

**DATA PROTECTION ACT 2018  
(PART 6, SECTION 149)**

**ENFORCEMENT POWERS OF THE INFORMATION COMMISSIONER**

**ENFORCEMENT NOTICE**

**DATED: 19 FEBRUARY 2024**

To: Serco (Jersey) Limited

Of: 13 Castle Street, St Helier, Jersey JE4 5UT

1. Serco (Jersey) Limited (registered company number **82360**) (**SJL**) is a “controller” as variously defined in sections 3(6) and 32 of the Data Protection Act 2018 (“**DPA**”) and Articles 4(7) of the UK General Data Protection Regulation (“**UK GDPR**”).
2. In accordance with Article 26 of the UK GDPR, for the purposes of this Notice, SJL is a “joint controller” with Serco Leisure Operating Limited (Companies House number **04687478**) (**Serco**).
3. The Information Commissioner (“the **Commissioner**”) considers SJL to be subject to the territorial scope of the UK GDPR in accordance with Article 3(1) of the UK GDPR, as further described below.
4. The Commissioner issues this Enforcement Notice to SJL under section 149(2)(a) and (c) of the DPA. The Notice is in relation to contraventions of Articles 5(1)(a), 6 and 9 of the UK GDPR.
5. This Notice explains the Commissioner’s decision. The steps that the SJL is required to take are set out in Annex 1.

6. The Commissioner has previously served SJL with a Preliminary Enforcement Notice (“the **PEN**”) dated 7 November 2023. Serco provided written representations, on behalf of itself and SJL, with whom it acts as joint controller (as described below) (“the **Representations**”) in response to the PEN on 5 December 2023. The Commissioner has taken the Representations into account when deciding to issue this Notice and refers to the Representations below when appropriate.

### **Legal framework for this Notice**

7. The DPA contains various enforcement powers in Part 6, which are exercisable by the Commissioner.
8. Section 149 of the DPA 2018, materially provides:

*“(1) Where the Commissioner is satisfied that a person has failed, or is failing, as described in subsection (2), (3), (4) or (5), the Commissioner may give the person a written notice (an “enforcement notice”) which requires the person—*

- (a) to take steps specified in the notice, or*
- (b) to refrain from taking steps specified in the notice, or both (and see also sections 150 and 151).*

*(2) The first type of failure is where a controller or processor has failed, or is failing, to comply with any of the following—*

- (a) a provision of Chapter II of the [UK] GDPR... (principles of processing);*
- (b) ...; and*

*(c) a provision of Articles 25 to 39 of the [UK] GDPR...  
(obligations of controllers and processors)*

...

*(6) An enforcement notice given in reliance on subsection (2)...  
may only impose requirements which the Commissioner considers  
appropriate for the purpose of remedying the failure."*

9. Section 150 of the DPA, materially provides:

*"(1) An enforcement notice must—*

- (a) state what the person has failed or is failing to do, and*
- (b) give the Commissioner's reasons for reaching that opinion.*

*(2) In deciding whether to give an enforcement notice in reliance  
on section 149(2), the Commissioner must consider whether the  
failure has caused or is likely to cause any person damage or  
distress.*

*(3) In relation to an enforcement notice given in reliance on section  
149(2), the Commissioner's power under section 149(1)(b) to  
require a person to refrain from taking specified steps includes  
power—*

- (a) to impose a ban relating to all processing of personal  
data, or*
- (b) to impose a ban relating only to a specified description of  
processing of personal data, including by specifying one or  
more of the following—*
  - (i) a description of personal data;*
  - (ii) the purpose or manner of the processing;*
  - (iii) the time when the processing takes place.*

...

*(4) An enforcement notice may specify the time or times at which, or period or periods within which, a requirement imposed by the notice must be complied with (but see the restrictions in subsections (6) to (8))."*

10. Article 3 of the UK GDPR sets out the territorial scope of the UK GDPR and materially provides that:

*"1. This Regulation applies to the processing of personal data in the context of the activities of an establishment of a controller or a processor in the United Kingdom, regardless of whether the processing takes place in the United Kingdom or not."*

11. Article 4(14) of the UK GDPR sets out a definition of "biometric data" as follows:

*"personal data resulting from specific technical processing relating to the physical, physiological or behavioural characteristics of a natural person, which allow or confirm the unique identification of that natural person, such as facial images or dactyloscopic data".*

12. Article 26(1) of the UK GDPR provides that:

*"Where two or more controllers jointly determine the purposes and means of processing, they shall be joint controllers. They shall in a transparent manner determine their respective responsibilities for compliance with the obligations under this Regulation, in particular as regards the exercising of the rights of the data subject and their respective duties to provide the information referred to in Articles*

*13 and 14, by means of an arrangement between them unless, and in so far as, the respective responsibilities of the controllers are determined by domestic law. The arrangement may designate a contact point for data subjects.”*

13. By reason of Article 5(1), the UK GDPR includes the following requirements:

*“5(1)(a) personal data shall be processed lawfully, fairly and in a transparent manner in relation to the data subject (“lawfulness, fairness and transparency”)”*

14. Article 6 of the UK GDPR makes provision for the lawfulness of processing. In particular for the purposes of this Notice, it provides that:

*“Processing shall be lawful only if and to the extent that at least one of the following applies:*

*...*

*(b) processing is necessary for the performance of a contract to which the data subject is party or in order to take steps at the request of the data subject prior to entering into a contract;*

*...*

*...*

*...*

*(f) processing is necessary for the purposes of the legitimate interests pursued by the controller or by a third party, except where such interests are overridden by the interests or fundamental rights and freedoms of the data subject which require protection of personal data...”*

15. Article 9(1) of the UK GDPR, provides:

*"(1) Processing of personal data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, and the processing of genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person's sex life or sexual orientation shall be prohibited."*

16. Article 9(2) of the UK GDPR materially provides:

*"Paragraph 1 shall not apply if one of the following applies:*

*...*

*(b) processing is necessary for the purposes of carrying out the obligations and exercising specific rights of the controller or of the data subject in the field of employment and social security and social protection law in so far as it is authorised by domestic law or a collective agreement pursuant to domestic law providing for appropriate safeguards for the fundamental rights and the interests of the data subject;*

*..."*

17. Schedule 1, Part 1 Paragraph 1 of the DPA makes further provision for the application of Article 9(2)(b) of the UK GDPR, as follows:

*"(1) This condition is met if -*

- (a) the processing is necessary for the purposes of performing or exercising obligations or rights which are imposed or conferred by law on the controller or the data subject in connection with employment, social security or social protection, and*

*(b) when the processing is carried out the controller has an appropriate policy document in place (see paragraph 39 in Part 4 of this Schedule)”*

18. Schedule 1, Part 4, Paragraph 39 of the DPA provides that:

*“The controller has an appropriate policy document in place in relation to the processing of personal data in reliance on a condition [in Part 1, 2 or 3 of the Schedule which requires the controller to have an appropriate policy document in place] if the controller has produced a document which –*

*(a) explains the controller’s procedures for securing compliance with the principles in Article 5 of the GDPR..., and*

*(b) explains the controller’s policies as regards the retention and erasure of personal data processed in reliance on the condition, giving an indication of how long such personal data is likely to be retained.”*

### **Background**

19. Serco is a large multinational organisation specialising in the delivery of public services, including, for the purposes of this Notice, leisure services. Serco operates leisure facilities on behalf of community leisure trusts, local authorities and Sport England.

20. Serco provides leisure services at the “Aquasplash” facility (the **Relevant Facility**), in conjunction with SJL.

21. As part of the operation of the Relevant Facility, Serco runs the day-to-day management of its employees. Some employees are employed by Serco, whilst others may be employed by SJL.

22. SJL and Serco are joint controllers, as defined in Article 26 of the UK GDPR, for the processing of employee data in connection with the running and management of the Relevant Facility. A Data Protection Agreement is in place between SJL and Serco setting out the terms of the joint controllership arrangement.
23. The Commissioner finds that SJL's processing of personal data as a joint controller with Serco is subject to the UK GDPR by virtue of its extra-territorial scope, as set out in Article 3(1) of the UK GDPR. As SJL is a joint controller in respect of the processing of employee personal data (including biometric data), SJL is processing personal data in the context of the activities of Serco, which is an "*establishment of a controller... in the United Kingdom*" as required by Article 3(1). Therefore, even though the processing takes place in Jersey (rather than the UK), the UK GDPR is engaged.
24. By virtue of the joint controllership relationship between SJL and Serco, SJL is jointly liable with Serco for any infringements of the UK GDPR and/or the DPA in respect of the processing of employee data in connection with the running and management of the Relevant Facility, including the processing and the contraventions identified in this Notice.
25. SJL and Serco, as joint controllers, process biometric data (as defined at Article 4 (14) of the UK GDPR) at the Relevant Facility, for the purpose of monitoring employee attendance. Facial recognition technology (**FRT**) is in use at the Relevant Facility.
26. The FRT system is provided by SWT Software Limited, trading as ShopWorks, which acts as a processor (as defined at Article 4 (8)



of the UK GDPR) on behalf of Serco (and, therefore, SJL as joint controller).

27. On 2 December 2019, a referral to the Information Commissioner's Office Civil Investigations department was made after an employee of the Information Commissioner's Office observed FRT in use at another facility managed by Serco. The Commissioner subsequently opened an investigation into Serco's processing of biometric data (**Investigation**).

28. The Investigation found the following material facts:

a. SJL and Serco are joint controllers for the processing of biometric data using the FRT system.

b. SJL and Serco were using, and continue to use, FRT to collect special category personal data for the purpose of employment attendance checks and subsequent payment for employees' time worked.

c. The FRT system works by registering employees onto an FRT scanner, by having their photograph taken by the scanner three times. The scanner uses the images to create a biometric map based on the employee's facial features. This map is encrypted and held within the scanner itself, which also holds a record of the employee's name and staff number. When an employee activates the scanner, it captures an image of the employee, converts this into a biometric map and attempts to match this against the maps stored on the device. If the scanner finds a match, it passes the employee's staff number, match time and location to the ShopWorks server and deletes the captured image. If the

scanner does not find a match, it deletes the captured image. A manager reviews and approves all employee hours recorded by the scanner at the end of each day and these can then be viewed on an employee self-service portal.

- d. SJL and Serco introduced biometric technology because Serco considered that previous systems were open to abuse by employees. Serco explained to the Commissioner in its responses to enquiries and Representations that manual sign-in sheets were prone to human error and abused by a minority of employees. Serco also explained that radio-frequency identification cards were used inappropriately by employees at one facility, where cards were shared and kept in communal areas. Serco did not provide any figures or evidence indicating the number of employees “abusing the system”. It is not known whether the facility at which this occurred was the Relevant Facility for the purposes of this Notice.
- e. Serco considers that using biometric technology is the only way to prevent these abuses of the system from happening in practice. Serco advised the Commissioner that: *“biometrics is the sole technology capable of eliminating buddy punching and falsified time cards”* and that biometric solutions are *“more accurate and secure than cards or keys, because a fingerprint or face scan cannot be lost, stolen or (easily) replicated.”*
- f. Serco has produced both a data protection impact assessment (**DPIA**) and a legitimate interests assessment (**LIA**) for the processing. The LIA was conducted after the

roll-out of the technology and following contact from the Commissioner. SJL and Serco have identified the lawful bases for the processing as Article 6(1)(b) of the UK GDPR (contractual necessity) and Article 6(1)(f) of the UK GDPR (legitimate interests). SJL and Serco have identified the relevant processing condition for special category personal data as Article 9(2)(b) of the UK GDPR (employment, social security and social protection), on the basis that SJL and Serco needs to process attendance data to comply with a number of regulations, such as working time regulations, national living wage, right to work rules and tax/accounting regulations.

- g. Serco advised the Commissioner that if an employee raises concerns regarding the use of biometric technology, and does not wish to use it, an alternative process will be considered. Serco stated that an alternative process has been used once where the scanner was unable to recognise an employee, but have not specified what alternative process would be available (though this could include the use of a pass or card). Serco's original LIA (dated 24 March 2020) stated that "*an opt out would be unsuitable*" for the processing. This was updated on 28 April 2021 to confirm that an alternative process would be considered if an employee were to raise concerns. However, this policy was not in place for some time whilst biometric technology was in use.
- h. Taking into account documents and responses provided to the Commissioner by Serco, the information given to employees is not clear as to whether they are able to object

to the processing in practice. Serco's Leisure Standard Operating Procedure (**LSOP**) states that: "*All employees based on a Contract are expected to use the ShopWorks platform*". The LSOP further outlines the consequences of refusing to use the system (rather than objecting to its use): "*All staff are ... required to comply to use of tools in place to accurately enable capture of time and attendance. Non-compliance or refusal to enrol may lead to an investigation and it may escalate to disciplinary action for failure to follow a reasonable line management instruction and operating requirement.*"

- i. When one affected data subject complained to Serco about the use of FRT, Serco did not offer an alternative and instead offered to arrange a meeting between the affected data subject and a ShopWorks representative to discuss privacy concerns. The data subject was informed that they would "*be required to use the ShopWorks... system*" on their return to work.

### **The contravention**

29. In light of the above and on consideration of the Representations, the Commissioner finds that SJL has contravened Articles 5 (1) (a), 6 and 9 of the UK GDPR in that in its role as a joint controller, it has failed to establish a lawful basis and special category personal data processing condition for the processing of biometric data as required by Articles 5(1)(a), 6 and 9.

#### Article 6 – lawful basis for processing

30. SJL and Serco purport to rely on Article 6(1)(b) (contractual necessity) and Article 6(1)(f) (legitimate interests).
  
31. Regarding SJL's and Serco's reliance on Article 6(1)(b), Serco states that the processing of attendance data is necessary to ensure employees are paid correctly for the time they have worked. Although recording attendance times may be necessary for Serco to fulfil its obligations under employment contracts, it does not follow that the processing of biometric data is necessary to achieve this purpose. The processing of biometric data cannot be considered "necessary" when less intrusive means could be used to verify attendance. The less intrusive means of recording attendance times that are available to SJL and Serco include using radio-frequency identification cards or fobs, or manual sign-in and sign-out sheets. SJL and Serco have failed to demonstrate why these less intrusive methods are not appropriate. Despite Serco's assertions that these methods are open to abuse, Serco has not been able to provide evidence of widespread abuse, nor why other methods, such as disciplinary action against employees found to be abusing the system, have not been considered to be appropriate. SJL and Serco cannot rely on Article 6(1)(b) to process biometric data, as the availability of less intrusive methods of recording attendance data means that this processing is not necessary in order for SJL and/or Serco to fulfil its employment contracts.
  
32. Regarding SJL and Serco's reliance on Article 6(1)(f), Serco identifies the legitimate interests as:
  - a) *"to ensure Serco are paying staff members the correct salary for the time worked;*

b) *"to support our administrative and business functions."*

33. Legitimate interests will not apply if a controller can reasonably achieve the same result in another less intrusive way. As described above, Serco has not provided enough information to support its argument that eliminating abuse of the attendance monitoring system is a necessity, rather than simply a further benefit to SJL or Serco. There is a lack of evidence from Serco of any consideration of alternative means of handling such abuse, for example taking disciplinary action against the individuals responsible (which Serco acknowledges constitute only a minority of employees). Whilst "necessity" does not mean that the processing must be "absolutely essential", it must be more than just "useful" and be a targeted and proportionate way of achieving the purpose. In this case, the use of biometric technology to monitor attendance is not a targeted means of paying employees correctly or a proportionate method of overcoming the issue of a small number of employees having abused previous systems.
34. In applying the balancing test required to rely on legitimate interests, SJL and Serco have failed to give appropriate weight to the intrusive nature of biometric processing or the risks to data subjects.
35. SJL and Serco cannot rely on Article 6(1)(f) as Serco has failed to demonstrate the necessity of the processing or give appropriate weight to the interests of data subjects when conducting the balancing test. Less intrusive means of achieving the results are available. Legitimate interests is not an appropriate lawful basis as:
- a) The processing has a substantial privacy impact. Biometric data is inherently sensitive due to its uniqueness to the

person to whom it relates, and the increased potential for harm if that data is compromised (for example, allowing access to further sensitive and private data such as bank accounts). In this case, employees are required to provide biometric data that will be processed regularly and systematically as part of their employment. This is a regular intrusion into employees' privacy, over which they have no, or minimal, control.

- b) Employees were not given clear information about how they could object to the processing, or about any alternative methods of monitoring attendance that did not involve intrusive processing.
- c) There is an imbalance of power between Serco, as employer, and the employees. This means that even if employees had been informed that they could object to the processing, the Commissioner considers that they may not have felt able to do so.

Article 9 – special category personal data processing condition

36. SJL and Serco sought to rely on Article 9(2)(b) as the processing condition for processing special category personal data however initially failed to identify the specific obligation or right conferred by law. Serco's Representations identified the relevant laws in the context as:

- a) Section 9 of the Working Time Regulations 1998, which requires employers to keep adequate records of timekeeping; and

b) the Employment Rights Act 1996 relating to the correct payment of wages, including the right under Section 13 of that Act for the worker not to suffer unauthorised deductions from their wages.

37. However, these were not identified at the time that SJL and Serco began processing data using the FRT system, nor did Serco refer to these laws in its responses to enquiries during the Commissioner's investigation. The Article 9(2)(b) processing condition does not cover processing to meet purely contractual employment rights or obligations.
38. SJL and Serco have not produced an appropriate policy document as required by Schedule 1, Paragraph 1(1)(b) of the DPA.
39. SJL and Serco have also, as described above, failed to demonstrate that the processing of biometric data is "necessary" for Serco to process special category data for the purpose of employment attendance checks or to comply with the relevant laws identified in the Representations.
40. SJL and Serco cannot rely on Article 9(2) to process biometric data using FRT.

Article 5(1)(a) – lawful, fair and transparent processing

41. In failing to establish a lawful basis and processing condition under Articles 6 and 9 respectively, SJL and Serco have failed to comply with their obligations under Article 5(1)(a) to process the biometric data lawfully.



42. The Commissioner also finds that SJL and Serco have failed to process personal data fairly in accordance with their Article 5(1)(a) obligations. The processing of biometric data is highly intrusive and has the potential to cause distress to data subjects. Although Serco has stated that alternative mechanisms for employees to log their attendance will be available, this is not clearly brought to employees' attention, even when an employee has complained. In fact, the LSOP explains that employees are "expected" to use the biometric technology, that the use of the biometric technology is a requirement and that employees could be subject to disciplinary action if they refuse to use it. The LSOP does not set out how data subjects could object to any processing.
43. The Commissioner also considers that, due to the imbalance of power between Serco and/or SJL (as employer) and its employees, it is unlikely that an employee would feel able to object to this processing. It is also not made clear to data subjects how they can make such an objection.

*Are the contraventions identified deliberate or negligent?*

44. Although the use of FRT and processing of biometric data are deliberate, the Commissioner considers that the resulting infringements are negligent. Serco appears to have sought to comply with data protection legislation in its deployment of biometric technology, but its failure to meet these requirements indicates a lack of understanding of the UK GDPR.
45. SJL, as a joint controller, is also considered to have been negligent in its decision to allow the implementation of technology that does not meet the requirements of the legislation.

### **Issue of the Notice**

46. The Commissioner has considered, as he is required to do under section 150(2) the DPA when considering whether to serve an Enforcement Notice, whether any contravention has caused or is likely to cause any person damage or distress. The Commissioner has decided that the processing of biometric data in these circumstances is either causing and/or likely to cause distress to data subjects. The processing of biometric data is, by nature, highly intrusive. Due to the imbalance of power between SJL and Serco (as employers) and their employees, the relevant data subjects are in a vulnerable position. There is evidence that distress has been caused to data subjects, including the receipt by Serco and the ICO of a complaint relating to the processing.
47. Having regard to the contraventions, Serco's responses to the Commissioner's enquiries, Serco's Representations and the duration of the infringement, the Commissioner considers that an Enforcement Notice would be a proportionate regulatory step to bring SJL into compliance. The Commissioner requires SJL to take the steps specified in Annex 1 of this Notice.

### **Consequences of failing to comply with an Enforcement Notice**

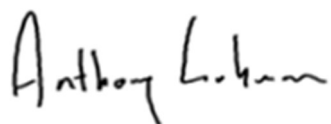
48. If a person fails to comply with an Enforcement Notice, the Commissioner may serve a penalty notice on that person under section 155(1)(b) of the DPA 2018, requiring payment of an amount up to £17,500,00 or 4% of an undertaking's total annual worldwide turnover, whichever is the higher.

## **Right of Appeal**

49. By virtue of section 162(1)(c) of the DPA 2018, there is a right of appeal against this Notice to the First-tier Tribunal (Information Rights), part of the General Regulatory Chamber. Information about appeals is set out in the attached Annex 2.

Dated the 19th day of February 2024

Signed:

A handwritten signature in black ink that reads "Anthony Luhman". The signature is written in a cursive style with a large initial 'A'.

Anthony Luhman  
Temporary Director of Investigations  
Information Commissioner's Office  
Wycliffe House  
Water Lane  
Wilmslow  
Cheshire  
SK9 5AF

## **ANNEX 1**

### **TERMS OF THE ENFORCEMENT NOTICE**

By no later than the date three months from the date of the Enforcement Notice SJL shall take the following steps:

1. Cease, or arrange for the cessation of, all processing of biometric data for the purpose of employment attendance checks from the Relevant Facility (and not implement biometric technology at any further facilities).
2. Arrange for the destruction of all biometric data and all other personal and special category data that SJL is not legally obliged to retain, including any such data stored by, or on behalf of, SJL and Serco as joint controllers (including instructing SWT Software Limited to delete any such data held on behalf of Serco and SJL as joint controllers).

## ANNEX 2

### RIGHTS OF APPEAL AGAINST DECISIONS OF THE COMMISSIONER

1. Section 162(1)(c) of the DPA gives any person upon whom an Enforcement Notice has been served a right of appeal to the First-tier Tribunal (Information Rights) (the "**Tribunal**") against the Enforcement Notice.
  
2. If you decide to appeal and if the Tribunal considers:-
  - a) that the Enforcement Notice against which the appeal is brought is not in accordance with the law; or
  
  - b) to the extent that the Notice involved an exercise of discretion by the Commissioner, that he ought to have exercised his discretion differently
  
3. The Tribunal will allow the appeal or substitute such other decision as could have been made by the Commissioner. In any other case the Tribunal will dismiss the appeal.
  
4. You may bring an appeal by serving a notice of appeal on the Tribunal at the following address:

General Regulatory Chamber  
HM Courts & Tribunals Service  
PO Box 9300  
Leicester  
LE1 8DJ

Telephone: 0203 936 8963

Email: [grc@justice.gov.uk](mailto:grc@justice.gov.uk)

5. Any notice of appeal should be served on the Tribunal within 28 days of the date on which the Enforcement Notice was sent.