

Internal Audit Report

Low Emission Zone Management

19 February 2026

PL2506

**Overall
Assessment**

**Reasonable
Assurance**

Contents

Executive Summary 3

Background and scope..... 5

Findings and Management Actions 7

Appendix 1 – Control Assessment and Assurance Definitions.....16

Appendix 2 – Areas of Audit Focus and Control Objectives17

This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2025/26 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2025. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Global Internal Audit Standards (UK Public Sector) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management’s responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

Executive Summary

Overall
Assessment

Reasonable
Assurance

Engagement conclusion and summary of findings

There is a generally sound system of governance, risk management, and control in place for the processes established for management of the Low Emission Zone (LEZ), including signage, calculation and issue of penalty charge notices, income collection, exemptions, discounts and surcharges, processing appeals, and reporting and oversight arrangements.

Robust and effectively operating internal controls were highlighted in two audit areas: Penalty Charge Notices (PCN), and Appeals / Complaints.

Opportunity to improve controls across the following areas was identified:



















- a decision should be made to either finalise the draft LEZ risk register or include LEZ risks in the Parking and Traffic Regulation Risk Register
- LEZ procedural guidance should be reviewed regularly and include version control
- formal LEZ-specific training materials should be introduced for officers undertaking LEZ management activities
- robust oversight of signage maintenance should be implemented including an action tracker, provision of complete and accurate information from the contractor, and completion of spot checks
- debt recovery arrangements for LEZ should be improved, including formally stating the debt recovery mechanisms, for example for repeat offenders

- an expanded suite of performance indicators should be developed to monitor key aspects of LEZ performance and delivery, and to enable timely corrective action where needed
- the LEZ Annual Report should be finalised within a defined timescale to ensure effective oversight. Confirmation should be sought that Committee does not wish to review the Annual Report going forward.

Areas of effective practice

- penalty charge notices are accurately calculated and issued to vehicle owners within statutory timeframes
- PCN discount, surcharges, and exemptions are accurately applied
- communications to the Council from PCN recipients were responded to within statutory timeframes, and challenges and appeals have full audit trails
- the Council meets regularly with the main supplier, and actions are tracked between meetings and followed up at subsequent meetings.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Risk Management			Finding 1 – Risk Management, Procedures, and Training	Medium Priority
2. Policies, Procedures, and Training			See Finding 1	As per Finding 1
3. Signage and Public Communication			Finding 2 – Signage Maintenance	Medium Priority
4. Penalty Charge Notices			No issues identified	N/A
5. Income Collection, Exemptions, Discounts, and Surcharges			Finding 3 – Management Information, Debt Recovery, and Data Governance	Medium Priority
6. Appeals and Complaints			No issues identified	N/A
7. Supplier and Sub-Contractor Management			Finding 4 – KPIs and LEZ Annual Reporting	Medium Priority
8. Reporting and Strategic Oversight			See Finding 4	As per Finding 4
9. Information Governance			See Finding 3.	As per Finding 3

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Background and scope

The City of Edinburgh Council's (the Council) [Low Emission Zone Scheme](#) was approved by the Transport and Environment Committee for submission to Transport Scotland in March 2022, and it was approved by Scottish Ministers in May 2022.

The Low Emission Zone (LEZ) in Edinburgh aims to improve air quality and reduce greenhouse gases in the city. The LEZ scheme includes specific roads with clear boundaries for the zone. Only vehicles which meet certain emission standards are allowed into the Zone, though there are some exemptions, e.g. for blue badge holders, emergency and military vehicles, and motorcycles and mopeds.

The LEZ has been enforced since 1 June 2024, operates 24 hours a day 7 days a week and circles the city centre. Between 1 June 2024 and 31 March 2025 there was a total of 40,945 LEZ contraventions.

The Council, under an umbrella contract also covering Glasgow, Dundee and Aberdeen Councils' LEZ schemes, outsources the majority of the management of the process. The Council has appointed [Marstons / NSL](#) as the principal contractor responsible for managing sub-contractors to deliver the service. The Council has, however, retained control of the challenge and appeal process, which is administered by the Customer Contact Team.

Penalties and Appeals

Entering the LEZ in a non-compliant or non-exempted vehicle will result in a Penalty Charge Notice (PCN) being issued to the registered keeper of the vehicle, with Automatic Number Plate Recognition cameras being used to identify vehicles. The [Low Emission Zones \(Emissions Standards, Exemptions and Enforcement\) \(Scotland\) Regulations 2021](#) sets out the regulations for penalties and enforcement.

The recipient of the PCN can make an appeal to the Council within 28 days of the notice being served, and appeals can be made online via the customer portal, by post, and in person; however, they cannot be made by email. If the Council rejects a representation, the challenger has the right to appeal to an independent adjudicator. The initial penalty charge is £60, which increases with each subsequent violation within a 90-day period, however surcharges are capped depending on the vehicle class after four

subsequent PCNs. For example, up to a maximum of £420 for a light passenger vehicle or £900 for a bus or coach. Where the PCN is paid within 14 days of the service date, the charge is reduced by 50 percent.

Applications through the [Energy Saving Trust](#) can be made for funds to support for the safe disposal of non-compliant vehicles and an incentive for low-income households within a 20km radius of the LEZ. This is up to £3,000 for individuals and households, and the scheme is funded by Transport Scotland. Businesses may also apply for funding of up to £2,000 for sole traders, and micro businesses with nine or fewer full-time employees. This is signposted on the Council's website, but the Council is not involved in this process.

Revenue and Costs

In 2024/2025 the annual operating cost of the LEZ enforcement system was £552,789 according to the draft LEZ Annual Report. Revenue generated from PCNs contributes towards running the LEZ and any surplus revenue may only be used to support environmental improvement objectives. Gross and net revenue for 2024/2025 was published in the [Council's Unaudited Annual Accounts 2024-25](#), presented to the Finance and Resources Committee in June 2025. Revenue from fines and charges totalled £1,050,780 and there was a total surplus of £793,187.

Reporting Arrangements

Edinburgh's LEZ data and financial information from 1 June 2024 to 31 March 2025 was published in the Council's annual unaudited accounts by the Finance and Resources Committee and reporting will remain year-on-year. The LEZ Annual Report was provided to Transport and Environment Committee Members and Transport Scotland, who will distribute to Scottish Ministers and then the Scottish Parliament.

Scope

The objective of this review was to review the adequacy and operating effectiveness of key controls and processes established for management of the LEZ zone including signage, calculation and issue of penalty charge notices, income collection, exemptions, discounts and surcharges, processing appeals, and reporting / oversight arrangements.

Alignment to Risk and Business Plan Outcomes

The review also considered assurance in relation to the following Corporate Leadership Team (CLT) risk categories:

- Technology and Information
- Legislative and Regulatory
- Supplier and Partnership Management
- Service Delivery
- Fraud & Serious Organised Crime
- Reputational
- Financial and Budget Management
- People.

Business Plan Outcomes:

Edinburgh is a cleaner, better maintained city that we can all be proud of.

Limitations of Scope

The following areas were excluded from scope:

- internal controls of the main contractor and sub-contractors.

Reporting Date

Testing was undertaken between 22 October 2025 and 19 January 2026.

Audit work concluded on 17 February 2026, and the findings and opinion are based on the conclusion of work as at that date.

Findings and Management Actions

Finding 1 – Risk Management, Procedures, and Training

Finding Rating	Medium Priority
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Risk Management

Effective risk management helps to ensure a clear focus on risks that could affect the achievement of objectives, and enables effective monitoring of mitigating actions. There is a draft risk register for LEZ work with was developed in February 2025, however it is not complete and has some omissions: for example, of the nine risks listed only three have due dates entered for mitigating actions.

Management advised that they were unsure whether a specific LEZ risk register was required, or if inclusion of the LEZ risks in the Parking and Traffic Regulation Risk Register would be sufficient in order to effectively manage them. The Council’s Risk Team have advised that, if the risk is strategic, it should be included in the Place Operations risk register. A risk in relation to inaccurate date held by the Driver and Vehicle Licensing Agency affecting LEZ enforcement is included on the draft LEZ risk register.

Procedural Guidance

A suite of procedural guidance covering the majority key processes involved in managing the LEZ is in place, however 5 of the 8 documents are not version controlled, so it is unclear when they were last reviewed, when they are next due for review, and who is responsible for each one.

An Annual Work Schedule that sets out the key tasks for each month of the year is maintained by the Parking Contract Team and the requirement to

review of 2 of the 8 LEZ procedural guidance documents is also stated. However, several LEZ guidance documents are not included in the list, including:

- camera misreads
- signage maintenance and spot checking
- income collection
- LEZ reporting.

In addition, there is no confirmation in the Schedule that tasks have been completed on time.

Training

Although colleagues complete essential learning, there is no formal LEZ-specific training provision for relevant colleagues within the Transactions Team or Parking Services. Training within these teams is informal and delivered using one-to-one shadowing and screensharing.

Risks

- **Governance and Decision Making** – LEZ risks are not reviewed regularly or are not captured on a service risk register, leading to a lack of assurance that mitigating controls to manage risks are in place
- **Service Delivery** – lack of robust and regularly reviewed procedural guidance and training may lead to incorrect processes being followed.

Recommendations and Management Actions: Risk Management, Procedures, and Training

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.1	LEZ risks should be included in the Parking and Traffic Regulation risk register.	The team will ensure that the Parking and Traffic Regulation risk register has assessed and included appropriate LEZ risks and escalated if required.	Corporate Director of Place	Interim Head of Network Management & Enforcement	30/09/2026

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
	The LEZ team should have regular discussions on risks to ensure that they are being effectively managed. In addition, they should be aware of Place Directorate risk reporting forums and dates in order to effectively do this.			Parking and Traffic Regulation Manager Senior Transport Team Leader – Parking Place Operations Manager	
1.2	The current suite of procedural guidance should be reviewed and version controlled to ensure that guidance remains up to date and covers all key processes. The version control should include as a minimum the date of last review, changes made during the last review, and scheduled date of the next review.	All LEZ operational procedures and guidance documents will be reviewed to ensure that consistent version controls are applied. LEZ documents and guidance version control change log will also be created to track changes and review progress.	Corporate Director of Place	Interim Head of Network Management & Enforcement Parking & Traffic Regulation Manager Senior Transport Team Leader – Parking	30/09/2026
1.3	The Annual Work Schedule should include a comprehensive listing of all LEZ guidance to ensure that guidance is included for regular review.	The Annual Work Schedule will be amended to direct the team to review the LEZ documents and guidance version control change log, as specified in Recommendation 1.2.	Corporate Director of Place	Interim Head of Network Management & Enforcement Parking & Traffic Regulation Manager Senior Transport Team Leader – Parking	30/09/2026
1.4	Formal role-specific learning should be introduced to cover key aspects of the LEZ process. Completion of training should be regularly monitored by managers.	A role-specific training log will be created for LEZ related roles and when training has been completed, it will be recorded and monitored by managers.	Corporate Director of Place	Interim Head of Network Management & Enforcement Parking & Traffic Regulation Manager Senior Transport Team Leader – Parking	30/09/2026

Finding 2 – Signage Maintenance

Finding Rating	Medium Priority
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There are 41 entry points into the Edinburgh LEZ, each with varying numbers of advance warning and entry signage, as well as road markings. Every six months, the primary contractor produces a report summarising any signage issues, for example missing or obstructed signage. Issues in the report are followed up by email by the Parking and Traffic Regulation team, and the contractor emails confirmation of rectifications.

Confirmation emails are not accompanied by photographic evidence of completion, and the Parking and Traffic Regulation team does not request this information. Additionally, there is no tracker in place to monitor resolution of signage issues, with management advising that they track signage issues through colleague email inboxes and the signage reports received from the contractor. One instance of a missing sign was raised in both the December 2024 and August 2025 reports. While the contractor confirmed issue rectification via email, the signage had actually not been installed.

There is no signage compliance spot-checking independently performed by the Council to confirm that the contractor is performing effective work, or to identify further potential signage issues outwith contractor signage reports.

The new Decriminalised Parking and Enforcement contract came into effect in July 2025, which covers LEZ, parking management, and bus lane management. Management advised that, as part of this new contract, the contractor will be asked to produce LEZ signage reports quarterly, and that signage will also be a standing agenda item for future meetings.

It is important to note that there are low levels of signage issues. Of the over 58,000 PCNs issued between September 2024 and October 2025, only 16 were categorised as being cancelled due to unclear or missing LEZ signage.

Risks

- **Financial and Budget Management** – PCNs are cancelled by the Council due to unclear or missing signage leading to uncollected revenue and increased traffic flow in the LEZ
- **Supplier and Partnership Management** – the contractor does not adequately perform their duties under the contract due to ineffective assurance controls
- **Regulatory and Legislative Compliance** – signage does not meet legislative requirements and issues are not rectified in a timely manner by the Council.

Recommendations and Management Actions: Signage Maintenance

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.1	Emails provided by the contractor confirming signage issue resolution should be accompanied by photographic evidence of the work performed for Council's assurance on issue rectification.	The team will ask our Service Provider to supply photographic evidence along with any reports/confirmation of LEZ sign faults being rectified.	Corporate Director of Place	Interim Head of Network Management & Enforcement Parking & Traffic Regulation Manager Senior Transport Team Leader – Parking Transport Officer	30/09/2026

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.2	Signage issue reports from the contractor should be provided to the Council on a quarterly basis.	As part of the Decriminalised Parking and Enforcement (DPE) contract, a quarterly inspection of LEZ entry signage is already in place. This includes a spreadsheet detailing all the LEZ signs and any issues identified and action required to resolve them. KPIs will be revised to make this a contract requirement and will be reviewed and documented quarterly.	Corporate Director of Place	Interim Head of Network Management & Enforcement Parking & Traffic Regulation Manager Senior Transport Team Leader – Parking	30/09/2026
2.3	The Council should develop a tracker for recording signage issues and use it to ensure that all issues are resolved in a timely manner. Signage issues and compliance should be a standing agenda item at the monthly contract management meetings.	As per our response to Recommendation 2.2, a quarterly signs survey is undertaken and reported to the Council. This will form the basis for recording and tracking any signage issues identified as part of these checks or reported externally. Since there are limited LEZ signage issues, adding this as a standing item at monthly contract meetings isn't considered appropriate and is better dealt with on a case-by-case basis. Whilst the LEZ is discussed at monthly contract meetings, it does not have its own stand-alone item, this will be added to the meeting agenda.	Corporate Director of Place	Interim Head of Network Management & Enforcement Parking & Traffic Regulation Manager Senior Transport Team Leader – Parking	30/09/2026
2.4	LEZ signage spot checks by Council colleagues should take place on a regular basis to provide assurance that signage is clear and adequately maintained.	Spot checking of LEZ entry signs will be undertaken by Council staff to verify signs are present and recorded on the tracker, as mentioned as part of Recommendation 2.2. This will be a visual inspection and will be undertaken in advance of quarterly contract meetings.	Corporate Director of Place	Interim Head of Network Management & Enforcement Parking & Traffic Regulation Manager Senior Transport Team Leader – Parking	30/09/2026

Finding 3 – Management Information, Debt Recovery, and Data Governance

Finding
Rating

Medium
Priority

System Reports

The system provider can produce data summary reports such as:

- income from Penalty Charge Notices (PCNs) for each period
- report on the value of PCNs across each period
- repeat offenders.

As of December 2025, the system provider has not provided these reports to the Council, despite them being requested via meetings and emails from Council officers since the introduction of the LEZ in 2024. These reports would allow the Council to have a better understanding of how effectively the LEZ system is operating, how effectively they are receiving payments for fines, and would also allow for easier identification of repeat offenders.

Debt Recovery

The Council's [Corporate Debt Policy](#) sets out the approach for recovering monies owed to the Council by members of the public. However, the policy does not specifically cover the LEZ.

The Council utilises a debt recovery provider to recover monies owed. This provider is also used for other services, for example, Council Tax and parking fines. As of December 2025, debts of £2.9m have been sent to debt recovery provider by the Council and the current trend suggests that of the amounts sent to debt recovery provider only 10% is recoverable in the short term, with another 5-10% recoverable over a longer period.

Management have advised that they are exploring methods to more effectively chase frequent offenders, including combining frequent offender lists for LEZ and parking contraventions, and then targeting them using vehicle impound. LEZ debt recovery is an issue for a number of Councils, with Dundee City Council's debt estimated to be £1.2m, and Aberdeen City Council's estimated to be £2.6m.

Vehicle Whitelist

The Council's vehicle whitelist sets out all the vehicles that have been granted an exemption. The whitelist is a Microsoft Excel file, which is uploaded daily to the enforcement and monitoring system. The whitelist is saved on a shared drive, and it is not password protected or secured with any additional access controls and is accessible to all directorate officers. Management advised that there are only two colleagues that regularly access the whitelist as part of their role and that password protection could impact the transfer of data to the system provider.

In addition, the whitelist is not reviewed regularly by managers to confirm that all vehicles which have been added to it have been done so appropriately.

Risks

- **Financial and Budget Management** – a lack of detail in financial reporting could result in financial misstatements and errors as well as regulatory non-compliance. In addition, ineffective debt recovery arrangements and associated financial losses impact revenue for funding council services
- **Fraud and Serious Organised Crime** – ineffective access controls could lead to non-exempt vehicles being added to the list and not being charged for incursions into the LEZ, leading to missed revenue for the Council
- **Service Delivery** – if not all relevant management information is provided by the supplier, then management's ability to oversee and manage the work will be impaired
- **Technology and Information** – lack of access controls resulting in unauthorised access to and risk of alteration / deletion of data.

Recommendations and Management Actions: Management Information, Debt Recovery, and Data Governance

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
3.1	The failure of the system supplier to provide the data summary reports to the Council as requested should be further escalated in writing to the supplier. If the issue persists, then advice from Commercial and Procurement Services and Legal Services should be sought to consider the contract management implications.	The Council has put such requests in writing, as demonstrated during audit fieldwork, and escalated this through existing Contract Management structures. The Council will formally request the data summary reports again. If the issue persists, then CPS may be approached to help progress a contract resolution.	Corporate Director of Place	Interim Head of Network Management & Enforcement Parking & Traffic Regulation Manager Senior Transport Team Leader – Parking	30/11/2026
3.2	a) The Corporate Debt Policy should be updated to include specific information on the LEZ, including methods used to recover monies owed, particularly from repeat offenders.	The Parking and Traffic Regulation team have liaised with the Customer Team responsible for Transactions where ownership of this policy sits. The Corporate Debt Policy is scheduled for review in November/December 2026 and then this must be approved by Committee. The Parking and Traffic Regulation team will review the current policy alongside colleagues in Customer Team and provide information on LEZ information.	Corporate Director of Customer and Corporate Services	Customer Manager - Transactions Interim Head of Network Management & Enforcement Parking & Traffic Regulation Manager Senior Transport Team Leader – Parking	31/03/2027
	b) The 2026 Annual Debt Write-Off Report provided to the Finance and Resources Committee should include the bad debt provision for the LEZ scheme.	The next Annual Debt Write-Off Report provided to the Finance and Resources Committee will include LEZ Write-off.	Corporate Director of Customer and	Customer Manager - Transactions Interim Head of Network	30/04/2026

			Corporate Services	Management & Enforcement Parking & Traffic Regulation Manager Senior Transport Team Leader – Parking	
3.3	Access controls for the vehicle whitelist should be implemented such as limiting access to the file or use of passwords so that it can only be accessed by authorised officers.	The team are working with CGI to create a section of the G: Drive with limited and restricted access. Only authorised personnel will have permission to read and modify files. If this is not possible, then a suitable workaround will be explored.	Corporate Director of Place	Interim Head of Network Management & Enforcement Parking & Traffic Regulation Manager Senior Transport Team Leader – Parking	30/09/2026
3.4	The vehicle whitelist should be formally reviewed on a regular basis to ensure non-exempt vehicles are not included and that exempt vehicles are not charged in error.	The whitelist is regularly reviewed, albeit on an informal basis. Vehicles added to the list also need an associated expiry date, for extra assurance. However, a regular quarterly review schedule log will be established to ensure only relevant vehicles are included and those no longer authorised are removed.	Corporate Director of Place	Interim Head of Network Management & Enforcement Parking & Traffic Regulation Manager Senior Transport Team Leader – Parking	30/09/2026

Finding 4 – LEZ Performance Management and Annual Reporting

Finding Rating	Medium Priority
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Key Performance Indicators (KPIs)

The new Decriminalised Parking and Enforcement (DPE) contract came into effect in July 2025, which covers LEZ, parking management, and bus lane management. 26 KPIs were included in the tender instructions to applicants for the new DPE contract in early 2025, but only one related to the LEZ (LEZ enforcement management system availability).

Management advised that a suite of LEZ KPIs are currently in development, however it has not yet been decided whether these will be included in the contract or monitored as part of the monthly contractor management information packs. Management have advised that the lack of KPI reporting stems from the recent introduction of the new DPE contract.

LEZ Annual Report

Section 29(1) [Transport \(Scotland\) Act 2019](#) states that a local authority operating an LEZ must prepare an annual report, publish it, send a copy to Scottish Ministers, and lay a copy before Scottish Parliament, as soon as reasonably practicable after the end of the financial year. The Council's LEZ Annual Report (LEZAR) for the period June 2024 to March 2025 was finalised in December 2025 and was provided to Transport Scotland 9 months after the end of the reporting period. The LEZAR was shared with Transport and Environment Committee (TEC) members in December 2025 but was not discussed at a committee meeting. Instead, management have

advised that a report on the impacts of the LEZ will be taken to TEC in April 2026.

Management advised that delays in drafting and finalising the LEZAR were due to a variety of factors, including Transport Scotland introducing a new template during drafting, and a significant delay in traffic data being received from the Scottish Environment Protection Agency (SEPA). Management advised that SEPA data will not be available until quarter one 2026, so it has not been included in the final draft of the LEZAR. Management advised there no plans for future iterations of the LEZAR to be taken to TEC meetings.

In addition, the LEZ Annual Report does not state the total amount currently owed to the Council, estimated recoverable amount, or the bad debt provision. Management advised that this data is included in an annual report to the Finance and Resources Committee.

Risks





- **Supplier and Partnership Management** – poor performance from the contractor is not identified and corrected due to a lack of performance monitoring and reporting
- **Service Delivery** – the Council does not meet its objectives due to poor performance from the contractor
- **Regulatory and Legislative Compliance** – statutory timeframes are not met by the Council leading to reputational damage.

Recommendations and Management Actions: LEZ Performance Management and Annual Reporting

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
4.1	A suite of SMART key performance indicators should be developed to monitor key aspects of LEZ performance and delivery and to enable timely corrective action where needed. This could include but not be limited to: <ul style="list-style-type: none"> • percentage of number plate misreads 	LEZ KPIs will be introduced and monitored as part of the DPE contract performance monitoring. This will include PCN errors and camera uptime.	Corporate Director of Place	Interim Head of Network Management & Enforcement Parking & Traffic Regulation Manager	30/11/2026

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
	<ul style="list-style-type: none"> percentage of PCN errors percentage of camera uptime. <p>The KPIs should either be included as an amendment to the DPE contract or, as a minimum, tracked and presented as part of management information packs provided by the contractor at monthly contract management meetings.</p>			Senior Transport Team Leader – Parking	
4.2	<p>Confirmation that the Transport and Environment Committee do not want the LEZ Annual Report to be included in the annual Committee workplan going forward should be sought.</p> <p>The LEZ Annual Report should be finalised and provided to Transport Scotland no later than six months from the year-end, to enable timely and effective oversight.</p>	<p>The team will seek confirmation from the Transport and Environment Convenor on any desire to bring the LEZAR to committee in future years.</p> <p>Specific circumstances associated with year one reporting, caused some minor delays to expected reporting timescales. The team will aim to make the LEZAR process more efficient in future years to ensure all Transport Scotland agreed timescales are met.</p>	Corporate Director of Place	<p>Head of Transport Strategy and Partnerships</p> <p>Interim Head of Network Management & Enforcement</p>	30/09/2026

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	N/A	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings	
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Appendix 2 – Areas of Audit Focus and Control Objectives

Audit Areas	Control Objectives
Risk Management	<ul style="list-style-type: none"> LEZ risks including risks of fraud are identified, recorded and managed within a service risk register, and regularly reviewed to ensure appropriate mitigating actions are in place and remain effective, with escalation to divisional and directorate level risk committees where required.
Policies, Procedures, and Training	<ul style="list-style-type: none"> clearly established policies and procedures are in place which are adhered to and are reviewed and updated in line with the relevant legislation, requirements and guidance, and following any changes to practice training and development requirements for officers involved in LEZ management are relevant, clearly understood, completed on time and monitored for completion.
Signage and Public Communication	<ul style="list-style-type: none"> LEZ signage, communication materials, and information available to the public is accessible, meets statutory requirements and is sufficient to ensure motorists are aware of LEZ restrictions and penalties when entering the LEZ.
Penalty Charge Notices (PCNs)	<ul style="list-style-type: none"> PCNs are calculated correctly, taking into consideration vehicle category, and number of previous infringements PCNs are issued accurately, fairly, in accordance with statutory timescales, and in a timely manner.
Income Collection, Exemptions, Discounts, and Surcharges	<ul style="list-style-type: none"> arrangements for monitoring income collection and reconciliation to the financial ledger are effective and are regularly reported on exemption applications processed by the Council are effectively issued and exempt vehicles are not charged in error early settlement discounts and surcharges for late payment are applied correctly in line with legislation.
Appeals and Complaints	<ul style="list-style-type: none"> there are effective, consistent, and transparent arrangements for motorists to appeal or challenge PCNs, ensuring that sufficient evidence and rationale is retained, and statutory timescales are met there are effective arrangements in place to mitigate the risk of fraud and serious organised crime.
Supplier and Subcontractor Management	<ul style="list-style-type: none"> effective supplier and subcontractor management arrangements are in place to monitor supplier performance. This should include regular meetings with the supplier(s), detailed management information and tracking of improvement actions through to completion.
Reporting and Strategic Oversight	<ul style="list-style-type: none"> performance reporting on LEZ management includes financial information, compliance with the LEZ rules, and environmental considerations performance reporting should adhere to statutory timeframes and LEZ charging statistics should be published accordingly.
Information Governance	<ul style="list-style-type: none"> information governance risks for LEZ management are clearly understood, and effective controls have been established to ensure adherence to relevant Council policies and procedures.