

Report	Summary of key findings and recommendations	Recommendations			Status
		H	M	L	
<p>Subject: Council Tax Discounts and Exemptions</p> <p>Category: Assurance – Cyclical</p> <p>Date issued: 1 September 2023 Draft 21 September 2023 Final</p> <p>Level of Assurance: Substantial for complying with relevant legislation. Limited for ensuring adequate evidence is obtained and adequate investigations are undertaken before discounts and exemptions are awarded.</p>	<p>The purpose of the audit was to evaluate the processes in place to ensure that the Council is providing the appropriate Council Tax discounts and exemptions to those households with an entitlement to these discounts and exemptions whilst preventing any error or fraud.</p> <p>Council Tax is a property based tax which contributes towards Council services. Every property is banded (A-H) and each band is calculated as a proportion of band D. The charge is based on two or more adult residents and discounts and exemptions can be applied for single person households, disabled persons and students as well as some other groups. A levy of 200% can be applied on Council Tax charges for properties that meet the long term empty property criteria which became effective from 1 April 2017. Council Tax is administrated through the Open Revenues system. Documentation is recorded on Digital 360 (D360). System calculations (billing parameters, discounts and exemptions) are tested during the annual billing process (before bills are generated for the new tax year) to ensure awards are calculated accurately.</p> <p>The Council collects water and waste charges on behalf of Scottish Water and these charges are incorporated into the bills that are issued to customers. As at 28 July 2023, there were 43,971 properties in Midlothian and 1,122 properties were on the valuation exemption list. The annual charge billed for 2022/23 was £72.886m (£54.881m Council Tax and £18.005m Water and Sewerage) and £68.888m had been collected as at 31 March 2023. Total deductions of discounts and exemptions awarded as at 12 May 2023 was 6.985m (10% of total amount collected). As at 24 July 2023, there was a backlog of 3,912 Council tax cases requiring action (for example assessment required due to a change of circumstances).</p> <p>Internal Audit considers that the level of assurance is substantial for complying with relevant legislation. Assurance is limited for ensuring adequate evidence is obtained and adequate investigations are undertaken before discounts and exemptions are awarded.</p> <p>Inadequate resource within the service, as a result of staff being reallocated to process high volumes of Scottish Welfare Fund (SWF) applications, has resulted</p>	1	2	3	Management have accepted the factual accuracy of the report and its findings, and agreed to implement the recommendations.

	<p>in a backlog of cases (approx. 5 months), poor customer service, discounts and exemptions not being reviewed, NFI data matches not being investigated and inadequate quality checking of cases. Letters are issued annually for Single Person discounts and the entitlement to the discount is removed for non-responders. Due to the lack of resource, this was not undertaken last year and although letters were issued this year, reminder letters still need to be issued to customers who have not responded. This may have resulted in financial loss to the Council.</p> <p>A business case for recruiting more staff to administer SWF applications was approved by Council on 29 August 2023. The additional SWF resource will free up existing Revenues Officers to return to processing Council Tax and benefits to address the backlog. Internal Audit made the following recommendations:</p> <ul style="list-style-type: none"> • The Revenues Service should be appropriately resourced to enable: the single person discount awards to be removed for non-responders; the periodic checking of discounts and exemptions; the quality checking of cases to be resumed; the investigation of NFI data matches; and the backlog of cases to be cleared. (High) • Management should review the current processes for awarding discounts and exemptions and provide guidance to employees detailing the level of evidence and investigation required. Associated procedure notes should be documented. (Medium) • Retention rules for the D360 system should be reviewed for Council Tax records to ensure adequate evidence is retained for Council Tax accounts which are still live. (Medium) • Management should ensure that an employee declaration form is completed by all Revenues employees on an annual basis and a record is retained of employees' / family accounts. (Low) • The formal documentation delegating authority to modify different classes of dwelling exempt from the additional Long Term Unoccupied Premium charge requires to be updated to reflect the current service structure. (Low) • The service risk register requires to be reviewed and updated. (Low) 				
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