Glasgow City Council Internal Audit Section
Committee Summary
Financial Services – Review of NDR and Council Tax Changes including Water Direct

1 Introduction

1.1 As part of the agreed Internal Audit plan, we have carried out a review of the arrangements for the implementation of changes in regard to Council Tax charging and Non-Domestic Rates (NDR) reliefs. In addition, we reviewed the arrangements for applying Water Direct to accounts.

1.2 Revenue and Benefits, based within the Customer and Business Services (CBS), is responsible for calculating and issuing bills for Council Tax and Water and Water Waste charges as well as NDR. This involves ensuring any legislative or Council policy changes that impact the bills are applied correctly.

1.3 There was a change in the application of Council Tax charges for second homes which resulted in the Council applying a 200% charge on second homes throughout the authority area. This resulted in additional revenue of £1.169m for 2025/26.

1.4 The Scottish Government also introduced a new NDR relief for the hospitality sector allowing businesses to apply for a 40% discount on NDR charges where they have a rateable value of less than £51k. At the time of the audit 421 accounts had successfully applied for this relief for a value of £2.1m.

1.5 Water Direct is used by Glasgow City Council and is administered by the Department of Work and Pensions (DWP). The programme allows the Council to collect water and waste debts directly from state benefits.

1.6 The scope of the audit was to gain assurance that the changes to NDR and Council Tax charges for 2025/26 along with the use of Water Direct were implemented correctly. The scope of the audit included:

- Documented procedures
- Training arrangements
- Roles and responsibilities
- Process for calculating and applying updated charges
- Quality checking process
- Segregation of duties
- Required system configuration to calculate charges and issue bills
- Use of data analytics to highlight anomalies or irregularities in data
- System testing and manager sign off

2 Audit Opinion

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

3 Main Findings

Council Tax

3.1 We are pleased to report that key controls are in place and operating effectively in relation to the application of the second homes Council Tax charge that was introduced in April 2025. We confirmed that there are detailed procedure notes and version control is used to ensure these are up to date and available to all staff. Through review we verified that the procedures provided are in line with Scottish Government guidance.

3.2 Through discussion we were advised that staff were given an update and are aware of their roles and responsibilities and have received on the job training.

3.3 In addition, we were advised that all Council Tax payers impacted by the new charge were issued with an email notifying them of the change.

3.4 We carried out a walk-through of the process to apply the new charges and determined that the Council Tax team has systems in place to identify second homes. We were advised that there is no formal approval process, however we confirmed through review of evidence that quality assurance audits are carried out for a sample of all transactions on a weekly basis.

3.5 We were provided with evidence to show that system updates were carried out and tested by the Revenue Manager. Furthermore, through review of evidence, we confirmed that user testing had been carried out and signed off by management.

3.6 A sample of 30 accounts that are second homes were selected and the bills were recalculated and we confirmed all charges were applied correctly and evidence was available to show these were processed in line with the procedures.

NDR

3.7 We are pleased to report that the key controls are in place and operating effectively. We were provided with evidence that confirmed there are detailed procedure notes available for the new hospitality relief. The procedure notes have version control in place to ensure they are up to date and we were advised by the Operations Manager that they were circulated amongst staff.

3.8 In order for relief to be awarded, an application must be submitted by the business. Once an application is received, the NDR team will carry out checks to verify the information provided is correct; the decision is then reviewed by a second officer. The NDR team will also carry out checks that the business does not breach any of the three caps associated with the relief (Rateable value must be below £51,000, must not go over the maximum relief of £110,000 per annum and £315,000 over a rolling 3 year period).

3.9 We selected a sample of 15 accounts that received the relief and confirmed all 15 accounts had adequate supporting evidence, received the correct value of relief and provided confirmation that the relief did not breach the maximum financial assistance.

3.10 We confirmed that quality assurance audits are carried out and include the application of NDR relief applications in the sample testing. This involves a four-weekly audit to check four percent of transactions and a high value audit is carried out weekly and reviews three percent of transactions.

3.11 Information about the relief was made available on the Council website, we confirmed that the information is consistent with Scottish Government guidance.

3.12 We reviewed the process for system updates with the new poundage rates and reliefs. Through review of evidence, we confirmed that user testing was complete and signed off by management for required changes to the system. We reviewed a sample of 15 accounts with the relief and confirmed the correct charge and relief were applied.

Water Direct

3.13 We reviewed the procedure notes available to relevant officers and confirmed the information is consistent with the DWP guidance regarding water direct. We were advised that all staff received a copy of the procedure notes and were made aware of the new charge when it was introduced.

3.14 We performed a walk-through of the application of Water Direct charges and confirmed the process reflects the procedure note.

3.15 We reviewed a sample of 30 accounts to confirm Water Direct charges were applied correctly and confirmed that all 30 accounts were being charged the correct amount and the account had a level of debt at the time of the charge.

3.16 The audit has been undertaken in accordance with the Global Internal Audit Standards in the UK public sector.

3.17 We would like to thank officers involved in this audit for their cooperation and assistance.

3.18 It is recommended that Committee note the content of this report.