deleted at the end of the pilot.

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

The potential benefits the information share could bring:

Potential benefits;
- Increased debt recovered
- Increased in-year collection rate
- Increased identification of vulnerable debtors, as can be signposted for assistance within or externally of East Suffolk Council, where they engage;
- Increase in debt recovery due to knowledge of PAYE and Self-Assessment information
- Increase in take-up of reliable Attachment of Earnings
- Reduced failure rate of Attachment of Earnings
- Reduced need for using enforcement agents as a first port-of-call and the increasing of debt with fees.
- A fair approach to reducing debt with an ability to pay over a regular period.
- Improved effectiveness in debt recovery and thus reduced 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 East Suffolk Council 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
- Identification of individuals with a propensity to pay and take appropriate recovery action
- Reduced or mitigated problem debt

The success criteria for the data share and the methodology you will use to measure success:

Success criteria and associated metrics:
- Number of successful matches from DWP and HMRC
- Amount of debt recovered (£)
- Change in in-year collection rate
- Number of cases that were identified as potentially vulnerable due to data from DWP
- Number of cases that were referred to internal and external debt support, where they engage
- Number of AoE Issued, where applicable
- Number of no-payment Attachment of Earning, that the employer did not act upon (to be investigated), where applicable

- Decrease in the number of cases that go to enforcement agents
- Number of cases where previously unknown income now allows for effective customer engagement and payment commences
- Number of cases where previously unknown income now allows for effective customer engagement and enforcement action is taken upon non-payment
- At the end of the pilot, consideration can be given to the impact of the action on individuals and problem debt.

FOR DEBT INFORMATION SHARES

Please include details 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 DEA Code of Practice.

Access to this data will allow a more segmented approach to the recovery of debt. 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

East Suffolk Council has and will 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).

Where relevant 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 East Suffolk Council debt recovery policies.

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

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FOR ALL INFORMATION SHARES
Please include a statement showing how you will comply with the Code of Practice.
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)	XXXXXXXXXXXX
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 any relevant documents.	

Persons Involved in Data Share (Lead organisation)	
[name]	[role]
XXXXXXXXXXXX	XXXXXXXXXXXX

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Persons Involved in Data Share (Other organisations)	
[name]	[role]
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Primary Point of Contact (person submitting the business case)	
Name	X̶X̶X̶X̶X̶X̶X̶X̶X̶X̶X̶X̶
Contact number	X̶X̶X̶X̶X̶X̶X̶X̶X̶X̶X̶X̶
E-mail address	X̶X̶X̶X̶X̶X̶X̶X̶X̶X̶X̶X̶
Job title incl. department and organisation	X̶X̶X̶X̶X̶X̶X̶X̶X̶X̶X̶X̶

Date of submission	17.02.2021