

Glasgow City Council Internal Audit Section

Committee Summary

Financial Services – NDR Legislation Changes 2023/24

1 Introduction

- 1.1 As part of the agreed Internal Audit plan we have carried out a review of the changes made to the Non-Domestic Rates (NDR) system in 2023/24.
- 1.2 The Scottish Government approved several changes to the Non-Domestic Rates system in its 2023/24 Budget. These changes included increasing the rateable value threshold, expanding Fresh Start Relief, and updating Business Growth Relief to account for the revaluation of properties which took effect on 1 April 2023. The Scottish Government also reformed and extended eligibility for the Small Business Bonus Scheme (SBBS) relief. As a result of these changes, and the revaluation exercise, properties may lose or see a reduction in relief. In acknowledgement of this, the Scottish Government have also offered a Small Business Transitional Relief and Revaluation Transitional Relief.
- 1.3 The purpose of the audit was to gain assurance that the changes to NDR for 2023/24 have been appropriately implemented and reflected within systems, processes and procedures. The scope of the audit included:
- Documented procedures and training arrangements.
 - Processes for calculating and applying the updated and extended reliefs.

- Quality checking and monitoring processes.
- Changes to the NDR systems to ensure that they were configured to accurately calculate and apply the new charges and reliefs, and issue accurate bills.
- System user acceptance testing and sign off / approval processes.
- The process for the publication of rates relief statistics.

Item 5(d)

22nd May 2024

2 Audit Opinion

2.1 Based on the work carried out, assurance can be taken that the control environment is satisfactory.

3 Main Findings

- 3.1 We are pleased to report that the key controls are in place and operating effectively. Appropriate documented procedures have been developed and staff have received training outlining their roles and responsibilities. Suitable processes are in place for the processing and application of reliefs.
- 3.2 We reviewed a sample of NDR accounts and found that the correct poundage rates had been applied to each account, resulting in accurate bills being produced. We also reviewed a sample of successful relief applications and found that each award of relief was processed correctly in accordance with Scottish Government guidance.
- 3.3 We were advised that owing to the complexity of the changes to NDR systems, awards of Transitional Relief and certain categories of small business bonus relief were unable to be fully implemented on the Capita One system for the start of the 2023/24 tax year. This issue was not unique to Glasgow City Council which has been acknowledged by the Scottish Government. The NDR Team communicated to NDR clients on their annual rates notice to advise that reliefs would be applied later in the financial year and that an updated notice would be issued at that time. This was also published on the Council website. We confirmed for a sample of properties that updated notices were issued where appropriate.
- 3.4 Changes to the NDR system parameters were formally tested and approved by management prior to implementation on the live system. This testing was carried out for changes that were able to be implemented prior to the tax year commencing. Testing was also carried out following the implementation of the delayed changes noted at 3.3 which were successfully implemented in November 2023.
- 3.5 We confirmed that a list of current Business Rates Relief recipients is published on the Council website in line with Scottish Government guidance.
- 3.6 We confirmed that management regularly undertake quality checking of NDR system inputs to identify errors and provides feedback to officers where required.
- 3.7 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

- 3.8 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.9 It is recommended that Committee note the content of this report.