Data Processing Impact Assessment (DPIA) – Manchester City Council, DWP and HMRC Digital Economy Act data-sharing pilot.

1.Version control information

Version	Name	Date	Comment
0.1	Cabinet Office (on behalf of Manchester City Council)	14.01.2021	
1.0	Cabinet Office (on behalf of Manchester City Council)	26.01.2021	Revised following clarifications and discussions with Pilot Working Group.
1.1	Cabinet Office (on behalf of Manchester City Council)	02.02.2021	Revised following updated pilot plans.
2.0	Cabinet Office (on behalf of Manchester City Council)	04.02.2021	Revised following updated pilot plans – removal of HMRC's proposal to retain pilot data.
2.1	Cabinet Office (on behalf of Manchester City Council)	08.02.2021	Revised following questions/queries from involved Local Authorities – expected to be the final draft version.

2. Why a Data Processing Impact Assessment is needed

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 30 local authorities, DWP and HMRC.

Both this new pilot and the first are aimed at:

- Increasing the management and recovery of debt by utilising HMRC PAYE and Self-Assessment (SA) data; and
- 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.

2.1 The Public Authorities involved
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; and
- 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 Manchester City 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.

2.2 Background of the Local Authority

Manchester City Council is a large metropolitan authority in the North West providing the full range of local government services to a domestic population of over 500,000. The debt that this information will be used to recover is Council Tax debt, potentially built up over many years.

The Council was not able to collect over £14 million of Council Tax during 2019/20 and has a total of outstanding arrears of £67.3 million.

The Council's Debt Recovery Policy for Council Tax is here:
www.manchester.gov.uk/directory_record/133363/debt_recovery_policy/category/1018/council_tax

The Councils approach to recovery up to and including the obtaining of a Liability Order follows the statutory model. We do issue a second reminder after obtaining a liability order to encourage debtors to contact us to avoid enforcement costs. We use the full range of recovery options available including, where necessary, insolvency and committal proceedings.

Manchester City 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 development 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; and
- 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.

Manchester City Council, DWP and HMRC are joint data controllers in this pilot using the definition as set out in the Data Protection Act 2018.

Cabinet Office is a data processor using the definition as set out in the Data Protection Act 2018. Cabinet Office is to be the Data Processor of Manchester City Council, DWP and HMRCs data (i.e., the Data Controllers of the pilot).

The purpose of the pilot is to gather evidence that the data shared from DWP and HMRC will increase the identification of vulnerable individuals and increase Manchester City Council's Council Tax debt recovery rate.

This DPIA is needed as we will be collecting new information from DWP and HMRC to enable Council Tax recovery which may have a significant impact on the individuals concerned, for example:

- Financially vulnerable individuals may be identified and offered debt support.
- AoE's may be implemented where the individual will have no choice regarding payment of the debt.
- Individuals may be contacted to discuss the new information provided by the HMRC.

This may also raise privacy concerns as this data was originally collected for the purposes of calculating benefits and Income Tax liability.

3. Processing the data

Manchester City Council will supply Cabinet Office, DWP and HMRC with the names and addresses of Manchester City Council's customers with Council Tax debt, plus supporting identification information, (e.g. NINO, date of birth, email address and phone numbers) as a one-off data share. DWP and HMRC will match against their data and matching cases will be supplied to Manchester City Council with income-based benefits information, PAYE and Self-Assessment data.

The data will be used to enable management and recovery of Council Tax debt via:

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

The data will be stored in a secure folder within Manchester City Council and Cabinet Office will send this to DWP via secure Government email. DWP will then send the data to HMRC via secure Government email.

Neither HMRC nor 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 standard data retention period for the pilot is 12 months. However, data that is being used operationally to recover debt (e.g. via an Attachment of Earnings, bankruptcy action or supporting identified vulnerable customers) will be retained in line with Manchester City Council's data retention policies and deleted in accordance with said policies.

From the information supplied by HMRC, if Manchester City 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 Manchester City 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.

For 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.

The data will not be shared with anyone else.

3.1 An overview of the activity under the arrangement - how the data will be used

Manchester City 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 Manchester City 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. Cabinet Office 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 date of birth) and then forward these records to Cabinet Office.

Cabinet Office 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.

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 Manchester City Council shall receive its sample back.

No special category or criminal offence data shall be contained within the sample.

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.

Once the data has been returned, Manchester City 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, Manchester City 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, Manchester City 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, Manchester City Council shall continue recovery action.

3.2 Outline of types of data shared and security arrangements to be put in place

Manchester City Council will send a password protected Excel spreadsheet to the Cabinet Office (CO) contact 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 sample will exclude debtors who are:

- in receipt of debt support - full or partial;
- deceased;
- subject to committal and bankruptcy cases;
- companies; and
- subject to a current Attachment of Earnings.

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

- Full name:-
  - Title;
  - First name;
  - Middle name or initials; and
  - Surname.
- Current address and postcode
- Forwarding address and dates
- Date of commencement of Liability Order (if applicable)
- Unique identifier (Future proof)
- Telephone numbers (where available)
- Email addresses (where available)

In addition, either date of birth or NINO will be provided as a minimum (where available) to assist DWP data matching.

Cabinet Office will collate our sample with the other samples from the Local Authorities involved in this pilot for onward transmission to DWP.

DWP will match against their benefits records 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 file(s) will then be downloaded as an Excel document. The file(s) will be password-protected, and sent to the CO contact, at the mailbox 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, 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).

HMRC will match against their records and, for those matched customers, will add the following data and return to local authorities via Cabinet Office;

- Match successful - yes or no
- Address as recorded by HMRC
- If person is in current employment - PAYE data, including:
  - Employer Name

- ○ Employer Address
- ○ Employer Contact Details (e.g., name and phone number)
- ○ Currently employed (as of last PAYE update) - Y/N
- ○ Employment End Date
- ○ Employment Pay Frequency
- ○ Taxable Pay in Period
- ○ Taxable Pay Year to Date
- ○ Payroll ID in this Employment
- ○ Individual Address

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

- ● Furlough payments data, including:
    - ○ Furlough payment or average
    - ○ Payment frequency
    - ○ Period of furlough payments
    - ○ Total furlough amount paid

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, at the mailbox. The password will be emailed from HMRC RIS DAT to CO on confirmation of receipt of files(s).

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 Manchester City 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 Manchester City 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 – Manchester City Council shall ensure no data supplied to them under this pilot is available for any other council to obtain.

3.3 The context of the data processing

The individuals reside (or resided) within Manchester City Council's boundary and are/were liable to pay Council Tax to Manchester City Council but are in arrears.

The individuals will have no control.

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

Children and other vulnerable groups are not included.

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

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.

Manchester City Council, Cabinet Office, DWP and HMRC are required to adhere to the DEA Code of Practice, DPA 2018 and LGFA 1992 (as amended).

4. The purpose of processing the data

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

4.1 Intended effect on individuals

The intended effect on individuals will be for those who are able to pay and choose not to pay is to manage and recover their debt. For those who are identified as vulnerable, the effect will be to help them via debt support. It will also be fairer for those who do pay their Council Tax.

4.2 Benefits of the data processing
- Increased debt recovered.
- Increased in-year collection rate.
- Increased identification of vulnerable debtors, as can be signposted for assistance within or externally of the Manchester City 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 Manchester City 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.

5. The consultation process

Individual's views will not be sought for this pilot, Manchester City 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.

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

Within Manchester City Council, the DPO, SIRO, senior decision makers, analysts and Council Tax Collection staff need to be involved.

Processors will be asked to assist.

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

6. Compliance and proportionality measures

The lawful basis is under GDPR Article 6 (e) Public task: the processing is necessary to perform a task in the public interest or for our official functions, and the task or function has a clear basis in law.

In making this determination, we have consulted the Information Commissioner Officer website and this [section specifically](#) and have completed their on-line interactive tool.

The legal basis for the establishment and operation of the pilot, and the analysis of personal data within it, is covered by Part 5, chapter 3 of the Digital Economy Act 2017. This provides powers for government departments / organisations to share information 'to take action in connection with debt owed to a public authority or to the Crown' (Chapter 3).

Section 48(3) of the DEA provides that taking action in connection with a debt owed to a public authority includes identifying debt.

The pilot is anticipated to achieve the purpose.

No other way to achieve the same outcome has been identified.

We will avoid function creep by adhering to the remit of this DPIA, DEA business case and the data usage agreement and then performing only the analysis necessary to provide the required level of understanding.

We will ensure data quality is ensured by using well-proven matching routines in the analysis supported by manual review of the results to check for error. Should any be found the analysis will be re-run before any results are made available.

Manchester City Council will ensure data is minimised to only the data required to ensure a confident match is made.

Only individuals' names and the identification data (minimised) will be supplied to the DWP and HMRC.

Information will not be given to individuals.

Individuals rights will be supported by ensuring that the processes and data used will be in line with DPA, GDPR and DEA Code of Practice requirements.

Individuals may request a copy of their personal information (commonly known as a "data subject access request") by contacting their council.

This enables them to receive a copy of the personal information held and to check that it is being processed lawfully.

Information given to the individual will have taken 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 have included details or reference to details of how to exercise data subject rights under the legislation.

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

- Income based benefits
- 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

Manchester City Council will apply its fairness principles to the pilot.

6.1 Ensuring processors comply with the requirements

All staff have to comply with the above requirements and also staff are trained in DPA and GDPR requirements.

There are criminal sanctions for unauthorised disclosure of HMRC data.

The staff at each authority receiving, processing and transmitting the data are limited to IT data extractions and data analysts and their immediate managers. All such users sign data

disclosure agreements before system access is granted. All staff have had DPA and lately GDPR training.

Staff at HMRC receiving, analysing and disclosing data are limited to data analysts and processors, within the Knowledge, Information and Analysis team. These staff have been security trained.

6.2 Safeguarding international transfers

No international transfers will be required as part of this pilot.

7. Identify and assess risks of the data sharing pilot

The source of the risk and the potential impact on individuals – including associated compliance and corporate risks	Likelihood of harm – remote, possible or probable.	Severity of harm – minimal, significant or severe.	Overall risk – low, medium or high.
Risk - Data is shared with other sections or organisations for which there is no authorisation or legal justification. **Impact** - Possibility of information being shared inappropriately. **Compliance and corporate risk** - • Non-compliance with the DPA • Non-compliance with sector specific legislation or standards • Non-compliance with human rights legislation • Non-compliance with the DPA or other legislation can lead to sanctions, fines and reputational damage • Public distrust about how information is used can damage the council's reputation • Data losses which damage individuals could lead to claims for compensation	Remote	Significant	Low
Risk – The data being collected may be considered sensitive as it shows employment details including levels of earnings, self-employment and income. **Impact** – Attachments to earnings that are implemented as a result of collecting information about them and possible customer interaction might be seen as intrusive. **Compliance and corporate risk:**	Probable	Significant	Medium

- Public distrust about how information is used can damage the Council's reputation.			
Risk – Data concerning vulnerable customers may be divulged without authorisation putting individuals at risk **Impact** – Vulnerable people may be particularly concerned about the risks of identification or the disclosure of information. **Compliance and corporate risk** - • Non-compliance with the DPA • Non-compliance with human rights legislation • Non-compliance with the DPA or other legislation can lead to sanctions, fines and reputational damage • Public distrust about how information is used can damage the council's reputation • Data losses which damage individuals could lead to claims for compensation	Remote	Significant	Low
Risk – Data held may be out of date. **Impact** – If a retention period is not established information might be held for longer than necessary. **Compliance and corporate risk** - • Non-compliance with the DPA • Non-compliance with sector specific legislation or standards • Non-compliance with human rights legislation • Non-compliance with the DPA or other legislation can lead to sanctions, fines and reputational damage • Public distrust about how information is used can damage the council's reputation	Possible	Significant	Medium

8. Identify measures to reduce risk

Risk	Options to reduce or eliminate risk	Effect on risk – eliminated, reduced or accepted.	Residual risk – low, medium or high.	Measure approved – Yes/No

Data is shared with other sections or organisations for which there is no authorisation or legal justification.	• A legal gateway for sharing this information has been established • Restrict access to data through system usernames/ passwords • GDPR training delivered to all existing staff and incorporated in induction procedures for new staff provided	Reduced	Low	Yes
The data being collected may be considered sensitive as it shows employment details including levels of earnings, self-employment and income details.	• Data only used by staff responsible for administering attachment of earnings • legislation prescribes deduction percentages depending on income (section 6 of CT (admin and enforcement) regulations 1992	Reduced	Low	Yes
Data concerning vulnerable customers may be divulged without authorisation putting individuals at risk.	• Restrict access to data through system usernames/ passwords • GDPR training delivered to all existing staff and incorporated in induction procedures for new staff provided • Compliance with data retention periods that apply to service	Reduced	Low	Yes
Data held may be out of date.	N/A	Reduced	Low	Yes

9. Sign off and record outcomes

Item	Name/date	Notes

Measures approved by:	Charles Metcalfe 8 Feb 2021 Head of Corporate Revenues	Integrate actions back into project plan, with date and responsibility for completion.
Residual risks approved by:	Charles Metcalfe 8 Feb 2021 Head of Corporate Revenues	If accepting any residual high risk consult the ICO before going ahead
Data Protection Officer advice provided by:	Michael Seal 8 Feb 2021 Data Protection Officer (DPO)	DPO should advise on compliance, step 6 measures and whether processing can proceed.

9.1 Summary of DPO advice

1. I consider that this DPIA identifies adequate measures to make the personal data processing compliant with the GDPR Principles in Art. 5 1(b) to 1(f).

2. In relation to GDPR Principle in Art. 5 1(a) "Lawfulness, fairness and transparency":

   a. The DPIA identifies a lawful basis for the processing.

   b. While data subjects might experience adverse effects from the processing this would not make the processing unfair given the substantial public interest in the proper collection of taxes.

   c. The Manchester City Council privacy notice for council tax refers to "government bodies" as sources of personal data but the examples given do not include DWP and HMRC. I would recommend amending this to refer to HMRC explicitly.

   d. A review of letters sent to council tax debtors to consider inclusion of a reference to HMRC might be advisable.

3. I am satisfied that the risk mitigation measures and the assessment of low residual risk is appropriate and the processing can therefore proceed.

4. If the project moves from pilot to business-as-usual the DPIA should be reviewed in light of the pilot outcomes and I would recommend also drawing up a formal information sharing agreement.

10. Further actions

This DPIA will be kept under review by Manchester City Council. The Data Protection Officer should also review ongoing compliance with the DPIA.