

Committee: Audit and Standards Committee

Date:

Title: Data breaches and Direct Debits

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Summary

1. This report advises Members of three recent data breaches that have been referred to the Information Commissioner, as of the date of writing the report no replies have been received. A verbal update will be given at the meeting.
2. The report also provides Members with an overview of the 1 November direct debit issue that resulted in payments being requested from customer's accounts two days early.

Recommendations

3. Members note the report.

Financial Implications

4. As set out in the report.

Background Papers

5. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

None

Impact

Communication/Consultation	Social media was used to notify residents of the direct debit error and to explain what was being done to correct it.
Community Safety	n/a
Equalities	n/a
Health and Safety	n/a
Human Rights/Legal Implications	Legally where direct debits are requested early they must be refunded.

Sustainability	n/a
Ward-specific impacts	n/a
Workforce/Workplace	n/a

Situation

Data Breaches

6. Since July 2023 the Council has encountered three data breaches that it felt appropriate to self-refer to the Information Commissioner. The breaches were in the following areas
 - a. Housing Benefits
 - b. Council Tax
 - c. Assets
7. High level summaries for each of the breaches is as follows
 - a. Housing Benefit

Event that gave rise to the breach	A notice was received from the Department of Work and Pensions (DWP) advising a claimant's child had left the property and a new address given.
What happened	A letter was sent, addressed to the claimant, at the child's new address advising them that the Council had received information that they (the claimant) had vacated the address and asking for more detail.
What should have happened	To write to the claimant requesting confirmation of the change for their child and any related information.
Potential consequences	The claimant had moved to Uttlesford due to domestic violence in their previous location. The action taken disclosed to the residents of the written to address both the address of the claimant and the fact that they were on benefits.
Corrective action taken	An apology was sent to the claimant who was moved to alternative temporary accommodation and has now moved to a new address. Reminder sent to all Benefits staff of the correct process. All Benefits staff undertook refresher General Data Protection Regulation (GDPR) training.

b. Council Tax

Event that gave rise to the breach	A Council Tax bill for a new occupancy of a house was issued.
What happened	The Council Tax bill was sent to a 'care of' address rather than the address of the property for which Council Tax was due. The occupant of the 'care of' address forwarded the bill to the correct address.
Potential consequences	The Council Tax payer had moved from the 'care of' address due to domestic violence. The action taken disclosed to the resident of the 'care of' address the address that the Council Tax payer had moved to.
Corrective action taken	An apology was sent to the Council Tax payer who has moved to an alternative property awaiting the availability of a suitable council property. Council Tax team advised immediately by email, and followed up at a team meeting, of the correct process. Individual meeting with the officer who made the mistake. New procedure notes with enhanced summary checklist.

c. Assets

Event that gave rise to the breach	A confidential waste bag went missing from an office.
What happened	A confidential waste bag, containing paper copies of 14 job applicants went missing from an office. It took several weeks for the loss to be identified.
Potential consequences	The most likely thing that happened was that the cleaner removed the bag and disposed of it in the general waste. However, the potential risk is that the application forms would provide some information about individuals (name, address, National Insurance Number) that could risk identity fraud. However, the forms did not disclose other information that would be needed such as date of birth.
Corrective action taken	All affected job applicants have been written to informing them of the breach and apologising. A secure confidential waste bin has been installed in the office, replacing the need for just a confidential waste bag.

8. The Information Commissioner will decide whether or not to investigate any or all of the breaches and if felt serious enough has a number of sanctions available, ranging from public reprimands through to large scale fines.
9. In June 2022 The Information Commissioner wrote to all public bodies advising them that he was inclined towards public reprimands for public bodies rather than large fines, as the deterrent of a fine is less of an impact on a public body than it is on a private company with directors and shareholders.

Direct Debits

10. The main Council Tax direct debit collection run happens on the 1st working day of each month. For November that amounted to circa £5.3 million being collected from around 21,000 customer bank accounts.
11. The direct debit file is generated several days in advance. Part of the process to generate the file is entering the collection date i.e. 1st November. If no date is entered the system defaults to two days' time.
12. Following a similar, but much smaller issue, with the mid-August direct debit collections, an authorisation process within the direct debit system was introduced. This meant that when the direct debit file was loaded into the direct debit processing system, an authorising officer would review the automated emails and within twenty minutes reject the file if it was incorrect. If the file is not rejected within the allocated 20 minutes it is automatically processed.
13. The 1st of November file was generated four days in advance of the due date, but the Officer forgot to change the collection date, so it defaulted to two days' time i.e. 30th October. The file was uploaded to the direct debit processing system and the twenty minutes elapsed due to the authorising officer being in another meeting.
14. Once a direct debit file is processed there is no way to recall or cancel it, so all the circa £5.3 million was going to be collected two days early on 30th October.
15. Under the direct debit rules, any error such as this should be corrected by refunding the account as soon as possible.
16. The issue faced was further compounded by the fact that the error came to light on Friday 27th October and customer accounts would be debited just after midnight on the morning of Monday 30th October.
17. Officers worked during the day and into the evening creating, validating and processing bank payment files which would refund the customer at almost the same time as the payment was collected thereby avoiding any financial issues for the customer.
18. Social media and the Council website were used to publicise the error and the corrective action taken. Councillors were also advised on the 27th October. Clear guidance was provided for the Customer Services telephone team to

ensure a consistent message was relayed to people who rang in on the Monday morning.

19. The financial cost to the Council is in the region of £5,000 which relates primarily to bank charges. Each direct debit run sees a number of rejected collections, normally where the customer has cancelled the direct debit. This occurred in approximately eighty accounts in the November file and the Council is currently in contact with the account holders to recover the 'refunds' made to their accounts on 30th October.
20. The direct debit file was reprocessed with the correct date and the £5.3 million was collected from customer accounts as normal on the 1st November.
21. A new process is now in place whereby there is an authorisation procedure within the direct debit system which requires an authorising officer to positively approve the file before it can be processed.