



HM Revenue  
& Customs



Department  
for Work &  
Pensions

**Memorandum of Understanding  
Between  
HMRC Benefits & Credits, HMRC Debt Management & Banking  
and the Department for Work & Pensions (DWP)**

**For**

**The Universal Credit Debt Transfer Process**

The reference number of the related Umbrella MoU is: MoU-U-A

**Contents**

**1. Introduction**

- 1.1 Background
- 1.2 Why data needs to be exchanged
- 1.3 The parties to this MOU and their functions

**2. Legal Basis**

**3. Purpose of the agreement**

- 3.1 Why is the information needed and how will it be used?
- 3.2 What are the benefits of carrying out this process?

**4. Procedure**

- 4.1 The process

**5. Security & Assurance**

**6. Data Protection Act 1998 (DPA) & Human Rights Act 1998 (HRA)**

**7. Freedom of Information (Fol) Act 2000**

**8. Direct (or browser) access: specific expectations**

**9. Costs/charges**

**10. Contact Details**

**11. Reporting & Review Arrangements**

**12. Resolving issues**

**13. Signatories**

**14. Document Control**

**15. Version History**

**16. Review Dates**

**17. Glossary**

## **1. Introduction**

### **1.1 Background**

On 16 May 2014, a HM Treasury submission to the Chief Secretary to the Treasury and the Exchequer Secretary to the Treasury confirmed that the Secretary of State for DWP had formally communicated his agreement that, as part of the Universal Credit programme:

- DWP will recover stable live and historical tax credits debt (except remitted); and
- DWP will take on accounting responsibility for the debts migrated

In response to this decision, HMRC have developed an IT solution to facilitate the transfer (and maintenance) of stable debts to DWP which will satisfy the ministerial agreement.

Additionally, there will be a very small number of clerical exchanges of customer data on an as-and-when basis. These exchanges will be on an individual basis via a secure GSI-GSI email network and are necessary to enable DWP to maintain the accuracy and recovery of all tax credits debts.

Also, during the development of the IT solution there will be a need to securely share sensitively marked technical/commercial documentation where there is a justifiable business need to do so.

### **1.2 Why data needs to be exchanged?**

HMRC considers that the disclosure of the above information to DWP is necessary and proportionate because in order for DWP to recover tax credits debt accurately, DWP require HMRC to provide the exact debt amounts relating to an individual who has become entitled to Universal Credit (i.e. a stop notice has been received by HMRC).

### **1.3 The Parties to this MOU and their functions**

- Her Majesty's Revenue & Customs will provide the tax credits debt information from their HoD systems to DWP via an automated IT solution
- The Department for Work & Pensions will receive the debt information provided by HMRC and use it to maximise recovery of debt for the Treasury

## **2. Legal Basis**

The transition to Universal Credit is covered under the Welfare Reform Act 2012. Information sharing between the Secretary of State for DWP and HMRC is specifically covered in Part 5, section 127. This Act also provides the authority for DWP to subsequently transfer the debt information to the Northern Ireland (NI) Department for Communities.

Both Departments are legally obliged to handle personal information according to the requirements of the Data Protection Act 1998 and the Human Rights Act 1998.

Both HMRC and DWP are bound by legislative obligations of confidence, with disclosure of information by officers constituting a criminal offence except in certain permitted circumstances broadly where there is a legislative gateway or customer consent. For DWP staff, the criminal sanction for unauthorised disclosure is detailed at section 123 of the Social Security Administration Act (1992) and for HMRC staff, at section 19 of the Commissioners for Revenue and Customs Act 2005.

Information can only be exchanged where there is a legal basis for doing so and information shared for the purpose of this agreement will be done under Section 127 WRA 2012 and paragraph 6 of Schedule 5 Tax Credits Act 2002.

Both departments are subject to the requirements of the Freedom of Information Act (Fol) 2000 and shall assist and co-operate with each other to enable each department to comply with their information disclosure obligations.

## **3. Purpose of the agreement**

### **3.1 Why is the information needed and how will it be used?**

DWP require HMRC to provide accurate tax credits debt information (relating to UC individuals) in order to accurately administer recovery of that debt through DWP processes.

Once the information relating to an individual has been transferred and the debt discharged by HMRC, DWP will assume ownership of the debt and responsibility for maintaining and protecting the data. This includes responsibility for any subsequent transfer of debt to NI DfC and the protection of HMRC-originated data.

### **3.2 What are the benefits of carrying out this process?**

- Recovery through UC payment deductions (as opposed to off-benefit recovery) presents a better chance of maximising recovery of tax credits debt
- No additional costs for HMRC to administer direct recovery of tax credits legacy debt
- Better experience for tax credits customers, with only one Department handling their debt situation (with the potential for a low volume of exception cases)

## 4. Procedure

### 4.1 The Processes

#### 4.1.1 The 12AV Debt IT solution

This process will allow HMRC to automatically provide DWP with tax credits debt information for individuals who have claimed Universal Credit.

The current estimate (based on the TM9 PDE 26 Summer budget 15 profile) is that 7.8m debts at an individual level will be transferred to DWP over a 5-year period. This does not include the notification of amendments to debts post-transfer. The daily peak is not expected to exceed 27,500 household-level debts.

Additionally, there may be a strategic decision to extend the shelf-life of the solution to support an elongated transition to Universal Credit.

The source systems for the debt information sent are HMRC HoD systems NTC and ETMP.

HMRC will send debt records to DWP on a daily basis via automated file transfer (ref DMROE-3527).

Each file will contain a header record, a trailer record and a number of debt records, including zero where empty. A debt record will contain the following data fields:

- Debtor NI Number
- Unique Individual Debt Reference
- Debt Type
- Debt Amount
- Award Period End Date

The national insurance number of each individual linked to a debt is the only personal data included within each file.

The impact level for the data set will be no higher than Impact Level 3.

No encryption will be applied to any of the transferring debt files and in view of the limited information contained in the file, the Government Security Classification is at highest 'official-sensitive'.

DWP will receive and process the file automatically, providing two asynchronous acknowledgements of receipt (ref DMRIE-5547):

1. A technical confirmation of the values and volumes contained in a file

This first response will be as soon as the file is processed.

2. A record by record confirmation of the debt accepted

This second response will be sent by DWP once the data (GB or NI) has been loaded onto their Debt Management System (DMS).

Once the transfer is complete the debt information will be held in DMS. Any record of debt information in the transferring services will be transitory. Once confirmation of acceptance of the debt has been received, the debt will be discharged on HMRC's HoD system leaving an audit trail of the debt transfer. How long the information is then held will be governed by DWP (or NI DfC) departmental data security standards although at a minimum it will be required until the debt is fully recovered (or written off) and then while there is a business need to keep it.

This data transfer process will be needed until at least March 2021 but (as above) the potential exists for this to be extended to support strategic objectives.

Additionally, at some point following go-live of this solution the backlog of UC cases will be submitted for processing to have any outstanding tax credits debts passed over to DWP. The transfer and retention of this data will be the same as outlined above.

#### 4.1.2 Exception cases & clerical exchanges

A number of clerical activities are required to support the automated interface transactions between HMRC & DWP.

The full list of clerical interactions for operational staff are:

1. 28 Live Service cases – these cases will be returned to HMRC before go-live so dual recovery does not occur.
2. Deceased claimant (RfE) – if the Estate Executer / Next of Kin dispute the debt claimed against the estate.
3. 200 Tax Credit pilot cases – if they claim UC after having deductions from Legacy benefits
4. ETMP Late Appeal process – if a late Appeal is accepted against a debt held on ETMP and HMRC require DWP to pause recovery (ETMP does not have the full functionality of NTC and so the notification has to be done manually)
5. 12 month Appeal process - if recovery is suspended for more than 12 months and DWP require an update from HMRC
6. Fraud Referrals – if DWP need to be informed of a successful prosecution case (a fraud indicator cannot be transferred over the interface)
7. Civil Litigation – if it is necessary for DWP to obtain details from HMRC for Civil Litigation action to take place

HMRC will complete individual pro formas relating to the specific reason for the exchange and containing the relevant customer details (NINO and name) and the relevant case details (e.g. the reason for a late appeal). The pro forma(s) will be emailed to and from specified inboxes via a secure GSI-GSI network. As they will be sent on a case-by-case basis there is no need for the files to be encrypted or password protected.

Once the request has been actioned the pro forma should be handled in line with the relevant department's data retention guidelines. An example of the type of pro forma to be used is attached for info:

Volumes and frequency are difficult to predict as it depends on case specifics. Numbers are expected to be <1000 over the 5 year transition period.

This supporting clerical exchange process will be required for at least the same duration as the automated process detailed above at 4.1.1. However note that certain exchanges could still happen up to a year after the planned end of the transition period, for example if a late Appeal is accepted and if invoked, the Civil Litigation process would be until the debt was fully recovered which is an undeterminable duration.

Again, how long the information is then held will be governed by DWP (or NI DfC) departmental data security standards although at a minimum it will be required until the debt is fully recovered (or written off) and then while there is a business need to keep it.

#### 4.1.3 Sensitive Project Documentation

Where there is a justifiable business need to share sensitively-marked project documentation relating to the UC Debt project with other departments such as DWP or NI DfC. HMRC will:

- Password protect the document
- Email the document to a specified inbox
- Email the password to the authorised recipient separately
- Receive & acknowledge a confirmation of receipt (or investigate where none is received)

The receiving department will apply Departmental data security standards if there is a subsequent justifiable business need to share the information more widely.

## **5. Security and Assurance**

The Department for Work & Pensions agrees to:

- Only use the information for purposes that are in accordance with the legal basis under which they received it
- Become the responsible owner of the HMRC data once the transfer is complete including ensuring the necessary security is in place for any subsequent transfer to NI DfC
- Only hold the data while there is a business need to keep it
- Ensure that only people who have a genuine business need to see the data will have access to it
- Store data received securely and in accordance with the prevailing central government standards, for example in secure premises and on secure IT systems.
- Move, process and destroy data securely i.e. in line with the principles set out in HM Government [Security Policy Framework](#), issued by the Cabinet Office, when handling, transferring, storing, accessing or destroying information.
- Comply with the requirements in the [Security Policy Framework](#), and in particular Section 2.10, to be prepared for and respond to Security Incidents and to report any data losses, wrongful disclosures or breaches of security relating to information originating in HMRC to the designated contacts immediately (i.e. within 24 hours of becoming aware). This includes both advising and consulting HMRC on the appropriate steps to take e.g. notification of the Information Commissioners Office or dissemination of any information to the data subjects. The contact point within HMRC for DWP to use in the event of any such losses is the B&C Data Guardian [REDACTED]  
[REDACTED]
- Apply the appropriate baseline set of personnel, physical and information security controls that offer an appropriate level of protection against a typical threat profile as set out in [Government Security Classifications](#), issued by the Cabinet Office, and as a minimum the top level controls framework provided in the Annex – Security Controls Framework to the GSC.
- Allow HMRC Internal Audit to carry out an audit to help in deciding whether HMRC should continue to provide the data, upon request
- Provide written, signed assurance that they have complied with these undertakings regularly upon request



## **6. Data Protection Act 1998 (DPA) and Human Rights Act 1998 (HRA)**

Nothing in this Memorandum of Understanding will limit the receiving department's legal obligations under the Data Protection legislation.

All the information transferred by HMRC should be relevant, necessary and proportionate to enable the Department for Work & Pensions to carry out their task or process.

HM Revenue and Customs and the Department for Work & Pensions will become the Data Controller (as defined in the glossary of terms) of any personal data received from the other department under the terms of this MOU.

## **7. Freedom of Information (FOI) Act 2000**

HMRC and the Department for Work & Pensions are subject to the requirements of the Freedom of Information Act 2000 (FOI) and shall assist and co-operate with each other to enable each department to comply with their information disclosure obligations.

In the event of one department receiving a FOI request that involves disclosing information that has been provided by the other department, the department in question will notify the other to allow it the opportunity to make representations on the potential impact of disclosure.

All HMRC FOI requests must be notified to Central Policy FOI Team who will engage with the central FOI team in the supplying organisation.

## OFFICIAL

### 8. Direct, (or browser) Access specific expectations

The Universal Credit Debt project is not introducing information sharing arrangement where the DWP accesses the information directly via a browser or the source systems rather than as an extracted information transfer.

### 9. Costs/charges

Aside from costs to develop the responsible IT solution, no charges apply for this service.

This is not considered to be a bulk data sharing exercise. For the automated solution the debt information is sent on an individual basis triggered by HMRC receiving a UC stop notice. Debt will be sent irrespective of any UC entitlement it is the act of claiming UC that ends the TC award.

There are no costs associated with sharing project documentation with DWP.

### 10. Contact detail

	For HMRC (B&C)	For HMRC (DMB)	For DWP
Name	[REDACTED]	[REDACTED]	[REDACTED]
Job Title	HMRC B&C Data Guardian	DMB Data Guardian	DM Information Asset Manager
Team	B&C Security & Information Directorate	DMB Information, Security & IT	Debt Management Infrastructure
GSI email	[REDACTED]	[REDACTED]	[REDACTED]
Telephone	[REDACTED]	[REDACTED]	[REDACTED]
Deputy's name	[REDACTED]	[REDACTED]	[REDACTED]
Deputy's GSI email	[REDACTED]	[REDACTED]	[REDACTED]
Deputy's telephone	[REDACTED]	[REDACTED]	[REDACTED]

### 11. Reporting and review arrangements

A review will be carried out annually to ensure this information sharing is achieving its objectives as laid out in this memorandum. Additionally the associated data movement requests have enduring review dates set to 08/01/2018.

The expectation is that this arrangement will cease to be valid when ownership of all tax credits debts has been accepted and acknowledged by DWP.

**OFFICIAL**

## 12. Resolving issues

Any complaints, problems, issues etc. that are specific to the information exchanges covered by this MoU should immediately be referred to the contacts named in section 10. If these can not be resolved they should be reported, in writing to:

	For HMRC	For DWP
Name	[REDACTED]	[REDACTED]
Job Title	Data Exchange Champion	Infrastructure Co-ordinator
Team	S&ID	Infrastructure Team
GSI email	[REDACTED]	[REDACTED]
Telephone	[REDACTED]	[REDACTED]

## 13. Signatories

[illegible]

**OFFICIAL****14. Document Control Personnel**

Key personnel	Name & role	Organisation (Team)
Author		HMRC UC Programme
Approvers		HMRC B&C Data Guardian
		HMRC DMB Data Guardian
		DM Information Asset Manager
Review Control		HMRC UC Debt Project
		HMRC UC Debt Project
		HMRC UC Debt Project
		HMRC UC Debt Project
		HMRC UC Debt Project
		HMRC UC Debt Project
		HMRC Data Exchange Champion
		DMB Information, Security & IT
		DMB Information, Security & IT
		DMB Information, Security & IT
		B&C Deputy Data Guardian
		B&C Information Security
		S&ID Operations
		B&C Information Security
		Secure Records Data Guardian
		B&C Audit & Risk
		HMRC UC PMO
		HMRC UC PMO
		HMRC UC Policy
		HMRC UC Policy
		CDIO 12AV Project Manager
		B&C Northern Ireland
		DWP Payments Deduction Programme
		DWP Payments Deduction Programme
		DWP Debt Management
		DWP Deputy Information Asset Manager
		DWP Infrastructure Coordinator
		NISSA Debt Transformation Project
		DC DSD NI

**OFFICIAL**

**15. Version History**

Version	Date	Summary of changes	Changes marked
0.1	14/10/2015	Initial draft	No
0.2	11/11/2015	Revised draft	No
0.3	26/11/2015	External review	No
0.4	29/01/2016		No
0.5	08/02/2016	Revised following 01/02 conference call with DWP	No
0.6	23/02/2016	Minor amendments	Yes
1 0	02/03/2016	Final version	

**16. Review dates**

Version	Publication date	Review date

## 17. Glossary of Terms and Abbreviations

Definition	Interpretation
<b>Ad Hoc Transfer</b>	is defined as being bulk data with a Government Security Classification of 'official-sensitive' or above and the transfer is part of a pilot or project with a definitive end date
<b>Data Controller</b>	has the meaning set out in section 1 of the Data Protection Act 1998, i.e. 'a [natural or legal] person who (either alone or jointly or in common with other persons) determines the purposes for which and the manner in which any personal data are, or are to be, processed'
<b>Data Processor</b>	has the meaning set out in section 1 of the Data Protection Act 1998, i.e. 'in relation to personal data, any [natural or legal] person who processes the data on behalf of the data controller'
<b>Data Protection Legislation</b>	means the Data Protection Act 1998, the EU Data Protection Directive 95/46/EC, the Regulation of Investigatory Powers Act 2000, the Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000 (SI 2000/2699), the Electronic Communications Data Protection Directive 2002/58/EC, the Privacy and Electronic Communications (EC Directive) Regulations 2003 and all applicable laws and regulations relating to processing of personal data and privacy, including where applicable the guidance and codes of practice issued by the Information Commissioner
<b>Direct Access</b>	Covers an information sharing instance where the receiving Department accesses the Information via direct, or browser, access to the source system rather than as an extracted information transfer.  This agreement will require specific terms and conditions ensuring that access is appropriate and correctly applied, managed and recorded.
<b>FoIA</b>	means the Freedom of Information Act 2000 and any subordinate legislation made under this Act together with any guidance and/or codes of practice issued by the Information Commissioner or Ministry of Justice in relation to such legislation.
<b>Granting Access</b>	The governance and authority surrounding the authorisation of a person to have access to a system.
<b>Information Asset Owner (IAO)</b>	means the individual within a directorate, normally the Director, responsible for ensuring that information is handled and managed appropriately
<b>Law</b>	means any applicable law, statute, bye-law, regulation, order, regulatory policy, guidance or industry code, rule of court or directives or requirements of any Regulatory Body, delegated or subordinate legislation or notice of any Regulatory Body
<b>Provisioning Access</b>	The technical channels through which access is made possible, including the request tools associated with this.

## OFFICIAL

<b>Public Sector Body</b>	This will generally be another government department (OGD) but could be another public sector body (e.g. Local Authority). Information sharing with a private sector body with which HMRC has a commercial relationship needs to be covered by a commercial contract, not an MoU.
<b>Regulatory Bodies</b>	means those government departments and regulatory statutory and other entities, committees and bodies which, whether under statute, rules, regulations, codes of practice or otherwise, are entitled to regulate, investigate, or influence matters dealt with in this Agreement and “Regulatory Body” shall be construed accordingly
<b>Senior Information Risk Owner (SIRO)</b>	Provides high level assurance of compliance with HMRC’s Information Asset data protection obligations. HMRC’s SIRO is Mark Dearnley, HMRC Chief Digital & Information Officer, Director of Chief Digital & Information Officer Group.

Abbreviation	Description
B&C	Benefits & Credits
DMB	Debt Management & Banking
NI DfC	Northern Ireland Department for Communities
DMR	Data Movement Request
DWP	Department for Work & Pensions
ETMP	Enterprise Tax Management Platform
MoU	Memorandum of Understanding
FOI	Freedom of Information
HMRC	Her Majesty’s Revenue and Customs
HoD	Head of Duty
GB	Great Britain
GSC	Government Security Classification
IDMS	Integrated Debt Management System
IE	Inbound Electronic
IL	Information Level
NI	Northern Ireland
NISSA	Northern Ireland Social Security Agency
NTC	National Tax Credits (system)
OE	Outbound Electronic
PMO	Programme Management Office
PSB	Public Sector Body
RfE	Request for Evidence
UC	Universal Credit