

Glasgow City Council Internal Audit Section

Committee Summary

Neighbourhoods, Regeneration and Sustainability – Low Emission Zone – Charging and Income

1 Introduction

Item 6 (j)

18th September 2024

- 1.1 As part of the agreed Internal Audit plan, we have carried out a review of the Low Emission Zone (LEZ) charging and income.
- 1.2 To reduce levels of harmful vehicle emissions in the city centre, Glasgow's LEZ came into force on 1 June 2023 and falls within the area bounded by the River Clyde, the M8 motorway, and High Street / Saltmarket.
- 1.3 Automatic Number Plate Recognition (ANPR) cameras are linked to a national vehicle licencing database and monitor vehicles driving into Glasgow's LEZ, detecting vehicles which do not comply with the required emission standards.
- 1.4 When a non-compliant vehicle is detected in the zone, a Penalty Charge Notice (PCN) will be issued to the registered keeper of the vehicle. There are some exemptions and residents within the LEZ zone had until 1st June 2024 to comply.
- 1.5 The purpose of the audit is to gain assurance that there are adequate controls and processes in place for the management of the Low Emission Zone (LEZ) charging and

income and that these are operating effectively. The scope of the audit included:

- Reviewing documented policies and procedures for management of the LEZ.
- Ensuring Penalty Charge Notices (PCNs) are issued within statutory timescales.
- Ensuring that PCNs are calculated correctly taking into consideration vehicle category and number of previous infringements.
- Reviewing arrangements for the management of blue badge, residents, taxis, and other exemptions.
- Ensuring that early settlement discounts and surcharges for late payment are applied correctly in line with the LEZ Final Scheme Design.
- Reviewing the process for assessing appeals and ensuring appropriate evidence and / or rationale has been recorded for cancelled PCN's.
- Reviewing arrangements for monitoring income collection and reconciliation to the financial ledger.
- Reviewing arrangements for statutory reporting requirements and publication of LEZ charge statistics.

2 Audit Opinion

- 2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and 3 recommendations which management should address.

3 Main Findings

- 3.1 Key controls are in place and generally operating effectively. The LEZ Final Scheme Design document outlines the legislation that underpins the Council's LEZ and provides details of the objectives, strategy, governance arrangements, and policy including vehicle scope, emission standards, exemptions and penalty charge levels.
- 3.2 For a sample of infringements, we confirmed that the PCN had been calculated correctly based on the vehicle category and number of previous infringements.
- 3.3 We reviewed the process for awarding exemptions and confirmed for a sample that appropriate evidence and rationale had been obtained prior to the exemption being awarded.
- 3.4 For a sample of cancelled PCNs we confirmed that these had been cancelled in line with policy outlined in the Final Scheme Design and that appropriate documentary evidence was held to support the decision.
- 3.5 We confirmed that the LEZ statistics which are published on the Council website are subject to review and management approval prior to publication.
- 3.6 However, our audit testing identified some areas where improvements could be made. During the audit we were unable to confirm that early settlement discounts, applied for PCNs paid within 14 days of the issue date, and late payment surcharges had been applied correctly, as we were unable to obtain a report of PCN issue dates.
- 3.7 We were advised that a regular reconciliation is carried out between the Pay360 income management system, SAP financial ledger and the Imperial 3Sixty system which is used to process PCN's. However, the Imperial 3Sixty aspect of the reconciliation has not been completed since November 2023.
- 3.8 We were advised that the NRS Sustainability Team are responsible for the management of LEZ exemptions and vehicle whitelists which inform the LEZ Videalert system of exempt vehicles. Currently there is only one officer responsible for management of the whitelists, and while we were advised that updating these is a relatively

straightforward process, a procedure note is not held to assist colleagues if the existing responsible officer is unavailable.

- 3.9 An action plan is provided at section four outlining our observations, risks and recommendations. We have made 3 recommendations for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	3
Low	Lower level controls absent, not being operated as designed or could be improved.	0
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.10 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.11 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.12 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Penalty Charge Notices have correct charge amounts and early settlement discounts are applied appropriately.				
1	<p>A 50% early settlement discount is applied to PCN's which are paid within 14 days.</p> <p>We were advised that a report confirming the PCN issue date could not be provided during the audit and therefore we were unable to confirm that early settlement discounts had been applied correctly in line with current policy.</p> <p>We were advised that the Imperial 3Sixty system has additional reporting functionality available to the end user, however, this was not adopted by the Council as part of the initial contract. We were assured that the Council is currently in the process of exploring adoption of additional reporting tools and functionality to enhance the management information available.</p> <p>Without access to appropriate reporting and management information there is an increased risk that the Council is unable to monitor the application of LEZ policy.</p>	<p>As part of the ongoing work to enhance the reporting and management information, NRS management should ensure that the new reporting capabilities are sufficient to allow the Council to monitor adherence with the LEZ policy.</p> <p>Once suitable reporting tools are in place NRS management should conduct regular reviews of the application of the LEZ policy, including calculation of early settlement discounts and late penalty surcharges to ensure these are applied consistently and in line with the policy.</p>	Medium	<p>Response:</p> <p>NRS has submitted a CRF to CGI to develop the required reporting solution(s) for the LEZ.</p> <p>Officer Responsible for Implementation:</p> <p>Group Manager, Parking Services</p> <p>Timescales for Implementation:</p> <p>31 December 2024</p>

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Reconciliation between the Pay 360 income management system and LEZ Imperial 3Sixty system are carried out on a regular basis.				
2	<p>We were advised that a process for reconciling the Pay360 income management system, Imperial 3Sixty LEZ PCN system, and the SAP financial ledger has been developed and NRS Finance are responsible for completing the reconciliations on a regular basis.</p> <p>We observed that whilst the Pay 360 income management and SAP financial ledger reconciliation has been carried out on a regular basis, the Imperial 3Sixty PCN aspect of the reconciliation has not been completed since November 2023.</p> <p>We were advised that this has not taken place since November as NRS no longer receive a report from the Imperial 3Sixty system in the format required to allow the reconciliation to be completed.</p> <p>If regular reconciliations are not carried out this can result in potential issues in updating PCN statuses on the Imperial 3Sixty system with payments received information being unidentified.</p>	NRS management should review issues with the format of the existing Imperial 3Sixty report and establish a method for completing the Pay 360 to Imperial 3Sixty reconciliation on a regular basis.	Medium	<p>Response:</p> <p>The issue surrounding the production of the Imperial360 report is being investigated, with the intention being that the reconciliation will be re-established on a monthly basis as soon as the necessary report can be provided.</p> <p>Officer Responsible for Implementation:</p> <p>Divisional Director Finance and Transformation / Principal Finance Officer</p> <p>Timescales for Implementation:</p> <p>30 September 2024</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Policies and procedure notes are in place to support officers and ensure a consistent approach to LEZ management.				
3	<p>The NRS Sustainability Team are responsible for the management of LEZ exemptions and vehicle whitelists which inform the LEZ Videalert system of exempt vehicles.</p> <p>Currently there is only one officer responsible for the management of the whitelists. While we were advised that the process for maintenance and updating of whitelists is relatively straightforward, a procedure note is not held outlining the processes required to be followed.</p> <p>If only one officer is responsible for management of a process, then this can represent a risk if the actions required to maintain and update the whitelists have not been documented and are therefore not available to other officers who may be required to carry out the process in the responsible officer's absence.</p>	<p>NRS Sustainability should develop a procedure note which outlines the processes for maintaining and updating vehicle exemption whitelists.</p> <p>Once developed the procedure note should be communicated to relevant staff who may be required to follow the process in the event of the responsible officer's absence, and stored in an area which is readily accessible.</p>	Medium	<p>Response:</p> <p>NRS Sustainability will develop a procedure note outlining the process and criteria for awarding time-limited exemptions to the LEZ and for updating the LEZ whitelist.</p> <p>This procedure note will be stored on an accessible location within EDRMS. This procedure note, its location and access to relevant documentation and network locations will be circulated amongst relevant NRS Sustainability staff.</p> <p>Officer Responsible for Implementation:</p> <p>NRS Sustainability Assistant Group Manager</p> <p>Timescales for Implementation:</p> <p>31 July 2024</p>