



# Hinckley and Bosworth Borough Council: Internal Audit Final Report Council Tax & NNDR (01.2024/25)

**Audit Sponsor:** Sally O'Hanlon, Head of Leicestershire Revenues & Benefits Partnership

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March 2025

## [Reporting Timetable](#)

Last information received: 25/11/2024

Draft Report Issued: 16/12/2024

Second Draft Report issued: 19/02/2025

Comments Received: 03/03/2025

Final Report Issued: 06/03/2025

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## Disclaimer

This report (“Report”) was prepared by Forvis Mazars LLP at the request of Hinckley & Bosworth Borough Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Hinckley & Bosworth Borough Council and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix A1 of this report for further information about responsibilities, limitations and confidentiality.

## Your One Page Summary

**Audit Objective:** To provide the Members, the Joint Committee and other officers with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls relating to Council Tax and NNDR.

Audit rationale		
<b>Why the Audit is in Your 2024/25 Plan</b>	<b>Your Strategic Risk</b>	<b>Your Strategic / Tactical Objective</b>
To assess the adequacy of arrangements in place in relation to managing council tax and national non-domestic rates (NNDR).	S.58 Balanced MTFS	N/A - No specific strategic or tactical objective

### Summary of our opinion

<p><b>Substantial Opinion</b> See Appendix A1 for definitions</p>	<b>Summary of Recommendations</b>												
	<table border="1"> <tr> <td style="background-color: #ff0000; color: white;">High Priority</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="background-color: #ffcc00;">Medium Priority</td> <td style="text-align: center;">1</td> </tr> <tr> <td style="background-color: #92d050;">Low Priority</td> <td style="text-align: center;">3</td> </tr> </table>	High Priority	-	Medium Priority	1	Low Priority	3	<table border="1"> <tr> <td>Actions agreed by you</td> <td style="background-color: #92d050; text-align: center;">100%</td> </tr> <tr> <td>High Priority completion</td> <td style="text-align: center;">N/A</td> </tr> <tr> <td>Overall completion</td> <td style="text-align: center;">December 2025</td> </tr> </table>	Actions agreed by you	100%	High Priority completion	N/A	Overall completion
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### Summary of findings

Examples of good practice	Highest Priority Findings	Key root causes
<ul style="list-style-type: none"> <li>Review of a sample of 7 council tax valuation amendments and 9 NNDR valuation amendments confirmed that they had been set up on the Academy (revenues and benefits management system) accurately.</li> <li>Supporting documentation and appropriate approval was in place for a sample of 15 council tax refunds.</li> <li>Review of a sample of 15 council tax write-offs and 15 NNDR write-offs found that appropriate approval was provided in all cases.</li> </ul>	<ul style="list-style-type: none"> <li>Regular reviews not evidenced for suppressions of council tax bills and recovery action</li> <li>No documented process for authorisation for NNDR refunds</li> </ul>	<ul style="list-style-type: none"> <li>Lack of guidance for processing and reviewing suppressions.</li> <li>Refunds can be processed even if email authorisation has not been provided.</li> </ul>

## 01 Summary Action Plan

Below is a high-level summary of the actions that are intended to support your management of this risk area. Further detail about our findings, which have been discussed with management, are provided in our detailed action plan (see 03 Detailed Action Plan).

Ref	Recommendation	Priority	Responsible Person	Due Date
1	<ol style="list-style-type: none"> <li>Guidance notes should be developed for the use of suppressions across the LRBP, and how to record the reasons for suppressions consistently within account notes.</li> <li>The guidance should include the agreed process for writing off credits on closed accounts, to ensure a consistent and timely approach where action is not achievable.</li> </ol>	Medium	Jon Owst	31 December 2025
2	<ol style="list-style-type: none"> <li>The LRBP should explore whether appropriate authorisation can be implemented within the existing refund workflow, rather than providing manual authorisation via email.</li> <li>Council tax and NNDR refund procedures should be updated to include the refund authorisation limits.</li> </ol>	Low	Sally O'Hanlon	30 September 2025
3	The procedure notes and process maps relating to discounts, exemptions and reliefs should be updated to reflect the need for review of eligibility, including agreed timescales.	Low	Jon Owst	30 November 2025
4	<ol style="list-style-type: none"> <li>LRBP should develop and maintain a monitoring spreadsheet of council tax and NNDR policies, procedures and guidance documents, which should include a list of policies and procedures, the responsible person, date of review and location of the document. In existence</li> <li>LRBP should review its suite of council tax and NNDR policies, procedures and guidance documents and add a document control section indicating the responsible person for maintain the policy, the date it as last reviewed and the date it is due for review.</li> <li>LRBP should consider further centralising and standardising its policies and procedures, such as by having a central LRBP Recovery Policy. Share Point will now enable this</li> </ol>	Low	Sally O'Hanlon	30 November 2025

## 02 Value for Money and Sector Comparison

Within each of our reports, we summarise any observations we have made about the effectiveness, efficiency and economy of your operations. This is to support our portfolio of public and social sector organisations with value for money considerations. We also summarise how you compare to similar organisations, which is intended to bring you the benefit of our insight.

### Value for Money



Value for money (VfM) considerations can arise through the efficient use of systems and processes in order to make more efficient use of resources.

The Leicestershire Revenues & Benefits Partnership (LRBP) delivers council tax and business rates billing, recovery and enforcement services centrally for Hinckley & Bosworth Borough

Council, North West Leicestershire and Harborough District Council. Working together as a partnership helps these councils to reduce costs and provide a more efficient and effective service.

During our review we found that refunds are input and processed by team members in the Academy revenues and benefits management system, following manual authorisation being received by a staff member with an appropriate authorisation limit, usually by email and not via an automated workflow within Academy. This process could be further streamlined to improve efficiency by implementing an automated approval workflow, which could reduce the risk of delays and of refunds being processed without appropriate approval (Recommendation 2).

Reminder letters for overdue council tax and NNDR payments are issued on a monthly basis using a set recovery timetable. The LRBP could also consider further use of technology to improve the efficiency of its collection process, for example, the Local Government Association (LGA)<sup>1</sup> suggests that sending text messages close to deadlines can improve response rates and improve revenue collection. We were advised that the partnership is planning to introduce text messaging for the 2025/26 council tax year.

### Sector Comparison

We have assessed the arrangements in place for council tax and NNDR and compared them to those noted in other audits carried out at similar Local Authority clients.

Review of the council tax and NNDR collection rates reported by the LRBP indicates that the partnership performed favourably overall in 2023/24 compared to national and sector averages reported by the Department for Levelling Up, Housing and Communities (DLUHC) (See A2 Appendix – Table 1 & 2):



- Council Tax Collection Rates: All three authorities exceeded the overall council tax collection rate for England. When compared with the overall shire districts' rate, HBBC and HDC surpassed it, and NWLDC matched the rate.
- NNDR Collection Rates: HBBC and HDC exceeded the overall NNDR collection rate for England, with NWLDC matching the national rate. In comparison to the overall shire districts' rate, HBBC and HDC exceeded it while NWLDC was slightly below the rate.

During our reviews of council tax and NNDR at other Local Authorities we have raised common issues related to suppressions of recovery actions, such as suppressions not being removed from accounts promptly and regular reviews to confirm the suppression is still required not taking place. .

<sup>1</sup> <https://www.local.gov.uk/publications/supporting-councils-improve-revenue-collection-behavioural-insights>

### 03 Detailed Action Plan

We have identified areas where there is scope to improve the control environment. Our detailed findings are provided below. Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

1. Regular reviews not evidenced for suppressions of council tax bills and recovery action	
Finding(s) and Risk	Recommendation(s)
<p>Council tax and NNDR bills are issued from the Academy system, giving 14 days' notice of the requirement to pay the first instalment, and reminders are then issued on a monthly basis where instalments have fallen into arrears based on set recovery timetables for council tax and NNDR. If payment has then not been received within seven days of the reminder, the whole amount becomes due. If this remains unpaid, a complaint is made to the magistrates court who will then approve the issue of a summons as a pre-requisite to applying for a Liability Order following which recovery action may be taken.</p> <p>Manual suppressions of billing or recovery action can be added to accounts, such as where further enquiries are being made and further information has been requested.</p> <p>We reviewed a sample of nine council tax billing and recovery suppressions and found four cases whereby the liability on the account had ended and there was no evidence of a recent review taking place. In two of the four cases the liability ceased in 2005, and 2007. We were advised that there are historic cases where the suppression is not reviewed regularly as the circumstances will not regularly change. In one case there was a credit on the account due to a Property Band reduction resulting in a credit on a historic account. The previous account holder could not be located, and the credit remains on the system. There is no documented approach to when the credit on the account should be written off. We were advised that LRBP regularly check accounts using diary codes which officers are responsible for monitoring, however notes are not always made to document the outcome of the review.</p> <p>Debt recovery procedures are in place for council tax and NNDR, however, we were not provided with any specific guidelines for processing suppressions. We also found that it was often difficult to readily identify the reasons for why an account had been suppressed based on account notes.</p>	<ol style="list-style-type: none"> <li>1. Guidance notes should be developed for the use of suppressions across the LRBP, and how to record the reasons for suppressions consistently within account notes.</li> <li>2. The guidance should include the agreed process for writing off credits on closed accounts, to ensure a consistent and timely approach where action is not achievable.</li> </ol>
	Root Cause(s)
	Lack of guidance for processing and reviewing suppressions.

**Risk and Impact:** Council tax and NNDR suppressions are not reviewed on a regular basis leading to outstanding debts remaining unpaid and council tax / NNDR revenues not being received.

**Management Comments / Agreed Actions**

The approach to writing off credits on closed accounts will be reviewed and agreed to ensure a consistent and timely approach. Once established, we will document guidance that includes the approach and the use of account notes.

<b>Responsible Person</b>	Jon Owst, Revenues & Benefits Manager (Revenues)	<b>Action Due Date</b>	31 December 2025
		<b>Priority Level</b>	<b>Medium</b>

## 2. No documented process for authorisation for NNDR refunds

Finding(s) and Risk	Recommendation(s)
<p>The Business Rates team processes NNDR refunds through the Academy system, such as where there has been an overpayment, or a backdated rateable value change has been actioned. On a weekly basis a report of refunds is generated and approval requested, and once approval has been received a Business Rates team member approves them within Academy, and the refund balancing spreadsheet is updated.</p> <p>Refunds should be authorised manually via email by a staff member with the appropriate limit. For example, Council Tax and Business Rates Team Leaders can authorise refunds up to and not exceeding £5000, whereas for refunds greater than £25,000 authorisation must be provided by the relevant S151 Officer for the authority. However, refunds can still be processed within Academy without the manual email approval. We were provided with email confirmation of the above refund authorisation limits from the Head of LRBP, however, the authorisation limits have not been documented within the council tax and NNDR refund procedures for each council.</p> <p>We reviewed a sample of 15 NNDR refunds and confirmed that documentary evidence to support the refund was available, appropriate authorisation was provided, and that the payment was made to the liable party.</p> <p><b>Risk and Impact:</b> Refunds are not authorised appropriately leading to invalid refunds being made.</p>	<ol style="list-style-type: none"> <li>1. The LRBP should explore whether appropriate authorisation can be implemented within the existing refund workflow, rather than providing manual authorisation via email.</li> <li>2. Council tax and NNDR refund procedures should be updated to include the refund authorisation limits.</li> </ol> <p><b>Root Cause(s)</b></p> <p>Refunds can be processed in the system even if email authorisation has not been obtained.</p>

### Management Comments / Agreed Actions

The process regarding authorisation will be reviewed. It should be noted that to implement as suggested and to accord with financial regs, the S151 Officer would have to approve on Academy and this may not be practicable. We will explore if alternative options for authorisation are available.

The procedures will be updated.

<b>Responsible Person</b>	Sally O'Hanlon, Head of Leicestershire Revenues & Benefits Partnership	<b>Action Due Date</b>	30 September 2025
		<b>Priority Level</b>	Low



### 3. The review of eligibility of discounts, exemptions and/or reliefs is not defined

Finding(s) and Risk	Recommendation(s)
<p>Various reliefs are available for properties paying national non-domestic rates (NNDR), such as Small Business Rate Relief (SBRR) and partially occupied exemptions (S44A). Guidance for applying for these is located on the council websites, and applications can typically be submitted via a portal on the council websites. Once an application has been received, it is reviewed by the Business Rates team, uploaded onto the Enterprise DMS, and the change is made within Academy. Procedure notes and process maps are available to staff providing guidance on how to process the various reliefs.</p> <p>We were advised that SBRR eligibility should be reviewed on a three-year cycle. However, we found that this requirement is not documented within the procedure notes.</p> <p><b>Risk and Impact:</b> Discounts, exemptions and/or reliefs are not reviewed resulting in ratepayers who are no longer eligible continuing to receive them.</p>	<p>The procedure notes and process maps relating to discounts, exemptions and reliefs should be updated to reflect the need for review of eligibility, including agreed timescales.</p>
	<p><b>Root Cause(s)</b></p>
	<p>Supporting documentation may be missed and not uploaded to Enterprise / Academy.</p>

#### Management Comments / Agreed Actions

The work to review all policies and procedure notes is ongoing with a plan to review as programmed.

<p><b>Responsible Person</b></p>	<p>Jon Owst, Revenues &amp; Benefits Manager (Revenues)</p>	<p><b>Action Due Date</b></p>	<p>30 November 2025</p>
		<p><b>Priority Level</b></p>	<p>Low</p>

#### 4. No document control section for policies and procedures

##### Finding(s) and Risk

Our review found that there are a variety of policies and procedures in place for council tax and NNDR processes, and we were provided with documents such as debt recovery and write off procedures, and guidance documents for processing discounts, reliefs and exemptions, Valuation Office Agency (VOA) amendments, and refunds.

We found that most policies and procedures do not have a document control section indicating when a review last took place, when the next review is due, and the responsible officer for maintaining the procedure.

We also noted that in some cases there were separate procedure documents in place for HBBC, NWLDC and HDC such as NNDR Discretionary Rate Relief Guidelines, Section 44a Guidelines and the Recovery Policies. Overall, these procedure documents appear to be similar although there are some differences, for example the HBBC Recovery Policy states that for business rates either a payment arrangement or enforcement/bailiff action can be taken post liability order, whereas for HDC it is stated that only enforcement/bailiff action can be taken. Centralising and standardising policies and procedures into documents for the LRBP as a whole could help to ensure processes are carried out consistently, as well as reduce the burden of reviewing and updating a greater number of unconsolidated policies and procedures.

**Risk and Impact:** Roles and responsibilities in relation to council tax and NNDR are not clearly defined.

##### Recommendation(s)

1. LRBP should develop and maintain a monitoring spreadsheet of council tax and NNDR policies, procedures and guidance documents, which should include a list of policies and procedures, the responsible person, date of review and location of the document.
2. LRBP should review its suite of council tax and NNDR policies, procedures and guidance documents and add a document control section indicating the responsible person for maintain the policy, the date it as last reviewed and the date it is due for review.
3. LRBP should consider further centralising and standardising its policies and procedures, such as by having a central LRBP Recovery Policy.

##### Root Cause(s)

There may be different requirements across the local authorities, and large range of policies and procedures makes it difficult to regularly review and update them.

##### Management Comments / Agreed Actions

A review of all polices and procedures is currently ongoing, and the above will all be reviewed as a part of this exercise.

##### Responsible Person

Sally O'Hanlon, Head of Leicestershire Revenues & Benefits Partnership

##### Action Due Date

30 November 2025

##### Priority Level

Low

# A1 Audit Information

## Agreed Audit Objective and Scope

The objectives of our audit were to assess whether Hinckley & Bosworth Borough Council has in place adequate and appropriate policies, procedures and controls in relation to Council Tax & NNDR with a view to providing an opinion on the extent to which risks in this area are managed. The audit considered the following risks relating to the area under review:

### Roles and Responsibilities

- Roles and responsibilities in relation to council tax and NNDR not clearly defined.

### Valuations

- Loss of income from new assessments, or due to changes to the rateable value of businesses.

### Transactions and Records

- Transactions processed inconsistently with external and internal policies and procedures.
- Inaccurate records are maintained.

### Discounts, Exemptions and Premiums

- Discounts/exemptions/premiums are invalidly awarded in relation to council tax.
- Discounts/exemptions/reliefs are invalidly awarded in relation to NNDR.

### Billing and Receipts

- Council tax/NNDR revenues are not received.
- Income is not recorded/maximised or allocated to accounts in a timely and accurate manner\*.

### Refunds

- Invalid refunds are made.
- Significant overpayments are not detected or prevented, resulting in illegitimate refunds being made.

### Debt Recovery and Enforcement

- Outstanding debts remain unpaid.

### Write-off

- Invalid write offs are made.

### Management Information

- Management are unaware of performance levels in relation to debt collection.

## Scope Limitations

In giving this assessment, it should be noted that assurance cannot be absolute. The most an Internal Audit service can provide is reasonable assurance that there are no major weaknesses in the framework of internal control. Any testing performed was conducted on a sample basis. Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

\* We were unable to verify that income is recorded/maximised or allocated to accounts in a timely and accurate manner, as the required account data for testing could not be provided as part of the audit.

## Definitions of Assurance Levels and Recommendation Priority Levels

Definitions of Assurance Levels	
Substantial Assurance	The framework of governance, risk management and control is adequate and effective.
Moderate Assurance	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited Assurance	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory Assurance	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Definitions of Recommendations		
High (Priority 1)	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium (Priority 2)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low (Priority 3)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.

## A2 Appendix

### Council Tax & NNDR Collection Rates

Table 1			
Council Tax 2023/24	Collection Rate	Target	Difference
HBBC	97.5%	97.6%	-0.10%
NWLDC	97.2%	97.3%	-0.10%
HDC	98.0%	98.1%	-0.10%
Non-Domestic Rates 2023/24	Collection Rate	Target	Difference
HBBC	98.5%	98.8%	-0.30%
NWLDC	97.2%	99.0%	-1.80%
HDC	98.7%	99.2%	-0.50%

Table 2 <sup>2</sup>		
Areas	Council Tax Collection Rate 2023/24 (%)	NNDR Collection Rate 2023/24 (%)
England	95.9%	97.2%
Unitary authorities	96.2%	97.2%
Shire districts	97.2%	97.8%

<sup>2</sup> <https://www.gov.uk/government/statistics/collection-rates-for-council-tax-and-non-domestic-rates-in-england-2023-to-2024>

## Statement of Responsibility

We take responsibility to Hinckley & Bosworth Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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