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# Enhancing Council Tax Debt Recovery Using the Digital Economy Act 2017 to Access HMRC & DWP Data

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# The Digital Economy Act Team



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Debt and  
Fraud Data  
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Managers



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- 1) Brief Overview of the Digital Economy Act 2017
- 2) Council Tax Pilot #1 (using HMRC data)
- 3) Council Tax #2 (using HMRC and DWP data)
- 4) Next Steps
- 5) Other data sharing powers under DEA



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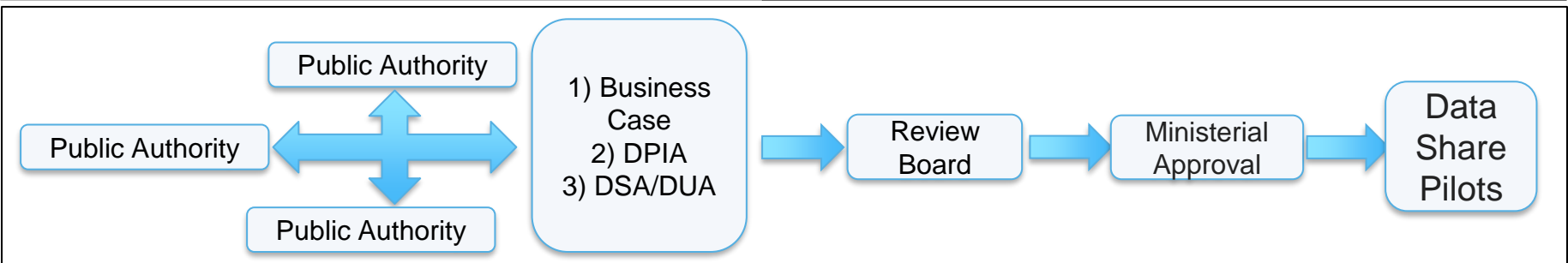
The Digital Economy Act 2017 (DEA) provides broad powers for information-sharing across the public sector for specified purposes. It enables public authorities (and others) to work together to manage and reduce debt and combat fraud using each other's data. Streamlined governance and ministerial oversight allows data sharing without the need for new primary legislation.

**What is it:**

- The DEA is a data-sharing legislation that enables public authorities to **manage and reduce debt** and to **combat fraud** against the public sector through data-sharing
- The DEA provides a **simple legal gateway** that speeds up and streamlines the establishing of new data shares
- **Easy implementation** - Authorities just need to collaborate and follow a simple process

**Benefits:**

- **Easy and quick** to set up - no new legislation required
- **Agile** - Test and learn quickly
- **DEA can be used** - if there is no existing legislation
- Covers a **wide range** of public authorities, including **'persons providing a service'** to public authorities, such as CRAs, FinTech, etc.



# Council Tax Pilot #1

## Background and Aims

- The pilot was launched in 2019 in response to:

The debt owed to Local Authorities from unpaid Council Tax - which, as of 31 March 2018, amounted to c£3 billion in England (cumulated from the introduction of Council Tax in 1993). In 2017/18, Local Authorities in England collected £27.5 billion, with arrears of £818 million, thus witnessing approximately 3% of Council Tax being uncollected.

- The pilot aimed at:
  - Recovering outstanding (liability order) Council Tax debt using HMRC data
  - Supporting vulnerable debtors



# Council Tax Pilot

## #1

### How did we do this?

- Generated interest via LACEF
- 29 Local Authorities chose to participate
- Approached HMRC and agreed in principle
- Developed governance
- Gained Review Board & Ministerial Approval
- Shared the data
- Ran the pilot





## Results & Summary

- £5m recovered from 13 Local Authorities
- 20% of the pilot debt being recovered (against a 3% rate generally held as to this debt type)
- 7% of the pilot group being identified as vulnerable (financially or otherwise) and offered support
- Previously unresponsive debtors began to engage
- The strong benefits of such data sharing for Local Authorities were evidenced





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Was this enough?





# Council Tax Pilot #1

## Lessons Learnt

- Match rate
- Identification of vulnerability



So what next?

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#2

# Council Tax Pilot #2

## Background and Aims

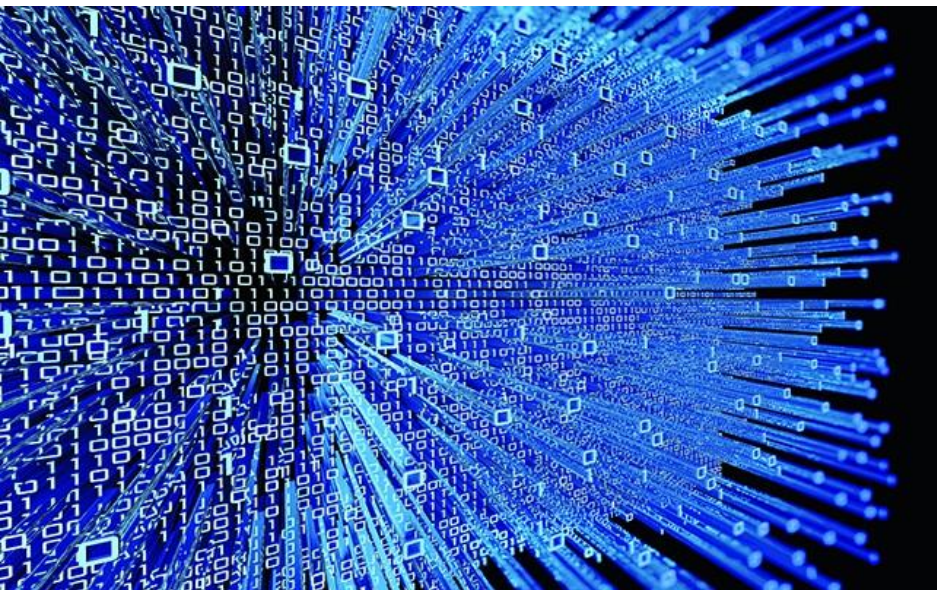
- The pilot was launched as a response to the lessons learnt in Council Tax #1
- Aimed at:
  - Increasing Council tax debt recovery with better matching
  - Increasing better identification of potential vulnerability by using DWP data.



# Council Tax Pilot #2

## How did we do this?

- 41 Local Authorities
- Approached HMRC and DWP and agree in principle
- Developed governance
- Gained Review Board and Ministerial approval
- Sharing the data.....





**WE WANT YOU!**

# Council Tax Pilot #2

What's next?

- Business as Usual?
- National?
- Local Authorities being positioned to lead our work and the next steps!



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**We welcome any questions**