



HILLINGDON  
LONDON



# Audit Committee

## Members of the Committee

John Chesshire (Chair)  
Councillor Nick Denys (Vice-Chair)  
Councillor Douglas Mills  
Councillor Henry Higgins  
Councillor Tony Burles  
Councillor June Nelson

**Date:** TUESDAY, 18 NOVEMBER  
2025

**Time:** 5.10 PM

**Venue:** COMMITTEE ROOM 5 -  
CIVIC CENTRE

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**Published:** Monday, 10 November 2025

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## **Terms of Reference**

The Constitution defines the terms of reference for the Audit Committee as:

### **Introduction**

The Audit Committee's role will be to:

- Review and monitor the Council's audit, governance, risk management framework and the associated control environment, as an independent assurance mechanism;
- Review and monitor the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and/or weakens the control environment;
- Oversee the financial reporting process of the Statement of Accounts.

Decisions in respect of strategy, policy and service delivery or improvement are reserved to the Cabinet or delegated to Officers.

### **Internal Audit**

1. Review and approve (but not direct) the Internal Audit Strategy to ensure that it meets the Council's overall strategic direction.
2. Review, approve and monitor (but not direct) Internal Audit's planned programme of work, paying particular attention to whether there is sufficient and appropriate coverage.
3. Through quarterly Internal Audit summary reports of work done, monitor progress against the Internal Audit Plan and assess whether adequate skills and resources are available to provide an effective Internal Audit function. Monitor the main Internal Audit recommendations and consider whether management responses to the recommendations raised are appropriate, with due regard to risk, materiality and coverage.
4. Make recommendations to the Leader of the Council or Cabinet Member for Finance, Property and Business Services on any changes to the Council's Internal Audit Strategy and Internal Audit Plans.
5. Review the Annual Internal Audit Report and Opinion Statement and the level of assurance this provides over the Council's corporate governance arrangements, risk management framework and system of internal controls.
6. Consider reports dealing with the activity, management and performance of Internal Audit.
7. Following a request to the Corporate Director of Finance, and in consultation with the Leader of the Council or Cabinet Member for Finance, Property and Business Services, to request work from Internal Audit.

## **External Audit**

8. Receive and consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
9. Monitor management action in response to issues raised by External Audit.
10. Receive and consider specific reports as agreed with the External Auditor.
11. Comment on the scope and depth of External Audit work and ensure that it gives value for money, making any recommendations to the Corporate Director of Finance.
12. Be consulted by the Corporate Director of Finance over the appointment of the Council's External Auditor.
13. Following a request to the Corporate Director of Finance, and in consultation with the Leader of the Council or Cabinet Member for Finance, Property and Business Services, to commission work from External Audit.
14. Monitor arrangements for ensuring effective liaison between Internal Audit and External Audit, in consultation with the Corporate Director of Finance.

## **Governance Framework**

15. Maintain an overview of the Council's Constitution in respect of contract procedure rules and financial regulations and where necessary bring proposals to the Leader of the Council or the Cabinet for their development.
16. Review any issue referred to it by the Chief Executive, Deputy Chief Executive, Corporate Director, any Council body or external assurance providers including Inspection agencies.
17. Monitor and review, but not direct, the authority's risk management arrangements, including regularly reviewing the Corporate Risk Register and seeking assurances that appropriate action is being taken on managing risks.
18. Review and monitor Council strategy and policies on anti-fraud and anti-corruption including the 'Raising Concerns at Work' policy, making any recommendations on changes to the relevant Corporate Director in consultation with the Leader of the Council.
19. Oversee the production of the authority's Annual Governance Statement and recommend its adoption.
20. Review the Council's arrangements for corporate governance and make recommendations to the Corporate Director of Finance on suggested actions to improve alignment with best practice.
21. Where requested by the Leader of the Council or Cabinet Member for Finance, Property and Business Services or Corporate Director of Finance, provide recommendations on the Council's compliance with its own and other published standards and controls.

## **Accounts**

22. Review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from financial statements or from the external auditor that need to be brought to the attention of the Council.
23. Consider the External Auditor's report to those charged with governance on issues arising from the external audit of the accounts.

## **Review and reporting**

24. Undertake an annual independent review of the Audit Committee's effectiveness and submit an annual report to Council on the activity of the Audit Committee.

## **Formal duty of senior officers to attend**

Whilst Council officers will invariably attend meetings voluntarily, in fulfilling its role, and should it be required, the Committee may require the Head of Paid Service and/or any senior officer (third tier and above) to attend before it to explain in relation to matters within its remit and it shall be the duty of those persons to attend if so required.

Where any senior officer is required to attend the Committee under this provision, the Chairman will inform the Head of Democratic Services. The Head of Democratic Services shall inform the officer in writing or by email giving at least 10 working days' notice of the meeting at which he/she is required to attend. The notice will state the nature of the item on which he/she is required to attend to give account and whether any papers are required to be produced for the Committee. Where the account to be given to the Committee will require the production of a report, then the officer concerned will be given sufficient notice to allow for preparation of that documentation.

Where, in exceptional circumstances, the officer is unable to attend on the required date, then the Committee shall, in consultation with the officer, arrange an alternative date for attendance.

When calling senior officers under this provision, the Committee will remain bound by the Code of Conduct for Members and Co-opted Members, ensure questioning is conducted in a fair and balanced manner and not of a personal critical nature.

# Agenda

## **PART I**

- |           |  |           |
|-----------|--|-----------|
| <b>1</b>  | Apologies for absence  |           |
| <b>2</b>  | Declarations of interest   |           |
| <b>3</b>  | To confirm that all items marked Part I will be considered in Public and that any items marked Part II will be considered in Private |           |
| <b>4</b>  | Minutes of the Meeting held on 28 August 2025  | 1 - 12    |
| <b>5a</b> | Update on the GRIP   |           |
| <b>5b</b> | Update on the FMP (presentation)   |           |
| <b>6</b>  | Summary of responses to staff survey (presentation)  | 33 - 46   |
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| <b>8</b>  | Session with the Cabinet Member  |           |
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## Minutes

### AUDIT COMMITTEE

28 August 2025

Meeting held at Committee Room 5 - Civic Centre,  
High Street, Uxbridge UB8 1UW



	<p><b>Committee Members Present:</b> John Chesshire (Chair) Councillor Nick Denys (Vice-Chair), Councillor Henry Higgins, Councillor Douglas Mills, Councillor Tony Burles, and Councillor June Nelson</p> <p><b>Officers Present:</b> Claire Baker – Head of Internal Audit and Risk Assurance, Alex Brown – Head of Counter Fraud Andy Goodwin – Chief Finance Officer Andrew Macleod – Chief Accountant Pete Carpenter – Director – Pensions, Treasury &amp; Statutory Accounts (virtual) Tony Zaman – Chief Executive Officer Lloyd White – Head of Democratic Services Matthew Wallbridge – Chief Operating Officer Daniel Toohey – Head of Legal Services Ryan Dell – Democratic Services Officer</p> <p><b>Also Present:</b> Mark Rutter, Ernst &amp; Young (virtual)</p>
20.	<p><b>APOLOGIES FOR ABSENCE</b> (<i>Agenda Item 1</i>)</p> <p>None.</p>
21.	<p><b>DECLARATIONS OF INTEREST</b> (<i>Agenda Item 2</i>)</p> <p>None.</p>
22.	<p><b>TO CONFIRM THAT ALL ITEMS MARKED IN PART I WILL BE CONSIDERED IN PUBLIC AND THAT ANY ITEMS MARKED PART II WILL BE CONSIDERED IN PRIVATE</b> (<i>Agenda Item 3</i>)</p>
23.	<p><b>MINUTES OF THE MEETING HELD ON 24 JULY 2025</b> (<i>Agenda Item 4</i>)</p> <p><b>RESOLVED:</b> That the minutes of the previous meeting be agreed as a correct record</p>
24.	<p><b>UPDATE ON THE GRIP</b> (<i>Agenda Item 5</i>)</p> <p>Officers introduced the update on the GRIP.</p> <p>Governance of the Housing Revenue Account and capital had been strengthened, with senior officer meetings feeding into CMT to provide more robust oversight.</p>

A draft Annual Performance Report was scheduled to go to Cabinet before being presented to Select Committees.

Lawyers in Local Government (LLG) had been appointed and had started to review workstream 3.

On the Finance Modernisation Programme, officers had been working with Grant Thornton on the 2024/25 Statement of Accounts. Significant due diligence was underway to ensure accuracy and robustness. Monthly budget and savings monitoring was ongoing and would be presented to Cabinet.

The budget setting process for 2026/27 was underway and included Star Chamber sessions, challenging the current savings, and looking at savings over the next three years.

On Oracle, a monthly cycle of ERP improvements was ongoing, including integrating capital monitoring into budget monitoring within Oracle. An overarching review programme was also in place to prioritise improvements throughout the financial year.

Members asked about previous inaccurate figures. Officers noted that a review of the balance sheet had identified an historical asset transfer from the General Fund to the HRA where the calculation of how debt provision had been calculated in the balance sheet and accounts did not match the asset transfer, which required updating. Also, there had been an overdrawn reserve in the 2023/24 accounts that could not be carried forward, which was written out in 2024/25.

Officers had also set a more prudent bad-debt provision policy, and a Council-wide debt project was underway to consolidate the debt position.

Officers further advised that the outturn position had moved by approximately £20 million from month 10 to outturn. £14 million of this was related to one-off accounting adjustments.

Members asked if there should have been a warning about unreliability of records when the budget was set in February 2025. Officers noted that the calculations and asset transfers between the General Fund and HRA were very technical and were part of the minimum revenue provision. This asset transfer occurred in 2013/14 which was before EY were the external auditors. It was also noted that the accounts were grouped into categories and individual categories were not overdrawn. A review of the General Ledger would be required to identify these things.

Members asked about monthly budget monitoring and the systems used for this. Officers clarified that monthly budget monitoring was ongoing and had migrated to a new system that had gone live in May 2024. During bedding-in, Excel had been used for Months 2 and 4 of 2024/25, with Oracle EPM used from Month 5. While there had been teething issues with the new system, opening balances from the legacy system had now been reconciled and confirmed with the new system. A programme of training for budget managers and finance staff was underway, with workshops engaging services to ensure the Oracle improvements met both finance and operational needs.

Members asked when the Oracle improvements would be completed, and if other systems had been considered. Officers advised that Oracle had quarterly enhancements. The Council had a funded, month-on-month improvement plan through



2025/26. Oracle remained the market leader in local government. The ERP side was functioning, while EPM needed further improvement. Focus was on training and processes, not replacing the system. It was confirmed that the old system was no longer being used.

Members asked if officers were confident that their plans were sufficient to address the recommendations made by external and internal audit. Officers stated confidence had increased since the last meeting, citing a coherent plan that spanned the rest of the financial year, weekly governance meetings, and specific work such as integrating capital monitoring into Oracle.

On organisational engagement, officers acknowledged the need to accelerate training and update budget manuals, using a blend of external and internal expertise including finance business partners and heads of finance to implement changes effectively across services.

Members asked if there was enough capacity to conduct and receive training. Officers referred to the partnership with Grant Thornton and their expertise. This had also given additional capacity. Improvements to Oracle had been identified early, with corporate management oversight and regular updates to senior management.

Members asked about Star Chambers, and officers advised that three Star Chamber sessions had been scheduled up to December Cabinet, with focus including Adult Social Care, Children's Social Care and Homelessness. These sessions would allow greater confidence in the consultation budget; give more robustness; and allow broad thinking into how the organisation was run. It also allowed consideration of future years as well as the current year. For example, there was a procurement review underway which would enable officers to look at operating models and sourcing models for different services. It was noted that the outcome of the Fair Funding Review was expected by 30 November.

Members asked about involving the Select Committees in this process. Officers noted that budget monitoring reports that go to Cabinet will be scheduled for every Select Committee meeting for scrutiny. The Annual Performance Report will also go to Cabinet and then to Select Committees as part of a more transparent governance approach.

The first phase of the FMP was originally due to conclude in October 2025, but officers indicated elements were likely to extend, with a fuller plan to be brought to the next Committee.

On costs and charging, officers stated work was funded through the Capital Transformation Programme as set out in Appendix G of the Council report. Therefore, they were not revenue costs.

Members asked why Grant Thornton, rather than CIPFA, had been engaged for the substantial FMP/ Oracle work, and officers advised that CIPFA had provided a review which helped identify areas of focus but without granular detail and a plan which spanned 3 years. It was also felt to be suboptimal to have CIPFA and another organisation for Oracle improvements. Learning from that review had been combined into a shorter, focused programme with Grant Thornton, who were already in place and able to cover both the finance and Oracle strands together, and this was viewed as the optimal approach.

Members queried reported DSG accounting errors related to assets. Officers explained that this related to accruals added to the DSG account that recognised additional income

	<p>that was due from the Department of Education. This should have been reversed in the following year when the cash came in, but as the entries were entered late into the DSG accounts, the auto-reverse window was missed. This meant that some debtors that had already been paid were carried on the balance sheet. The adjustment was to write those back through the DSG account to remove the debtors from the balance sheet as they were no longer valid debtors.</p> <p>On the RAG status of items on the GRIP, Members queried the high proportion of Amber statuses given the Section 24 report. Officers maintained that Amber was appropriate, reflecting active progress to plan and timeline, with quarterly reporting, and that items would only be Green once fully achieved; none were assessed as Red.</p> <p><b>RESOLVED: That the work on the GRIP and the FMP was noted and the Committee sought clarifications and assurances.</b></p>
25.	<p><b>ISSUANCE OF RECOMMENDATIONS UNDER SECTION 24 SCHEDULE 7(2) OF THE LOCAL AUDIT AND ACCOUNTABILITY ACT 2014</b> (<i>Agenda Item 6</i>)</p> <p>Officers noted that they welcomed the recommendations and had already been working on them through the GRIP and the FMP, as presented to the Committee.</p> <p>EY noted that the report had been issued to Full Council and noted concerns over financial sustainability and management of this; data quality; the DSG deficit; and the pace of delivering improvements. EY referenced prior Value for Money commentary for 2023/24; the early-stage nature of the transformation at the time; and the risk of capacity being consumed by financial remediation at the expense of other priorities. The statutory report therefore highlighted these concerns and sought a clear, timely response.</p> <p>Members queried the Council's responsibility for the Dedicated Schools Grant (DSG) and recent changes. Officers explained that the High Needs Block of the DSG had long been underfunded nationally.</p> <p>Clarification was provided on the Safety Valve agreement:</p> <ul style="list-style-type: none"> <li>• From 2020, several councils were invited to consider entering into a safety valve agreement. Hillingdon opted in on the second phase 2021/22, following learning from phase 1.</li> <li>• Some councils have used their General Fund to offset deficits it has been a long standing view of Hillingdon that the high needs underfunding is a government concern.</li> <li>• In year one, the Council contributed £4m from reserves</li> <li>• In years two to five, £4m annually was allocated from capital receipts</li> <li>• The DfE matched these amounts through grant funding</li> <li>• However, this required approval for DfE from MHCLG via a capitalisation direction, which was not obtained</li> <li>• When the agreement was suspended, both the Council and DfE ceased contributions. Discussions are ongoing regarding a new agreement</li> </ul> <p>Members asked for further clarity and officers confirmed that the DSG sat within the General Fund, with a statutory override in place until 2028 to prevent the deficit from impacting the Council's reserves. Officers were confident of a new arrangement as without it, many councils could face Section 114 notices or Exceptional Financial Support (EFS).</p>

Despite historic underfunding, the in-year DSG deficit had improved, with a breakeven projected for 2027/28. The safety valve agreement remained temporarily suspended while renegotiations with the DfE continued.

Members noted the Section 24 report was a serious matter. Members suggested that there were five streams to it: difficulties in setting a balanced budget effective controls on data; issues about underfunding and the forthcoming spending review; bad debt provision; and prior year accounting adjustments.

Members requested a breakdown of prior year accounting adjustments and the auditors' views at the time those adjustments were applied. Officers agreed to share available information. EY noted that the Council's underlying financial pressures would remain challenging even without the accounting adjustments.

Members noted that the month 4 budget monitoring report was due for publication by 11 September for Cabinet and asked if a month 3 report can be made available so that the Council meeting on 11 September can be more informed about the current financial position. Officers clarified that it was not necessary to carry out monthly monitoring and lots of Councils had moved to quarterly. The month 2 report went to July Cabinet and the month 4 report will go to September Cabinet. In month three officers conducted a light touch monitoring as the focus was on preparing for the MTFS Star Chamber sessions so that there would be better understanding of robustness ahead of December Cabinet.

Members asked why it was not done monthly. Officers advised that they were focused on delivering an updated monitoring position to Cabinet, who do not meet in August and so there was no month 3 Cabinet position. It was also a priority to correlate the monitoring process with the MTFS and budget build process. If the £14m accounting adjustments were taken aside as a one-off, other underlying drivers were demand areas including temporary accommodation, children's and adult's social care.

Members asked if the new approach to bad debt provision was overly cautious. Officers clarified that this was up to the Section 151 Officer's judgement, underpinned by experience since the pandemic (delayed courts affecting Council Tax/ Business Rates recoveries), recent write-offs of uncollectible debt, and an ongoing programme to cleanse and grip debt across the Council.

Members asked whether Section 24 was a precondition for borrowing, and why the Section 24 had been issued if borrowing was possible. Officers advised that Section 24 was not about borrowing, and potential EFS was separate. Section 24 reports were issued by EY, not officers. EY explained that as part of each annual audit, they expressed commentary on the Council's value for money arrangements and were required to report any significant weaknesses identified. Section 24 reports were an additional auditor power and were an extension of value for money work. It was not linked to the Council's ability to borrow money. The Section 24 was about the Council's arrangements for managing its financial position, not the financial position itself. While the Council was taking steps to address this, these were in early stages. EY noted that Section 24 were uncommon and reflected the auditor's significant concerns about arrangements and the need for timely action.

Members referenced the report whereby a review by CIPFA had highlighted low morale in the finance team. Officers noted that the results of the staff survey did not indicate this, and the survey would be presented to the next Committee. Staff survey results had significantly improved from last year.

	<p>Members also quoted the report that said “The Council has good services, low taxation and charging policies and members are committed to their local area, but affordability to maintain this position and the current operating model is untenable”. Members asked if there was confidence in achieving a tenable model. Officers highlighted structural pressures such as being a port authority, homelessness burdens and underfunding. Officers further noted that discussions with the Home Office were ongoing over funding, which would help to address the untenable/ tenable balance.</p> <p>The Chair welcomed the report, noting that action was needed at pace, and asked if officers were confident in the plans being delivered at pace. Officers noted that they were working at the right pace, recognising that the Council was a complex organisation with demand pressures, and was working with Grant Thornton, the GLA and EY.</p> <p>Members asked about historic under-delivery of savings and asked why confidence was higher now. Officers cited strengthened governance including a savings app, and routine scrutiny through Select Committees. Officers also noted new transparency in Cabinet reports, including a “written out” column.</p> <p>The Committee agreed to invite the Cabinet Member for Finance &amp; Transformation to the next Committee meeting.</p> <p><b>RESOLVED: That</b></p> <ol style="list-style-type: none"> <li><b>1. The recommendations of the external auditor contained within the report issued under Section 24 Schedule 7(2) of the Local Audit and Accountability Act 2014, were noted;</b></li> <li><b>2. The programmes of work already in place to address the recommendations were noted and the Audit Committee would continue to monitor their delivery; and</b></li> <li><b>3. The Committee invited the Cabinet Member for Finance &amp; Transformation to the next meeting</b></li> </ol>
26.	<p><b>EXTERNAL AUDIT UPDATE</b> (<i>Agenda Item 7</i>)</p> <p>Officers introduced the report, highlighting four elements:</p> <ul style="list-style-type: none"> <li>• The national context: there were 216 councils with disclaimed audit opinions</li> <li>• The 2023/24 audit results report, noting the seven statutory recommendations which were part of the GRIP</li> <li>• The 2024/25 audit plan, including looking at the implementation of Oracle and governance risks linked to capacity in the finance team</li> <li>• Draft accounts for 2024/25 had been shared with Grant Thornton who had requested some updates. It was expected that draft accounts would be published in the next week to eight days</li> </ul> <p>It was noted that the Council had not yet published its draft accounts for 2024/25 when the deadline was in June. Officers had advised EY that they were prioritising accuracy and quality of accounts over the timings. This included points raised by Grant Thornton. Due to this, the timetable for the 2024/25 audit had been updated. Detailed audit procedures were now planned to start in early October, run through January, with a target to conclude in late January and aimed for sign off in early February, ahead of the backstop date.</p>

	<p>In order to work to that timetable, EY had agreed not to test PPE in detail. EY would prioritise areas that would best enable progression to rebuild assurance. As a result, the 2024/25 opinion would be disclaimed, but the approach was intended to accelerate recovery in future years. EY further noted that audit planning was complete, but detailed audit procedures cannot begin until finalised draft accounts were available.</p> <p>Key areas of focus for 2024/25 included Oracle implementation, valuation risks, finance team capacity, and data quality.</p> <p>Members asked whether capacity in the finance team had been addressed. EY noted that data quality and backstop dates were larger contributors, but capacity was a specific 2024/25 risk given the current level of manual support needed around Oracle EPM.</p> <p>Members asked how confident EY were in the opening and closing balances. EY explained that because prior-year procedures were incomplete, they had been unable to provide assurance over opening balances even if the closing balances appeared reasonable. This assurance gap meant the current year opinion must be disclaimed, pending a multi-year process to rebuild assurance.</p> <p>Members asked when the Council might exit disclaimed opinions. EY's indicative view was that 2027/28 was realistic for Hillingdon, given sector wide constraints and local complexities.</p> <p><b>RESOLVED: That the Audit Committee:</b></p> <ol style="list-style-type: none"> <li><b>1. Noted the latest update from the Government in relation to moving away from “disclaimer” audit opinions;</b></li> <li><b>2. Noted the Final Auditors Annual Report 2023/24;</b></li> <li><b>3. Noted the latest position regarding the 2024/25 Draft Statement of Accounts; and</b></li> <li><b>4. Noted the draft plan for the Audit of the 2024/25 Accounts.</b></li> </ol>
27.	<p><b>AUDIT COMMITTEE ANNUAL REPORT</b> (<i>Agenda Item 8</i>)</p> <p>The Audit Committee annual report summarised the work of this Committee during 2024/25. It was drafted based on the reports that had been presented to the Committee during the last year. Members were able to give feedback before the report was approved, and ahead of it being presented to Full Council.</p> <p>Members expressed concern that the draft report did not reflect the failure of the Council to provide accurate accounts to the Committee, and that this needed to be highlighted. It was noted that this was an apparent omission from the end of section E on page 4.</p> <p>Members noted that previous accounts had included figures which were now known to be inaccurate, and the recent Directorship Governance report would have raised concerns about the ability of the Council to accurately report details of its financial position. Members asked for an amendment to reflect this.</p> <p>The Chair suggested that any amendments be circulated offline, prior to bringing the report back to the next Committee to be agreed.</p>

	<p><b>RESOLVED: That the Audit Committee:</b></p> <ol style="list-style-type: none"> <li><b>1. Reviewed the Draft Audit Committee Annual Report for 2024/25; and</b></li> <li><b>2. Bring an amended version to the next Committee before the report is presented to Council</b></li> </ol>
28.	<p><b>RISK MANAGEMENT REPORT &amp; STRATEGIC RISK REPORTS</b> (<i>Agenda Item 9</i>)</p> <p>Officers introduced the risk management report as at the end of June. There were 256 risks on the operational risk register, with 28 categorised as red. Five new red risks had been added during the quarter, related to safer staffing and housing. Three red risks had been downgraded to amber due to ongoing actions, and one red risk related to housing had been closed following completion. Two red risks had been overdue for review at the end of the quarter, which had been addressed post-quarter. As of today, only two risks were overdue for review by three days. The number of risks without actions was 115, showing improvement from the previous quarter.</p> <p>Members acknowledged the improvements in risk reporting and emphasised the importance of departmental ownership of risks. Officers confirmed that risk register updates were now driven by ownership rather than external prompting, with increased proactiveness and requests for training. Officers further highlighted governance improvements, including monthly performance risk reports to the Corporate Management Team, enhanced oversight, and embedded systems that supported proactive risk management.</p> <p>Officers introduced the strategic risk report and explained the integration of strategic risk reporting with performance KPIs and dashboards using Power BI. This alignment allowed for better tracking of actions against key performance indicators and ensured consistency in data reporting across the organisation.</p> <p><b>RESOLVED: That the Audit Committee noted the reports and level of assurance received.</b></p>
29.	<p><b>INTERNAL AUDIT PROGRESS REPORT</b> (<i>Agenda Item 10</i>)</p> <p>Officers introduced the report, highlighting activity since the previous meeting.</p> <p>Five reports had been concluded since the previous meeting, with the following assurance opinions: Two Substantial, One Reasonable, One Advisory, and One Limited.</p> <p>Six reviews were at draft stage at the time of reporting. Two of these had now been finalised and will be presented to the next Audit Committee.</p> <p>Given the pace of organisational and financial change, several audits had been re-scoped to emphasise discovery and proactive assurance, particularly to support the Finance Modernisation work and the GRIP, so that potential issues were identified early.</p> <p>Some reviews had been removed to avoid duplication: Cabinet engagement (removed due to overlap with GRIP workstream 3); Oracle project (removed due to substantial work on the Financial Modernisation Programme); and Transformation/ Change Governance (removed as current Internal Audit work on the savings programme addressed much of this).</p>

	<p>Reviews added included housing allocations; health &amp; safety in schools; and added days for effectiveness of corporate governance (extra days had been allocated to provide targeted assurance on the GRIP and any emerging areas of concern, enabling Internal Audit to undertake responsive, focused work in-year where needed).</p> <p>Current focus areas included income generation; budget delivery; the savings programme; and finance business plans.</p> <p>Members asked if the savings programme report could come to the next Committee. Officers advised that this was potentially possible, pending its completion. The Chair noted that while it would be of value, not every report had to come to the Committee individually.</p> <p>Members referenced a review of directorate governance, and asked if this would be undertaken shortly, or if not, why. Officers advised that the Directorate Governance review had been completed under the 2024/25 plan, and the report was issued in September 2024 and presented to the January 2025 Audit Committee. The GRIP drew on the actions and recommendations from that work (notably in Workstream 2). The Cabinet Engagement review previously in the plan had been removed to avoid duplicating GRIP Workstream 3.</p> <p>Members reported that a change to the structure of payments of funding to special schools, including retrospective changes, had resulted in no payment being made to some schools in August. Members asked if Internal Audit could investigate this. The Chair suggested that Internal Audit could look into this and report back to Members. Members were also encouraged to highlight any concerns for consideration.</p> <p>Members asked about the assurance gradings, asking why the Capital Programme had received Reasonable assurance with seven medium actions, while PEEPs (Personalised Emergency Evacuation Plans) received had Limited assurance with only three actions. Officers noted that assurance was not a simple count of recommendations. It took into account the risk severity and potential impact, distribution of issues across risk areas as well as professional judgement.</p> <p>The Committee noted the positive KPI results and commended Internal Audit on performance.</p> <p><b>RESOLVED: That the Audit Committee noted the IA progress since the last Committee meeting.</b></p>
30.	<p><b>COUNTER FRAUD PROGRESS REPORT</b> (<i>Agenda Item 11</i>)</p> <p>Officers introduced the report, noting that £4.1m savings had been achieved in quarter one against the £8.8m full-year target. 27 properties had been recovered due to tenancy fraud. Five temporary/ emergency accommodation units had been closed due to non-occupation, generating £153k savings and nine further cases were ongoing. A new pilot scheme had been introduced to support debt recovery, this had already secured £82k, with plans to expand this activity in quarter two and three. Two businesses had been identified as unlisted for business rates, totalling £1.8m. Officers explained that quarter one activity was data-driven and risk-led, enabling more effective deployment of resource and strong return on investment.</p>

	<p>A data-matching measure was currently going through Parliament which would permit matching of social care data for the prevention and detection of crime for the first time in nine years. This would be pivotal to forward-looking counter fraud risk management.</p> <p>The team was working to replace lengthy narrative reports with a Power BI dashboard that will visualise activity and outcomes with concise contextual commentary, improving transparency and ease of scrutiny. Focus remained on maintaining quarter one momentum and scaling initiatives such as debt recovery support that were demonstrating a strong return on investment.</p> <p>Members asked about properties with multiple unrelated occupants, and whether Council Tax liability was confined to the property owner, and if rooms could be separately banded. Room by room banding for HMOs was no longer applied, and HMOs were banded together for Council Tax purposes. Where a property had been converted into self-contained flats, each separate dwelling was assessed and banded individually. Suspected informal conversions such as those not in accordance with planning or building control policy fell under the remit of Planning Enforcement.</p> <p>Members commended the service as high-performing and award-winning, and suggested exploring selling services to other councils. Officers noted that feedback from authorities with small in-house teams had indicated a preference to build their own capability rather than buy services. It was suggested that councils who had chosen to sell services had seen their own in-house performance dip, and that now was not the right time. There were also geographical constraints as a lot of the work involved visits. Long distance delivery would be less efficient. There was a natural progression into debt recovery. The current priority was to focus on internal outcomes and the debt recovery expansion, however this idea would be kept under review.</p> <p>Members commended the report and the progress made.</p> <p><b>RESOLVED: That the Audit Committee noted the Counter Fraud Progress Report for 2025/26 Quarter 1</b></p>
31.	<p><b>WORK PROGRAMME</b> (<i>Agenda Item 12</i>)</p> <p>Officers noted that there was an item on the work programme concerning an update on risk assessment procedures and budget setting that had been added after the May meeting. Due to the regular updates on the GRIP, this update item was no longer required and so was due to be removed from the work programme.</p> <p><b>RESOLVED: That the Audit Committee noted the dates for Audit Committee meetings</b></p>
	<p>The meeting, which commenced at 5.10 pm, closed at 7.50 pm.</p>

These are the minutes of the above meeting. For more information on any of the resolutions please contact Democratic Services on 01895 250636 or email: [democratic@hillingdon.gov.uk](mailto:democratic@hillingdon.gov.uk). Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.



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**The public part of this meeting was filmed live on the Council's YouTube Channel to increase transparency in decision-making, however these minutes remain the official and definitive record of proceedings.**

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## GOVERNANCE REVIEW IMPROVEMENT PLAN

<b>Committee name</b>	Audit Committee
<b>Officers reporting</b>	Steven Muldoon, Corporate Director of Finance Matthew Wallbridge, Chief Operating Officer Lloyd White, Monitoring Officer and Head of Democratic Services Daniel Toohey, Head of Legal Services
<b>Papers with report</b>	Governance Review Improvement Plan <b>TO FOLLOW</b>
<b>Ward</b>	N/A

### HEADLINES

1. The Governance Review Improvement Plan (GRIP) is Hillingdon Council's strategic response to identified governance areas for improvement. It aims to strengthen internal controls, clarify internal decision-making, and improve accountability -ensuring the Council is well-governed corporately, financially resilient, and transparent.

### RECOMMENDATION:

**That the update to the Governance Review Improvement Plan be noted and the Committee seek any clarifications and assurances and provide comments to officers.**

### SUPPORTING INFORMATION

2. The GRIP (see Appendix) is a strategic programme launched by the London Borough of Hillingdon in March 2025 to address key governance weaknesses identified in several reviews, including the CIPFA review (March 2025), Directorate Governance Internal Audit (September 2025) and the Provisional Audit Results Report (February 2025).
3. In addition, Members will recall that, on 24 July 2025, the Council's External Auditors issued the Council with a Value for Money Update and Recommendations Under Section 24 Schedule 7(2) of the Local Audit and Accountability Act 2014 (S24 Report). That report was given consideration by Full Council at the meeting on 11 September 2025, and it was resolved, inter-alia, that:
  - *the programmes of work and actions which were already in place to address the S24 Report recommendations, as clearly set out in the Financial Modernisation Programme (FMP) which commenced in February 2025, and the Governance Review Improvement Plan (GRIP) which commenced in March 2025, be welcomed and approved.*
  - *the Audit Committee, who have already been monitoring the progress of the FMP and GRIP, be instructed to continue to monitor the delivery of the actions and report back to Council in no later than 12 months, or earlier if required, to ensure the S24 Report recommendations have been fully addressed.*
4. Accordingly, this report is brought before Members to provide an update on the work and actions contained within the GRIP.

5. Led by the Corporate Governance Group, the GRIP is structured around three workstreams:
  - financial governance – including the S24 recommendations
  - directorate governance, and
  - constitutional / democratic governance
6. Each workstream has defined actions and leadership. The overall aim of the GRIP is to embed a tiered governance model, improve business planning, and strengthen internal arrangements and protocols.
7. The GRIP is a public-facing initiative, with progress updates presented at this Audit Committee and to future meetings, demonstrating the Council's commitment to reform and accountability.

#### **Workstream #1 - Financial Governance:**

8. The Finance Modernisation Programme (FMP) is a significant transformation initiative by the London Borough of Hillingdon to review and strengthen the Council's financial systems, processes, and structures. The programme was initiated to address budget challenges and to modernise the Council's financial infrastructure.
9. There are a significant number of challenges that the council is seeking to address both in this programme and more broadly in addressing the council's adverse financial position. It is recognised that addressing all of these is of critical importance to the council's recovery, however this will be costly in both resources and time. Some of this resourcing will be provided through phase 2 of the FMP which will see additional external resource seconded in to support the annual accounts and MTFS processes.
10. Summary of progress since the last meeting includes the following:
  - The actions identified to achieve progress against have been extended to include all of the 7 recommendations contained within the external auditor's S24 report.
  - Additional spend control measures have been finalised and tested before implementation across the Council.
  - Corporate Management Team have held a challenge session with the LGA. CEO has requested the challenge to how the team have managed budget setting and delivery
  - Savings proposals for the MTFS and 2026/27 budget setting process are currently being reviewed. Templates have been developed to ensure that the relevant information required is received to inform the challenge process and ensure robustness. More detailed implementation plans will be developed in respect of those savings proposals of a certain size, higher assessment of risk or difficulty of implementation, once the current star chamber process has concluded.
  - Sessions have been held to review key areas of financial growth and pressure, including temporary accommodation, children's social care, adult social care and waste services.
  - Forecasting and in-year delivery of savings and areas of financial risk have been subjected to greater review and consequently any optimism bias has been removed from the forecast of the savings delivery. The achievability of capital receipts in-year is being assessed, and capital projects are being reprofiled or reduced where possible. Weaknesses in previous forecasting processes and how the shortfalls materialise have been identified and are being addressed through closer attention to key assumptions

and also by making sure the budget setting process is more robust than undertaken in the past.

- Discussions with MHCLG on seeking EFS are 'substantive' and 'meaningful' and have been progressing well, with 'sufficient information' having been presented for MHCLG to progress their process for consideration. The council expects a further update following the budget announcement.
- A review of P-cards is in progress, with Corporate Directors reviewing the justification of these and numbers in issue being reduced where feasible.
- The FMP has come to the end of phase 1 and is shortly embarking on phase 2. In addition to a critical stream working on refreshing the Oracle EPM system, there will be workstreams on audit readiness, MTFS review, transactional process reviews, finance function skills assessment, training and change management.
- Cashflow modelling has been reviewed and further developed to clarify what headroom is available to the council to borrow through the remainder of the year based on current forecasts and past cashflow profiling.
- The capital programme has been reviewed to challenge spending requirements over the remainder of the year. The GF capital budget has been reduced and the HRA capital budget reprofiled to enable the council to tackle the challenges of temporary accommodation in a more cost-efficient manner.
- The 2024/25 financial statements were published on 22 September and the audit commenced in October.
- As set out above, the Council meeting in September received and agreed the S24 recommendations from the external auditor. The council is required to follow this up with a notice advising of the Council's response to the recommendations, which has been drafted and shared with the auditor. Once this has been signed off by the auditor this will be placed on the Council's website.
- DSG – A letter has been received from the DfE which commended the council on "the significant progress that has been achieved in Hillingdon and your rigorous approach to providing a high quality, financially efficient SEND service".
- A number of indicators showing good progress towards reducing the pressure on the DSG deficit and which will help reduce the in-year deficit:
  - **Average EHCP costs** - At the end of March 2025, the average top-up cost, including inflationary pressures, came in at approximately £12k which is now a 31% reduction in the average cost of top-ups at the beginning of the Safety Valve programme in 2022/23 at £18k. Brand new EHCP plans issued in 2024/25 came in at an average cost of £8k which provided an estimated cost saving of £3.4m. Much of this is as a result of placing less children in high-cost independent provision and due to the new banding framework which is more consistent in approach and in line with needs.
  - **Revised Banding Framework** - The revised banding model for mainstream schools successfully launched in September 2024 and the new special school banding model launched in April 2025. This was independently led and co-produced by schools. Along with a new funding model, the banding frameworks now mean the local area has a fairer, more transparent, efficient and effective high needs funding system across Hillingdon that supports delivery of the ambitions within Hillingdon's SEND & AP Strategy.
  - **EHCP numbers** - At the end of the financial year 2024/25, LBH had 3521 EHCPs compared with FY end 2023/24, at 3441 EHCPs. This data considers the growth in new plans, movers in and ceasing of plans. In December 2023, the projection for EHCP numbers after Safety Valve initiatives was set to grow at 3740 EHCPs by 2024/25, therefore, the service has successfully managed to reduce demand of

plans by a further 219 more plans than originally projected. This has predominantly been as a result of young people achieving their outcomes and/ or moving into employment opportunities

- **INMSS** - As at end of March 2025, the funding paid to independent settings had been reduced by 15% when compared to March 2023 with a total cost of £13m making up 24% of DfE funding allocated to LBH compared to 33% in March 2023. There were over 400 active placements in independent settings at the start of the 2022/23 costing an average of £49k per placement. By the end of 2024/25, the number of placements in independent provisions had been reduced to approximately 263 placements at an average cost of £54k. The increase in average cost is as a result of only the most complex of needs being met in independent settings with fewer children and young people now meeting this criterion.
- **Mainstream** - As at the end of March 2025, 54% of the EHCP caseload have their needs met in mainstream provision vs 44% at the 2022/23 baseline. This is a 10% increase, following a steady term-on-term increase.

## **Workstream #2 – Directorate Governance:**

### **11. Summary of progress since the last meeting:**

- Directorate Business and Financial Plan Template – amber - all scheduled Directorate Business and Financial Plans have been approved by Corporate Directors.
- The Directorate Business and Financial Plans internal audit exercise (to consider areas for improvement) has commenced.
- A corporate tracker is in place internally for CMT and key stakeholders to track key council business aligned with internal governance groups and processes, prior to democratic decision-making.
- Review of Governance Arrangements (Senior Management Meetings) – green - new internal governance arrangements at officer level in place to shape, review, and support proposals before they reach the democratic and Member domain for decision.
- Officer delegations reviewed to reflect updated Management Structure and Directorates in place. Additionally, general management delegations under review to reflect internal controls and broader spans of management control.
- Corporate Governance Arrangements Training – green - Governance masterclass session due to be given at the most recent Senior Management Meeting, including the Senior Management Team standardisation and reporting. A wider corporate “governance toolkit” intranet site devised.

## **Workstream #3 - Constitutional Governance:**

### **12. Summary of progress since the last meeting:**

- The external review of certain key elements of the Constitution has been completed.
- The report on suggested improvements is awaited.
- Once the report has been received and reviewed, a report will be brought before Council with any suggested changes to the Constitution.

BACKGROUND PAPERS: Nil

# Governance Review Improvement Plan (GRIP)

## Executive Summary and Purpose

The accountability and governance arrangements in the Council are established but need to be reset, developed and improved further to manage the increasingly complex and high value projects being undertaken to deliver the challenging MTFS savings targets as approved by Council on the 27th February 2025.

The Governance Review Improvement Plan (**GRIP**) was therefore commissioned and sponsored by Tony Zaman, as Chief Executive and Head of Paid Service, in early March 2025. It will focus on three (3) workstreams, and be overseen by the Corporate Governance Group, which will take regular reports from the individual workstream leads. It is intended that the use of workstreams will bring focus and rigour to the financial and governance management process.

## GRIP Programme and Workstreams

The GRIP will consist of the following three (3) workstreams:

1. Financial Governance - lead by the Council's s151 Officer
2. Directorate (Officer Decision-making) Governance - lead by the Council's Chief Operating Officer, on behalf of the Council's Head of Paid Service
3. Remaining Areas - i.e. Constitutional/ Democratic Governance - lead by the Monitoring Officer

Each Workstream will have two stages:

1. Governance Review Improvement Plan - a review phase, whereby the Council takes stock of recommendations provided by an independent review, or auditor
2. Governance Recommendations Implementation Plan - an implementation phase, where the Council will set out its plan of action and detail for implementing the GRIP recommendations, providing updates on progress

The workstream leads will report on progress with the delivery of their associated actions on the Governance Recommendations Implementation Plan to the Corporate Governance Group. The Corporate Governance Group via the Corporate Business Manager will manage and oversee the delivery of the Governance Recommendations Implementation Plan.

## Project Drivers and High-Level Issues

The workstreams will be responsible for delivering the recommendations as referenced in the following reviews that have been undertaken.

- Directorate Governance Int Audit report (Sept 2024)
- LBH Final Audit Results Report (5 February 2025)
- Note - recommendations to follow an Independent Review of Constitutional and Democratic Governance

The workstreams will also link to the Council Strategy Commitments of a well-run, sustainable council with sound financial management, achieving positive outcomes for residents. By establishing and delivering the outcomes from the three reviews through the creation of the three workstreams will provide a robust oversight that the Council it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.

## Finance Modernisation Programme (FMP) and Engagement with Grant Thornton

Workstream 1 (Finance Governance) actions and improvements will be delivered in conjunction with the work being carried out by the Council via its Finance Modernisation Programme (FMP). The Council has engaged Grant Thornton in order to review areas including Oracle improvement work, and to provide further capacity and capability to enable financial improvements to be delivered at pace. This will be looked at going forward so as to dovetail with this work and also to explore if further assistance from Grant Thornton team may be required in relation to the broader FMP actions.

# Governance Review Improvement Plan (Finance Governance)

Theme	Title of Review	Recommendation	Actions	Detailed Delivery Actions	Senior Responsible Officer	Lead	Action Delivery Lead	Start Date	End Date	RAG Status	Quarterly Progress Update (April - June 2025)	Quarterly Progress Update (July - September 2025)	Quarterly Progress Update (Oct - Dec 2025)
Finance Governance Recommendations and Actions													
1.1 Financial Sustainability	London Borough of Hillingdon Final Audit Results Report Year ended 31 March 2024 (Statutory recommendations to the Council under Section 24 Schedule 7(2) of the Local Audit and Accountability Act 2014 - Recommendation 1)	The Council to build upon the steps already taken to control its expenditure to identify specific deliverable savings over the short term and medium term (next 12-24 months) to protect its limited remaining reserves in the context of the forecast levels of funding. (That the Council ensures it has detailed implementation plans supporting all of the planned savings included within its 2025-26 budget and future medium-term financial strategy and identifies and develops implementation plans for further savings which can be pursued should additional budgetary pressures emerge or the Council fails to achieve all of its currently planned savings).	1. Agree a savings programme to deliver a balanced budget.  2. Deliver a mechanism for the regular review of savings progress and governance to change/add to savings depending on the levels of reserves.  (That the Council ensures it has detailed implementation plans supporting all of the planned savings included within its 2025-26 budget and future medium-term financial strategy and identifies and develops implementation plans for further savings which can be pursued should additional budgetary pressures emerge or the Council fails to achieve all of its currently planned savings).	Through CMT and all SMTs:  1. Monitor delivery of agreed savings programmes - M2  2. Monitor use of MTFS savings app to ensure tight control - M3 & M4.  3. Enforce spend control measures across the Council.  4. Ensure compliance of Business and Financial Plan Template across Corporate Directors	Steve Muldoon	Andy Goodwin	Matt Davis	01/04/25	31/03/26	A	1. The Council held a Star Chamber process starting in September 2024, which built on the ZBB exercise earlier that year, with this process setting out the saving proposals that ultimately Cabinet and Council approved, with Service Proposal Forms being completed for many of the savings setting out delivery and calculation methodologies.  2. Since the budget went live, the Council has launched a MTFS App to capture the full details of the savings project, with the app feeding into the Council's monthly monitoring process that will be fed back to Cabinet in line with the monitoring timetable.  3. Further challenge sessions were held in May and June to deliver additional savings that are currently being developed and reflected in the Month 2 monitoring. The impact of the review of the saving programme for Month 2 along with the initial estimate of these new measures will be included in the Month 2 budget monitoring report to Cabinet and refined as proposals are further developed.  4. Spend Control Measures have been introduced as part of the Spend Control Process and Governance that has been in place before the start of the financial year. This has been widened out from just recruitment, agency workers, additional hours, and additional responsibilities, to P card (purchasing cards) expenditure, expenses, overtime and procurement  5. The Council has established a Finance Modernisation Programme, this programme includes an Accounting & Control workstream which has been supporting the Council to establish a better understanding of its balance sheet and financial out turn for 2024/25.  The workstream has reviewed the accounting treatment and controls across	1. Grant Thornton balance sheet review highlighted £14.1m of prior year expenditure that has been accounted for in the 2024/25 Outturn Report. This review has confirmed year end balances (the building blocks for 2025/26) and will be reflected in the 2024/5 Statement of Accounts.  2. Work undertaken on 2024/5 Outturn and Month 2 2025/6 Monitoring Report has led to the Council entering the Exceptional Financial Support (EFS) process to ensure it delivers a balanced budget.  3. Work has started in August on the 2026/27 budget process taking the above points into consideration. Star Chambers started and throughout the remainder of August and early September to identify savings for the 2026/27 budget as well as quality assuring the savings approach and monitoring.  4. Additional spend control measures in place with the introduction of enhanced Contract Purchase Agreement (CPA) controls  5. Internal Audit fieldwork on Directorate Business and Financial Plans Template	1. Additional spend control measures are being introduced to ensure that all new spend through PO's/invoices undergoes a review and sign off process that the spend is essential.  2. An updated savings template has been issued and training workshops held on these to ensure that there is sufficient detail captured on savings and proposals to ensure that they can be assessed as sufficiently robust to sign off. This will also capture the prospective cost of implementing the savings. More detailed plans will be requested in respect of specific proposals identified as being at higher risk of slippage or non-delivery. This is being undertaken for prospective 2026/27 savings rather than as part of the 2025/26 budget which has already been set.  3. A review of the deliverability of all 25/26 savings has been undertaken as part of the M5 forecast process and savings are being reviewed closely each month with Corporate Directors. This has flushed out any optimism bias in the previous reporting and so a firmer position is now reported. This will feed into the MTFS 26/27 - 28/29 cycle.  4. All 25/26 savings which have been downgraded and no longer forecast to deliver in year will undergo a separate review to assess whether they are completely undeliverable, or if the value and timing of future delivery needs reprofiling and can be achieved in 2026/27.  5. P-cards being reviewed in light of contract extension to reduce the number of cards in use and enforce tighter use on essential spend.  6. An application to MHCLG for Exceptional Financial Support has been made with subsequent substantive discussions, which will address the reduction in reserves in recent years by re-establishing a base level of reserves, address the projected deficit in 25/26 and project the support required over subsequent years.
1.2 Service Delivery	London Borough of Hillingdon Final Audit Results Report Year ended 31 March 2024 (Statutory recommendations to the Council under Section 24 Schedule 7(2) of the Local Audit and Accountability Act 2014 - Recommendation 2)	The Council to review its service delivery models to ensure that they are efficient, represent value for money and achieve the outcomes required for the resources invested. Where opportunities to improve service delivery models are identified, the Council should develop detailed plans for implementation of service delivery transformation and how the up-front transformation costs will be funded.	• Review of the level of service provision across its services to ensure that the Council is striking an affordable balance between the monies it receives to fund services and the cost of those services.  • Devise and roll out the updated Directorate Business and Financial Plan Template (note ref Directorate Governance workstream - recommendation 2.1)	The impact of the review of the saving programme for Month 2 along with the initial estimate of these new measures to be included in the Month 2 budget monitoring report to Cabinet and refined as proposals are further developed.  In parallel to the M2 monitoring position, the Cabinet to also receive the 2024/25 Outturn position. This will enable the complete Council final position to be reviewed and consolidated in one meeting.	Steve Muldoon	Andy Goodwin	Matt Davis	01/04/25	31/03/26	A	1. This work commenced with the Star Chamber process in September 2024 which built on the ZBB exercise earlier in the year with the proposals for savings/service delivery models that were deemed viable being approved by Cabinet and Council in February 2025. The investment to deliver the savings/service delivery models were part of this process through transformation capitalisation which was also approved by Cabinet and Council in February 2025  2. Since the budget went live, CMT have met regularly to discuss cost control measures and the need to identify savings that can contribute towards the TOM saving or can deliver a one-off benefit for the Council to support the delivery of the 2025/26 budget strategy.  3.Capital transformation programme review and monitoring set up  4. See also the updates on the rollout of the Directorate Business and Financial Plans - (Directorate Governance workstream - recommendation 2.1)	1) Models have been reviewed by Officers as part of the Month 2 2025/6 Monitoring which was discussed by Cabinet in July. Outputs of the report highlight areas where more work is required.  2) Models are being reviewed as part of the Month 4 2025/6 Monitoring which will be presented to the Cabinet in September, and part of the current Star Chamber process.	1. Officers are currently updating and reviewing demand modelling for key areas of service provision to understand the key drivers of demand and cost, and hence where focus on efficiency needs to be undertaken. A significant number of KPIs and dashboards have been prepared to support the analysis, and benchmarking is being reviewed to understand the key areas where the council is high/average/low cost and where opportunities for further efficiencies should be explored further.  2. Approval was given at October Cabinet to progress disposal of the council car park at Cricket Field Road (the "Lobster Pot") in order that an increase in local adult social care provision can be provided, helping offset the increasingly expensive external provision the council currently faces.  3. The Capital Programme has been reviewed with a view to accelerating the acquisition of property through the HRA to be used to help mitigate the high cost of and increasing demand for temporary accommodation.  4. A review of the use of capital receipts for transformation funding has been undertaken to clarify what capital receipts will be available for use and qualify under the regulations, and what expenditure will be able to be offset against these receipts.  5. A review of the personnel hierarchy structures in Oracle has been undertaken to ensure these are reflective of understanding, correct errors therein, and correct any vacant posts or supernumerary positions that can be removed to mitigate the in-year position.  6. The Corporate Management Team meet on a weekly basis and as part of the agenda the Service Delivery Board reviews options, projects and changes to service provision in light of the council's financial position.  7. The Council are reviewing the Medium Term Financial Strategy which includes service provision and options for consideration as part of budget setting
1.3 Schools Budget	London Borough of Hillingdon Final Audit Results Report Year ended 31 March 2024 (Statutory recommendations to the Council under Section 24 Schedule 7(2) of the Local Audit and Accountability Act 2014 - Recommendation 3)	The Council to seek to balance its schools budget to prevent further growth in its Dedicated Schools Grant (DSG) deficit. In the absence of confirmed alternative arrangements, the Council should also perform scenario planning for how it would manage the impact of the current deficit on its financial position when the current statutory override ends in March 2028.	1. The Council to seek to balance its school's budget to prevent further growth in its Dedicated Schools Grant (DSG) deficit.  2. Council to consider performing scenario planning for how it would manage the impact of the current deficit on its financial position when the current statutory override ends in March 2028.	1. Officers to review existing and likely positions and outcomes.  2. The Council to continue to monitor the national picture on this issue - Note - This is a known national issue with many councils unable to fully fund their DSG deficits within General Fund reserves and resources.	Steve Muldoon	Andy Goodwin	Andy Goodwin	01/04/25	31/03/26	A	1. Since this recommendation was written, the Govt have recognised this as a national issue and have confirmed the continuation of the statutory override for another 2 years to March 2028.  2. The current DSG modelling suggests a balanced budget by the end of 2027/28, with the Council currently re-negotiating the Safety Valve Agreement with the Department for Education (DfE). DfE advisor commended the council on the evidenced delivery and forward plan  3. Based on the Council's current approach, without further DfE and/or Council contributions to the DSG deficit, the Council will continue to have a cumulative DSG deficit beyond March 2028.	1. The Council's Treasury advisors are assessing different mechanisms the Council, along with its other Council clients, can use to fund the DSG deficit to reduce the pressure on Council cash flows.	A letter has been received from DfE commending the Council on "the significant progress that has been achieved in Hillingdon and your rigorous approach to providing a high quality, financially efficient SEND service". The Government intends to set out plans for reforming the SEND system in the coming months. Average EHCP costs, EHCP numbers, number of EHCP cases in mainstream settings, placements in independent settings and a revised banding framework.  A projection of the DSG deficit up to March 2028, when the statutory override ends, indicates that the council's cumulative DSG deficit will reach £90.8m without any further safety valve contributions from DfE or LBH. The one known scenario that can be modelled for as a potential solution at present would be for this to be capitalised (using EFS) which would lead to an annual MRP charge to the council's revenue budget of £2.6-2.8m/yr. At that point, from 2028/29, the annual in-year position is anticipated to be break-even. However this is a scenario that affects councils up and down the country and so we await further guidance from Government on how this multi-£bn national issue will be addressed.  A number of indicators being tracked demonstrate that significant progress is being made in reducing the cost burden on the DSG deficit which will help to bring this down over time: Average EHCP costs, EHCP numbers, EHCPs in mainstream settings, numbers in independent settings and a revised banding framework.
1.4 Financial Forecasting	London Borough of Hillingdon Final Audit Results Report Year ended 31 March 2024 (Statutory recommendations to the Council under Section 24 Schedule 7(2) of the Local Audit and Accountability Act 2014 - Recommendation 4)	The Council review its financial forecasting processes to understand why significant financial pressures, over and above those anticipated and reflected in the Council's annual budget, emerge and ensure future forecasting reflects the lessons learned.	1. Deliver detailed finance procedures manual as described in the Constitution. To assist with clearly defining the responsibilities of budget holders and other individuals with finance responsibilities. Will assist in holding individuals to account and to promote the ownership of budgets.  2. Existing Financial Regulations to be updated as part of the Oracle Roll Out. (e.g. in regard to setting policies for budget setting, income, journals etc).  3. Current spreadsheet-based systems being used pending full EPM implementation, also need to be fully documented and communicated.  4. Training to be delivered on the financial responsibilities and wider financial regulations to ensure effective governance and organisational financial management. The responsibility of all officers but should be well understood and supported by finance officers and business partners. They have a key role in promoting good practice and identifying areas of weakness and non-compliance, working to support colleagues across the Council to help them discharge their responsibilities.	1. Progress with the process underway under the banner of the Finance Modernisation Programme (FMP) that the Council is embarking on with partners Grant Thornton.  2. The Council to report on the expected financial position for 2025/26 will take place for the first time this year when the Month 2 monitoring cycle is completed and reported to Cabinet on 24th July, and the forecasting processes and underlying assumptions (as well as the 24/25 closure of accounts) will ensure this is a more robust and transparent process than last year.  3. Scrutiny finance training for Members to take place in September '25.  4. EPM to be refreshed over this period.	Steve Muldoon	Matt Davis	Andy Goodwin	01/04/25	31/03/26	A	1. All Select committees now receive budget scrutiny reports in 2025/26, on a regular basis, to monitor spend and delivery of savings and to enable them to hold Corporate Directors and (if required) Cabinet Members to account.  2. Additionally specialist training is being arranged on financial scrutiny for Select committee members in September 2025, with a view to regular training as part of the Member Training Programme.  3. EPM to be improved and used for M2  4. The Finance Modernisation Programme includes a Budget and Capital monitoring workstream to implement recognised good practice and support the Council with enabling these processes through its Oracle finance system. The workstream has: - Issued best practise budget monitoring guidance documents to finance and budget holders - Performed historic forecasting accuracy analysis to A) understand the accuracy and drivers of variances, and B) advise on development of automated forecasting techniques to support and inform the Council's forecasting processes.  5. Workshops on best practice budget monitoring processes and how the can be enabled by Oracle are being run with Budget Holders and senior finance staff. These workshops are re informing the Council's new process and the role and responsibilities of all stakeholders, and informing the design of Budgeting and Forecasting functionality with Oracle as part of a refresh of that solution.	1. As part of the closure process, updated processes now in place for assessing Collection Fund Bad Debt and Appeals Provision levels.  2. The Council are currently preparing for the next round of finance updates to Select Committees, with reports being written for discussion in those meetings that will cover the 2024/25 Outturn position and 2025/26 Month 2 forecast.  3. The workstream looking at how Capital is captured in the Oracle system, including a review of the Projects set up and EPM monitoring tool has taken place, with actions being delivered to start to address the challenges in capital budgets.	The forecast outturn during the course of 2025/26 has flagged up that a £30m+ deficit is likely, meaning that the budget setting process is flawed, rather than the forecasting process. Drivers of this are considered to be heavily influenced by the following:  - Savings need to be more robustly developed and challenged at the time of submitting proposals. This will be improved upon through more detailed templates and challenge sessions. - Growth has outstripped expectations but also the understanding of the level of demand in the current year is weak. Growth and demand models and in-year tracking need to be better developed. - Optimism bias needs to be removed. Cross-cutting savings need to be tightly owned and managed or they do not move forward at pace. RAG ratings of savings need better definition and savings need challenge through the year. - Dependency on capital receipts to fund revenue spend creates a risk of overspend if these do not materialise to plan. This approach will be removed from future budgets. - A significant movement in 2024/25 came from balance sheet corrections as the balance sheet review process progressed. This exercise needs concluding to ensure there are no further hidden surprises. Reconciliations need to be maintained more frequently and reviewed by others. - There needs to be an exercise after each year end to review changes from the final forecast to the outturn to understand which variances are ongoing and have not been fully built into the new year's budget.  Many of the above issues arise due to a lack of clarity in the current year position as the budget setting process for the following year begins, and a weak challenge of new proposals which undermines deliverability of savings through the following year. Growth modelling needs improvement and the budget setting process tightening. This needs to begin earlier in the year than has been the case in recent years as the process becomes rushed and insufficient time remains to perform a thorough process. While these issues will be addressed during the current MTFS cycle, the fact that the council is having to address so many issues at once and has limited time available for turnaround does present a risk that these will not be fully resolved. A contingency will be required to mitigate any such unforeseen/undertified issues.
1.5 - Financial Information	London Borough of Hillingdon Final Audit Results Report Year ended 31 March 2024	1.5.1 The Council perform data quality assessments, using the Government Data Quality Framework or another suitable framework, of its key activities to enable it to better understand what its key data sources are, how it uses such data, the maturity of its data quality processes and any limitations in the data it uses;  1.5.2 That having completed the data quality assessments, the Council should develop action plans to address any areas of weakness identified and ensure that implementation of those action plans is monitored and remedial action taken where necessary	1. Ensure that key data in the organisation that informs decision making are available and accessible to senior managers 2. Prepare Power BI dashboards that relate to the Council's performance and expenditure across all service areas, with a process for assessing data content and data quality in each.	1. The Finance Modernisation Programme to include workstream to improve processes and controls and improve Oracle functionality to enable modern processes and drive compliance with process and data standards. The Finance Systems workstream is to support a range of improvement actions including: - Integrations - Improving existing integrations with feeder systems and developing additional interfaces to significantly reduce the level of manual intervention in the transfer and validation of data into Oracle. This work will support and be informed by the Council's wider initiative to improve the data management.  2. The FMP/FS workstream to work on short term actions to improve data validation prior to transfer into Oracle and sustainable processes changes to reduce the high level of changes required to master data and ensure more robust management of cut off procedures to support Oracle maintenance and financial reporting processes.  3. End of year performance report to the Cabinet and also select committees.  4. End of year performance report to the select committees.  5. Performance reports to be taken to SMTs and CMT on a monthly basis to review progress, actions and data quality	Matthew Wallbridge	Ian Kavar	Darren Persaud/ Darren Everden/ Matt Davis	01/04/25	31/03/26	A	1. A key action in the FMP is the forensic review of the balance sheet, GT are more than three quarters through this work, elements of which have informed the changes in the council's financial outturn position  2. There are now over 100 Power BI dashboards that relate to the Council's performance and expenditure. As part of the process data quality is assessed for each, and plans are put in place to improve the data quality of each dashboard. Detailed data quality work has taken place in areas like SEN with end to end process reviews and management plans to improve critical areas. There is a pipeline of a further 90 Power BI dashboards in this financial year.  3. Performance reports taken to SMTs regularly to review progress, actions and data quality  4. Performance reports taken to CMT on a monthly basis  5. Individual indicators to have action plans to improve data quality  6. FMP Finance systems workstream actions all underway with update on completed actions to follow	1. Annual Performance Report to be presented to Select and then full Cabinet in September 2025. These will be subsequently presented to Select Committees  2. MTFS Dashboard devolved to track savings progress, presented to SDB and live access to all Directors, Senior Managers and Cabinet Members.	1. Annual Performance Report being presented to Select Committees  2. MTFS Dashboard to track savings progress presented to SDB on a monthly basis  3. Over 100 Power BI dashboards are available across the organisation with finance, performance and benchmarking data to support Corporate Directors and senior managers to help inform decision making  4. Power BI dashboard has been produced to make the data from Oracle clearer to budget managers, heads of service and corporate directors. This will drive greater understanding or challenge of the veracity of the data, hence continuous improvement in the quality of data.



1.6 Capacity and Capability	London Borough of Hillingdon Final Audit Results Report Year ended 31 March 2024	The Council to review the capacity and skill mix within the Council's finance team to ensure that the Council is able to support the production and audit of its financial statements within statutory timeframes, as this is a key enabler for supporting appropriate scrutiny of the Council's financial performance by stakeholders.	1. Recruit to a permanent s151 officer role.  2. Commission and fund specialist capacity and capability to inject extra support to deliver the audit recommendations and the improvements in the CIPFA report. This is to align with the improvements needed in the Oracle programme  3. Restructure the Finance directorate, and review the additional areas within Finance	1. Deliver restructure and recruitment campaign to deliver the right skills and capacity to deliver the outputs from the FMP.  2. In the interim bring in extra capacity and capability to deliver the FMP through consultants who have the experience, tools and techniques to accelerate the improvements.  3. The Finance Moderation Programme is to support key actions to improve capacity and capability with the Council's finance team, these include:  - Advice into the designing of senior finance roles including S151 Officer - Design of a new finance operating model, including finance team structure - Mapping of detailed tasks and roles and responsibilities across the new finance structure - Advising on the transition approach to move from the As Is to Be structure aligned to achievement of process and technology based improvements.  4. Further transition planning activities include: - development of a full competency model for all finance roles - detailed skill assessment across all finance roles	Steve Muldoon	Andy God	Andy Good	01/04/25	31/03/26	A	1. GT engaged to deliver the FMP.  2. Recruitment of new Corporate Director of Finance and S151 Officer complete - Council confirmed S151 appointment on 10 July '25.  3. The Finance Modernisation Programme has undertaken a high level review of the Council's finance function operating model to understand how the Council can improve processes through finding efficiencies. This review has involved benchmarking analysis around resourcing and costs for core finance function processes.  4. Draft finance structure being reviewed  5. Recruitment process for the S151 reports underway	1. New Corporate Director of Finance (s151) to commence work at the start of September 2025.  2. As part of their engagement Grant Thornton, to add capacity and specific Oracle expertise to help drive the Finance Modernisation Plan forward work delivered to August has included: - an updated interface to the existing Oracle EPM forecasting model to allow input of multiple cost centres. - a financial review of the balance sheet which identified £14.1m of prior year adjustments that were actioned as part of the 2024/25 Outturn Report advice. - validation of Council data migration totals from the existing R12 Oracle solution to the new Oracle Fusion solution. - review of the existing EPM forecasting solution and associated interfaces which has highlighted efficiencies to be implemented. - System improvements in the ERP system including shortening requisition approval timetables, cost centre setup, and tracking of hierarchy changes.	1. Grant Thornton have come to an end of phase 1 of their work on the Finance Modernisation Programme, with phase 2 to begin shortly. Additional resource is being seconded in to support capacity and capability on the annual accounts process and the Medium Term Financial Strategy.  2. Specialist support from GT to drive the Finance Modernisation Plan forward in respect of Oracle and the annual accounts has included: - implementation of an updated Oracle monitoring template for users that has simplified the monitoring process for budget managers with one return for all budget managers' budgets (was one return for each cost centre). This has now been running for 2 periods. - work with the HR team to define and specify an interface that will work daily to transfer establishment data from the HR system to Oracle, meaning the establishment position on Oracle will be continuously updated. Now awaiting an upgrade on the HR system to move forward. - Technical support in reviewing key working papers such as IFRS16 to identify possible issues and ensure compliance to new auditing standards, and to provide support and quality assurance of the 2024/25 audit process. - Work with the capital team to establish and define the issues being encountered in the use of projects to enable resolution. - with new processes in place to manage hierarchical changes, work with the Council in reviewing Oracle access and authorisation setups, taking into account External Audit recommendations supplied in October following the audit of the Oracle R12 to Fusion transition.
1.7 A financial position Page 19	London Borough of Hillingdon Final Audit Results Report Year ended 31 March 2024 (Statutory recommendations to the Council under Section 24 Schedule 7(2) of the Local Audit and Accountability Act 2014 - Recommendation 5)	We recommend that the Council urgently establishes a clear understanding of its current financial position, including the extent to which that position has diverged from the assumptions underpinning the 2025/26 budget and may require immediate action to prevent further depletion of reserves during 2025/26.	1. Review and update the reported forecast position to reflect all known issues, avoiding optimism bias, so the extent of the challenge facing the council is properly understood and can be firmly addressed.  2. Assess the impact on EFS request to MHCLG and update accordingly; engage further with MHCLG to progress this.  3. Assess the closing level of reserves as at 31/3/25 and how this compares to what the council set itself as a minimum level and the average position across London Boroughs.  4. Derive the impact on the MTFS for the council over the next 3 years and how this will need to be addressed through savings and EFS.	1. Assess and challenge all current year savings to assess deliverability, keeping these under regular review each month.  2. Identify other key risks to the forecast and financial position, assess reliability of forecasting in these areas, how these can be improved and any further potential financial impact.  3. Implement further spend controls, communicate these to staff.  4. Engage productively with MHCLG to press for early decision on EFS if possible, clarify the process and timetable.  5. Benchmark reserves to determine how LBH compares to peers and inform the EFS application.  6. Progress the MTFS process to understand the gap and the level of EFS that may be required over the next 2-3 years  7. Assess the asset base for potential disposals to contribute capital receipts towards offsetting the EFS required.	Steve Muldoon	Andy God	Andy Good	01/04/25	31/03/26	A	Added in October 2025	Added in October 2025	1. The recent P5 and P6 reports demonstrate that the Council has been reviewing the current financial position closely with regard to the deliverability of the savings target, removing optimism bias from the forecast. The seriousness of the position has been communicated to and acknowledged by senior management and Cabinet members, with further spend control measures now being introduced. Further financial risks have been identified and clarified in the report as these may further impact the outturn, and are in the process of being scrutinised further.  2. Growth modelling is being reviewed and improved to ensure that there is a stronger understanding of the key cost indicators in temporary accommodation and social care, both to inform the forecast and the MTFS.  3. Reserves have been compared to those held by other London boroughs at 31/3/25. Some of those are of course inflated by the EFS they have already received and so adjusting for this, LB Hillingdon was 5th lowest for General Fund reserves at that date. Reserves are being sought to be bolstered through the EFS application, to bring these back above the minimum level recommended in the February S25 report.  4. Cash flow modelling has been scrutinised to understand the impact this will have on the council's ability to borrow to cover expenditure through the remainder of the year, including how much headroom it still has.  5. Capital projects are being reviewed to identify any which show signs of likely slippage, or can be reduced or deferred. This action will assist the forecast cash position and reduce the eventual impact. This theme has been added this quarter to ensure completeness of S24 recommendations in the GRIP.
1.8 Oracle EPM	London Borough of Hillingdon Final Audit Results Report Year ended 31 March 2024 (Statutory recommendations to the Council under Section 24 Schedule 7(2) of the Local Audit and Accountability Act 2014 - Recommendation 6)	We recommend that the Council urgently addresses the issues it has encountered with implementation of Oracle EPM to ensure that, at both individual budget holder and overall Council level, decision makers are able to access accurate and complete budgetary information to inform decision-making.	1. Stabilise Oracle EPM environment and resolve outstanding implementation issues.  2. Strengthen governance and control processes around system access and configuration.  3. Ensure accurate and reliable reporting against budget for all budget holders and decision makers.	1. Conduct a retrospective review of all risks and issues logged during implementation to confirm closure or mitigation.  2. Complete a user access review for Fusion and EPM, ensuring appropriate authorisation and removal of conflicting permissions.  3. Ensure month end close processes run efficiently and effectively and data has integrity.  4. Update system security policies to enforce password controls, login attempt limits, and account lockout protocols.  5. Implement a data quality assessment for EPM outputs to validate completeness and accuracy for decision-making.  6. Develop and roll out training sessions for budget holders on using EPM, dashboards and interpreting financial data.	Matthew Wallbridge	Pete Carp	Martin Brown	01/04/25	31/3/26	A	Added in October 2025	Added in October 2025	1. Oracle Programme Manager appointed in October. 2. Worked with External Auditors to undertake an implementation audit of the transition from Oracle R12 to Oracle Fusion. The review highlighted a number of access and authorisation improvements which are being integrated into the improvement programme. 3. Implementation of an updated Oracle EPM monitoring template for users that has simplified the monitoring process for budget managers with one return for all budget managers' budgets (was one return for each cost centre). This has now been running for 2 periods. 4. Workshop review sessions run on period end closing in mid October, taking on board learning points from the first 2 months of the updated EPM monitoring solution, to ensure the month end process for October is run more efficiently. 5. Updated governance processes being implemented by new programme manager to ensure Oracle updates are properly designed, owned and understood by the business, and rolled out with the appropriate levels of testing and training. 6. Workshops run through October to document and provide a solution for the issues being encountered with Oracle EPM.
1.9 Issues highlighted by external reviews	London Borough of Hillingdon Final Audit Results Report Year ended 31 March 2024 (Statutory recommendations to the Council under Section 24 Schedule 7(2) of the Local Audit and Accountability Act 2014 - Recommendation 7)	We recommend that the Council continues at pace with the development and implementation of its FMP, as well as the wider GRIP, and ensures that the scope of these programmes addresses all of the weaknesses in current arrangements highlighted by the various internal and external reviews the Council has received.	1. Progress the FMP and GRIP as already laid out.  2. Review all other documents which highlight weaknesses and make recommendations for improvement and implementation, and capture relevant actions in the GRIP/FMP plans  3. Review feedback from EY on the issues they have raised in the past year and capture these to ensure they get addressed.	1. Review the Internal Audit reports for 2024/25 to pull out relevant actions not yet addressed or completed.  2. Review the CIPFA review report for issues and actions to address	Steve Muldoon	Pete Carp	Pete Carper	01/08/25	27/02/26	A	Added in October 2025	Added in October 2025	This theme has been added this quarter to ensure completeness of S24 recommendations in the GRIP.  1. Recommendations from the 2023/24 External Audit Report are included in this document as are the additional recommendations in the S24 Report. These are reviewed on an ongoing basis internally and reported quarterly to Audit Committee.  2. The External Auditors have undertaken a transaction audit for the move from Oracle R12 to Fusion. A number of recommendations linked to access rights were made in October and these have been included in the access and authorisation review mentioned in 1.6 above.  3. Work continues with the External Auditors on the Audit of the 2024/25 Accounts and there is an update on this work reported to the Audit Committee.

# Governance Review Improvement Plan (Directorate Governance)

Theme	Title of Review	Recommendation	Actions	Detailed Delivery Actions	Senior Responsible Officer	Lead	Action Delivery Lead	Start Date	End Date	RAG Status	Quarterly Progress Update (April - June 2025)	Quarterly Progress Update (July - September 2025)	Quarterly Progress Update (Oct - Dec 2025)
Non Finance Recommendations and Actions													
2.1 - Directorate Business and Financial Plan Template	Internal Audit Report on Governance September 2024	1. The Directorate Business and Financial Plan template should be updated to require directorates to set clear objectives aligned to the Council's corporate/strategic objectives.  2. These objectives should then be taken into consideration when allocating resources, developing directorate action plans and setting key performance indicators for the 2025/26 year.  3. The Directorate Business and Financial Plans should be reviewed and approved through CMT to ensure there are no cross-directorate impacts, and they are consistent with the wider corporate/strategic objectives.	1. Complete a review and update of the business and financial planning requirements, including corporate objectives and business plan template.  2. Ensure Directorate Annual Plans are in place for all areas.  3. Template to be reviewed Annually and brought to CMT for approval.  4. Directorate Business and financial plans to be completed annually by CMT.  5. CMT to monitor Directorate Business and financial plans quarterly.	1. Updated Directorate Business and Financial Plan Template to be approved by COO.  2. Circulate the Directorate Business and Financial Plan Template to all Corporate Director's to complete with a deadline date. Directorate Business and Financial Plans to be sent to Corporate Business Manager.  3. Schedule all Directorate Business and Financial Plans to be approved by CMT.  4. Circulate final Directorate Business and Financial Plans to CMT.  5. Save all final Directorate Business and Financial Plans in the SMT SharePoint folder.  6. Template will be reviewed by CMT on an annual basis.  7. Directorate Business and financial plans will be completed annually for approval at CMT.  8. CMT will monitor Directorate Business and financial plans quarterly.  9. The updated Directorate Business and Financial Plans, once underway and having been in place for a time, will be the subject of an internal audit exercise to consider areas for improvement (what has worked well vs. what has not etc)	Matthew Wallbridge	Darren Persaud	Michelle Smith	31/03/25	30/07/25	A	1. Business and Financial Plan Template draft settled by COO then discussed at CMT and sent to all Corporate Directors  2. The Directorate Business and Financial Plan Template has been circulated to all Corporate Director's to complete with a deadline date and a copy sent to the Corporate Business Manager.	1. All scheduled Directorate Business and Financial Plans have been approved by CMT.  2. Final Directorate Business and Financial Plans have been circulated to CMT.  3. Directorate Business and Financial Plans are to be uploaded into the CMT SharePoint folder.	1- The Directorate Business and Financial Plans internal audit exercise (to consider areas for improvement) will report by end of Oct'
2.2 - SMT Standardisation and Reporting	Internal Audit Report on Governance September 2024	1. CMT to agree a standard agenda template and reporting schedule for all SMT meetings covering the following key areas of governance as a minimum:  1.Workforce 2.Service delivery & performance against set objectives 3.Financial performance 4.Risk management 5.Key Projects  2. The SMT reporting schedule should also be aligned to the CMT reporting schedule to ensure any issues identified within the Directorates are appropriately escalated to CMT. System to ensure Directors are held to account for maintaining these SMT meetings in line with the agreed expectations and format.	1. As part of the review of governance and corporate working across the Council, a new standardised meetings structure and agenda for management and governance arrangements to be implemented. Standard Agenda/Minutes template to be produced for CMT & SMT meetings  2. Minutes should be recorded for all Directorates, which should be including the topics of discussion, and any decisions or actions agreed. Actions should be followed up at the next meeting to ensure they are completed.  3. A formal Corporate Governance Group (CCG) (formerly an informal statutory officers governance group) to be set up and will regularly (and annually) undertake a review of the effectiveness of Directorate Governance arrangements including how actions have been implemented and make recommendations for governance improvements for the ensuing year to be included in the GRIP.	1. Set up the SharePoint folder for CMT's, following a similar design to the CMT SharePoint Folder.  2. Email Executive PA's to inform them of the CMT SharePoint folder, and ask them to save all papers in that folder.  3. Standard Agenda/Minutes template to be produced for CMT & SMT meetings. Circulate the template agenda for Directorate SMT's, to Corporate Director's and their Executive PA's advising that this is the template to be used for all CMT & SMT meetings going forward.  4. Set up a Corporate Governance Group (CCG)	Matthew Wallbridge	Mark Braddock/ Lloyd White	Michelle Smith	31/03/25	28/02/26	G	1. Shared folder created for CMT, Internal Groups and SMTs.  2. Communications with PAs awaited pending security access.  3. New standard agenda and minute templates created and agreed for CMT, SDB, Groups and SMTs. Roll out across all internal bodies ongoing. Templates agreed by CMT on 29 May.  4. Additional delivery action to enhance internal governance:- New Corporate Tracker App, aligned with Cabinet Forward Plan now assists CMT/SDB by tracking key executive business through internal bodies before final decision democratic. This will ensure stronger internal governance and accountability, better coordination and robust decision-making. The Cabinet Forward Plan is discussed at CMT monthly, whilst the aligned Corporate Tracker, weekly at SBD.  5. Corporate Governance Group (CCG) first meeting on 19 March 2025. Further meetings were held monthly - on 25 March, 1 May, 3 June, reviewing the GRIP progress, and governance related issues generally.	1. PAs/Eas and Corporate Directors advised of new templates to use going forward. SDB using new templates, CMT using new templates w/e 16 July 2025, SMT's usage being rolled-out.  2. New internal briefing "business proposal" template prepared aligned to new Cabinet/Cabinet report template under review to simplify reporting requirements.  3. CCG meeting held 8 July 2025, reviewing the GRIP progress, and governance related issues generally	1. Final briefing / training session to be given to Senior Managers Meeting  2. CCG continuing to meet and monitor prgress with GRIP  3. Corporate Tracker in place internally for CMT and key stakeholders to track key council business aligned with internal governance groups and processes, prior to democratic decision-making.
2.3 - Review of Governance Arrangements (Senior Management Meetings)	Internal Audit Report on Governance September 2024	1. The scope and frequency of the Senior Management Meetings should be reviewed to ensure it facilitates cross-directorate collaboration and information sharing. CMT should agree formal reporting arrangements to escalate issues and decisions from individual Directorates to ensure the wider impacts on other services can be considered. Where key issues impact on more than one directorate, separate project boards should be established providing a forum for collaboration between the relevant services.	1. Complete a review of the reporting/governance arrangements and implement changes at all management levels, including working with Elected Members, to deliver the Council priorities.  2 A review will be carried out on the officer decision-making structure and tiers of management meetings, with a schematic prepared showing key officer groups, their terms of reference and their relationship between SMTs and reporting lines into CMT. This to be agreed at CMT and rolled out with training/briefings for managers.	1. Review the frequency of the SMM, and then agree frequency with the COO.  2. Create a forward plan of topics to be covered at SMM meetings.  3. Schedule the SMM forward plan at CMT for approval.  4. Share forward plan with SMM.	Tony Zaman	Matthew Wallbridge	Angela Laws	31/03/25	28/02/26	G	1. SMM meetings diarised for 25/26 2. Future agenda items discussed at CMT 3. Draft schedule for SMM  2 Completed the review on the officer decision-making structure and tiers of management meetings. Completed schematic showing key officer groups, their terms of reference and their relationship between SMTs and reporting lines into CMT. This has been agreed at CMT and rolled out with training/briefings for managers.  3. Since the budget went live, the Council has launched a MTFS App to capture the full details of the savings project, with the app feeding into the Council's monthly monitoring process that will be fed back to Cabinet in line with the monitoring timetable.	1. SMM schedule and plan agreed for 25/26  2. Further training provided to managers on the officer decision-making structure and tiers of management meetings, i.e. schematic showing key officer groups, their terms of reference and their relationship between SMTs and reporting lines into CMT. NB follow-up training provided at SMM on 17 July 2025.	1. New internal governance arrangements at officer level in place to shape, review, and support proposals before they reach the democratic and Member domain for decision.  2. All officer groups established with ToR and governance arrangements. To be published on intranet to ensure wider knowledge amongst staff about arrenagements.  3. SMTs have been briefed.  4. Officer delegations reviewed to reflect updated Management Structure and Directorates in place. Additionally, general management delegations under review to reflect internal controls and broader spans of management control.
2.4 - Corporate Governance Arrangements Training	Internal Audit Report on Governance September 2024	1. Training should be provided to Corporate Directors and Senior Managers on a yearly basis, and during the induction of newly onboarded Directors/Senior Managers.  2. The training should cover the core principles of governance, and link to wider sessions on budget monitoring/financial performance, workforce planning, service delivery and risk management. This will provide the Directors with a uniformed approach to the expected levels of governance within the Council.  3. CMT should collectively review their governance arrangements on an annual basis and agree actions to address any areas of improvement.	1. Briefings and training on Corporate Governance arrangements will be delivered to all managers. Link to wider sessions on workforce planning, service delivery and risk management. This will provide the Directors with a uniformed approach to the expected levels of governance within the Council.  2. Training to be delivered on the financial responsibilities and wider financial regulations to ensure effective governance and organisational financial management. The delivery of financial governance set out in the Constitution is the responsibility of all officers but should be well understood and supported by finance officers and business partners. They have a key role in promoting good practice and identifying areas of weakness and non-compliance, working to support colleagues across the Council to help them discharge their responsibilities.  3. Establish and communicate to Directors and Budget Managers, accountability and ownership for their respective roles.  4. Division of responsibility between the budget holder and finance business partners needs to be reviewed and clarified. Due to a high degree of reliance being placed on finance business partners in the services to be the custodians of financial data rather than the budget holders themselves.	1.Roll out the annual training programme for leaders/managers  2.Democracy / Governance Master Class to made mandatory for new Team Managers and above.  3.CMT to review annually its effectiveness and ToR 4. NB: annual review to be undertaken by CMT via the AGS	Matthew Wallbridge	Mark Braddock	Angela Laws	31/03/25	31/03/26	G	1. Paper going to CMT 23 July to update mandatory training programmes, which will be open to all staff and include annual, bi-annual and 3 yearly mandatory training programmes. Additional report going to CMT on proposed senior manager training overing coming month.  2. The well-established Democracy and Governance Master Class is mandatory for all new Team Managers and above. Additionally, all new Corporate and key Directors receive political and Democratic Governance briefings from the Head of DS or Democratic Services Manager as part of their induction.	1. Governance masterclass session at SMM in July 2025  2. Creating a wider "governance toolkit" intranet site, aligned/linked to the Cabinet toolkit intranet site. Cabinet toolkit has been simplified and made clearer for staff in terms of knowing who makes decisions and process for preparing executive reports for decision.  3. Key governance areas included in performance appraisals i.e. mandatory training, risk management, budget management	1. Governance training being rolled out.  2. Wider corporate "governance toolkit" intranet site devised.
2.5 - Minute taking and action planning	Internal Audit Report on Governance September 2024	1. Minutes should be recorded for all Directorates, which should be including the topics of discussion, and any decisions or actions agreed.  2. Actions should be followed up at the next meeting to ensure they are completed.	1. Minutes of Directorate meetings to be recorded and retained  2. Action items lists to be maintained and monitored	1.To ensure minutes / action lists are maintained on shared folders  2. This to be reviewed as part of GRIP monitoring by CCG	Matthew Wallbridge	All Corporate Directors	Michelle Smith	31/03/25	31/03/26	B	1. Minutes for CMT, SDB and SMT meetings are kept and recorded and are kept on shared folders	Action trackers being monitored	Implemented

# Governance Review Improvement Plan (Constitution & Democratic)

Theme	Title of Review	Recommendation	Actions	Detailed Delivery Actions	Senior Responsible Officer	Lead	Action Delivery Lead	Start Date	End Date	Status	Quarterly Progress Update (April - June 2025)	Quarterly Progress Update (July - September 2025)	Quarterly Progress Update (Oct - Dec 2025)
Non Finance Recommendations and Actions													
Constitutional and Democratic Governance	Constitution	To be delivered											
3.1 - Constitutional and Democratic Governance	Healthcheck', Independent Review of Constitution and related Democratic processes - Lawyers in Local Government (LLG)	As part of the Stage 1 exercise, an external review ('healthcheck') of the Council Constitution will be carried out by LLG with recommendations to be forthcoming from that exercise.  Following that, as part of Stage 2, those recommendations will be reported to Members for consideration and populated into this section of the GRIP document. An action plan will be prepared for implementation of those changes agreed by Members.		To be populated from the outcome of the LLG review	Lloyd White (as MO)	Daniel Toohey	Mark Braddock	01/06/25	01/11/25	G	LLG contacted and a brief has been prepared, costed and approved.	LLG have undertaken the review.  Final report with consolidated recommendations - aim be delivered by mid October 2025	Report and recommendations to be updated into GRIP document for Action once received and approved

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# Finance Modernisation Programme Update

## Audit Committee

18<sup>th</sup> November 2025

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Agenda Item 5b

# Where have we come from? (Accounting & Oracle)

Accounting & Control	Budget Monitoring	Oracle EPM	Oracle ERP
Year end working Paper	Budget Monitoring Guidance	Budget Holder Access	Chart of Accounts Auditing
NNDR appeal provision	Historic Forecasting Analysis	Single Payroll extract via ERP	CIS / VAT Accounting
CT & NNDR Forecast	Forecasting Input Output Guidance	Amend planning forms	Cost Centre Naming Convention
DSG Safety Valve	Capital Governance	Budget Holder drill down report	Requisition Approvals
Audit considerations paper	Procedure Manual	Drill down into general ledger	Encumbrance Carry Forward
Draft Accounts Review	Training	Task Manager workflow	Encumbrance Training & Guidance
CS & MRP (Briefing paper)		Payroll forecasting calcs	ERP Cost Centre Hierarchy
NNDR usable reserve		Drill down in planning reports	Budget writeback ERP to EPM
Collection fund outturn to NEC y/e reports reconciliation		Cost Centre Hierarchy alignment	Budget Monitoring custom report
Capitalisation and Capital year-end closedown		Validation Rules	Payroll Integration Zellis / ERP
GRNI / Accruals review			Cost Centre Security
Balance Sheet Review			PO Unit pricing



# Where are we now? (Accounting & Oracle)

Accounting & Control	Budget Monitoring	Oracle EPM	Oracle ERP
Year end working Paper	Budget Monitoring Guidance	Budget Holder Access <small>Pending Mastek deployment</small>	Chart of Accounts Auditing
NNDR appeal provision	Historic Forecasting Analysis	Single Payroll extract via ERP	CIS / VAT Accounting
CT & NNDR Forecast	Forecasting Input Output Guidance	Amend planning forms	Cost Centre Naming Convention
DSG Safety Valve	Capital Governance	Budget Holder drill down reports	Requisition Approvals <small>Pending Mastek deployment</small>
Audit considerations paper	Procedure Manual <small>Paused to be developed alongside next phase</small>	Drill down into general ledger	Encumbrance Carry Forward
Draft Accounts Review	Training <small>Phase One training (Pre EPM refresh)</small>	Task Manager workflow <small>Paused to be developed alongside next phase</small>	Encumbrance Training & Guidance
FR & MRP (Briefing paper)	Budget Monitoring Drop Ins <small>Circa 20 to 25 attendees per session</small>	Payroll forecasting calcs <small>This will be superseded by EPM refresh</small>	ERP Cost Centre Hierarchy <small>Final review</small>
NNDR usable reserve	Short Form Procedure Guidance <small>Final review</small>	Drill down in planning reports <small>This will be superseded by EPM refresh</small>	Budget writeback ERP to EPM <small>Paused to deliver as part of EPM refresh</small>
Collection fund outturn to NEC y/e reports reconciliation		Cost Centre Hierarchy alignment <small>Final review</small>	Budget Monitoring custom report <small>Paused to be developed alongside next phase</small>
Capitalisation and Capital year-end closedown		Validation Rules <small>Paused to be developed alongside next phase</small>	Payroll Integration Zellis / ERP <small>Delivery plan agreed with Zellis team</small>
GRNI / Accruals review			Cost Centre Security <small>Paused to be developed alongside next phase</small>
Balance Sheet Review <small>Final review</small>			PO Unit pricing <small>Paused to be developed alongside next phase</small>

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# What is the impact on stakeholders

Budget Holders	The Finance Function	Audit
<ul style="list-style-type: none"> <li>Easier navigation in EPM for budget holders</li> </ul>	<ul style="list-style-type: none"> <li>Capacity to prepare and review draft accounts</li> </ul>	<ul style="list-style-type: none"> <li>Addressed underlying issues in high risk, Balance Sheet areas</li> </ul>
<ul style="list-style-type: none"> <li>Simpler input screens for Budget Monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Transparency and validation of accounting / transaction flows / Data</li> </ul>	<ul style="list-style-type: none"> <li>Transparency and validation of accounting / transaction flows</li> </ul>
<ul style="list-style-type: none"> <li>Accurate view of cost commitments</li> </ul>	<ul style="list-style-type: none"> <li>Identified data transparency / security risk</li> </ul>	<ul style="list-style-type: none"> <li>Identified data transparency / security risk</li> </ul>
<ul style="list-style-type: none"> <li>Correct calculation of pay forecast</li> </ul>	<ul style="list-style-type: none"> <li>Correct calculation of pay forecast</li> </ul>	
<ul style="list-style-type: none"> <li>Improved understanding of the current system and processes</li> </ul>	<ul style="list-style-type: none"> <li>Reduce management admin / burden in requisition approvals</li> </ul>	
	<ul style="list-style-type: none"> <li>Automated maintenance scheduling, capacity for Finance Systems team</li> </ul>	

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# Progress on priority actions

## Accounting and Control

- **Completion of draft accounts:** Published
- **Working papers:** Completion of working papers review in support of audit preparation.
- **Balance Sheet Review and Assurance:** Detailed review, and good practice procedure and user guidance

## Budget Monitoring:

- **Training:** Budget holder training materials and guidance briefing notes drafted
- **Capital Projects:** Process redesign to improve completeness and compliance started
- **Process and Procedures:** Training and guidance documents around core functions drafted: monitoring, forecasting, reporting.

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# Progress on priority actions

## Finance Systems

- **Chart of Accounts Audit:** Deployed
- **Payroll Integration:** Zellis integration plan in place
- **Intercompany:** Automation of InterCo to eliminate manual intervention planned.
- **COA Auditing, unit price coding, requisition approvals and Pay monitoring:** deployed

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## Oracle EPM

- **Action Menus:** Improved menus previously (Provisions/Reserves/ Trans Capital).
- **Reports:** Revised drill down to access Cabinet & Directorate (improved data transparency).
- **Maintenance:** Daily and Monthly maintenance schedules automated

# Benefits

**Good practice fundamentals-** Establishing good practice in priority areas (budget management & capital monitoring), based upon clearly defined processes and roles and responsibilities, standardised inputs and outputs and a common timetable for reporting.

**Process efficiency-** Improving efficiency for budget managers and finance, reducing the need for spreadsheets and offline analysis.

**Data quality-** Improving data quality, focusing on Oracle as the single source of financial data, avoiding duplication of data in offline spreadsheets.

**One solution-** Deploying the solution once, with processes which can be enabled by Oracle, rather than having to redesign them in the future. Delivered incremental improvements in process efficiency and the quality of financial management and reporting.

**Transparency and Accountability-** Improving transparency of financial information for budget holders and the corporate centre and ensure one source of financial information.

**Oracle Fusion-** Fix flaws in the Oracle implementation.



# Next Steps

The next phase will deliver:

- **EPM Refresh-** Simplifying the planning and budgeting solution based upon use of standard Oracle functionality aligned to good practice, planning and budgeting processes.
- **Stabilisation and optimisation-** Address the backlog of finance system issues, stabilising and optimising the solution, in preparation to transfer to routine support and maintenance.

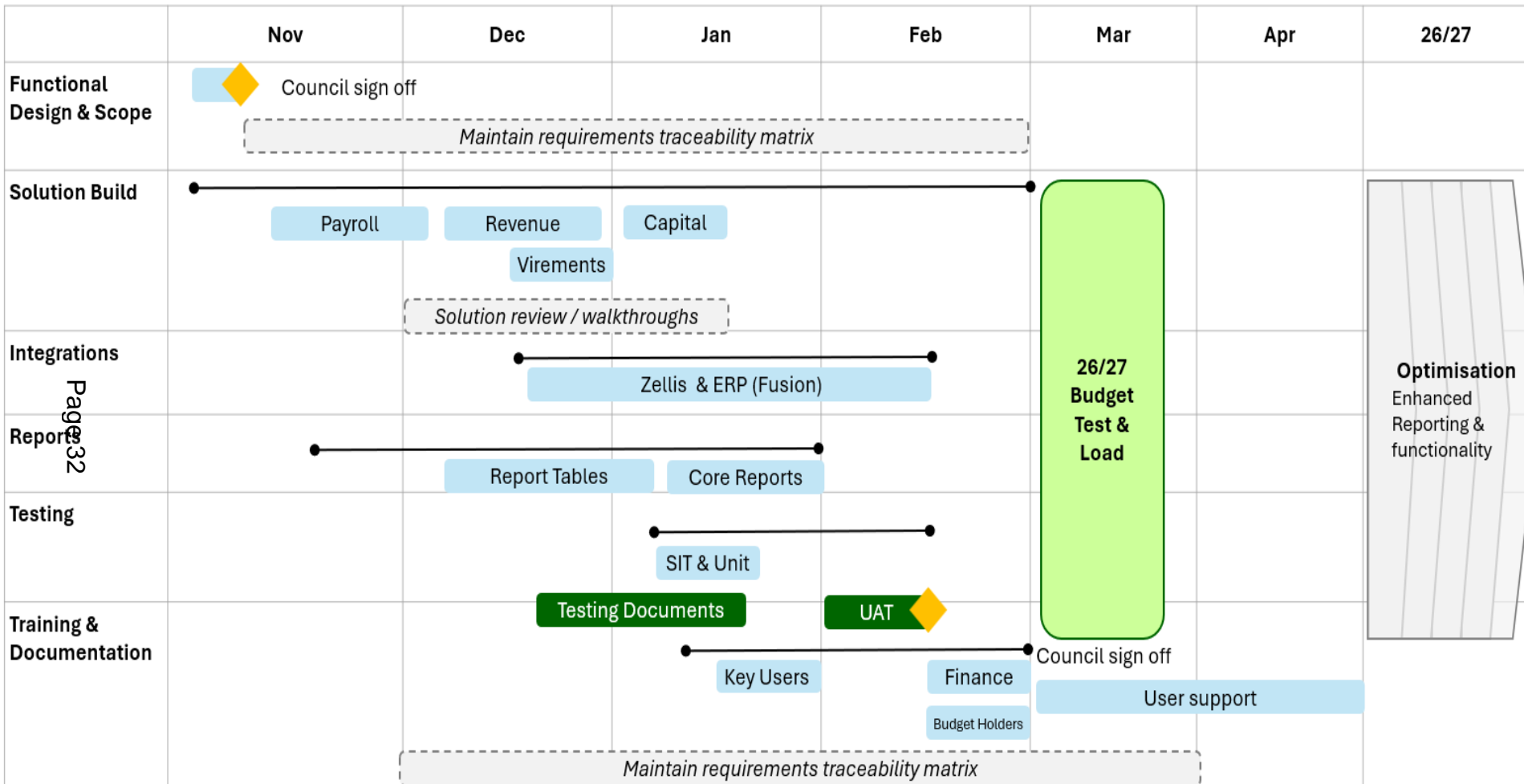
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# Next Steps

With the following benefits:

- **Simpler and faster** budgeting and forecasting processes.
- **Improved reporting** and dashboards that support budget holders and managers make better decisions.
- **Reduced manual work** through automation and better system integration.
- **Greater confidence and adoption** among finance teams and budget holders.
- **Better alignment between systems**, as the core finance system, ERP is the single source of financial information, integration to ensure automated flow of actuals into EPM.
- **Future-proofing** the Council's finance systems to take advantage of quarterly upgrades, leverage new functionality, including emerging AI capability and Oracle best practise process as designed.

# Next Steps



## RESULTS OF STAFF SURVEY

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Matthew Wallbridge, Chief Operating Officer
<b>Papers with report</b>	Presentation of staff survey results
<b>Ward</b>	All

### HEADLINES

This presentation highlights results of the recent staff survey.

### RECOMMENDATION:

**That the Audit Committee note the results of the staff survey.**

### SUPPORTING INFORMATION

NIL.

### BACKGROUND PAPERS

NIL.

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# Staff Survey 2025 results summary

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**Matthew Wallbridge, Chief Operating Officer**

# Staff Survey Process

- The survey was designed to provide an overall measure of engagement and includes questions grouped into indexes to explore how enabled, safe, supported and connected colleagues feel. A question was also asked to measure the confidence that action will be taken as a result of the survey.
- The survey was open between 2 June to 25 June 2025 and was available to all staff (including agency and casual staff) across the Council, except schools. Access was provided to the survey online through a secure web address (accessible on mobile devices) or via paper survey which was made available to some teams within the organisation. All paper surveys were returned in freepost envelopes to protect confidentiality.**



# Staff Survey Process

- Results are shown as % positive, which are representative of the number of agree and strongly agree responses as a percentage of the overall responses. There may be a 1% difference either way between the overall % positive and the sum of the % agree and % strongly agree responses due to rounding differences in the way the numbers are calculated. Results are shown throughout the report according to the following scales:

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Agreement scale:



- Comparisons to 2024 results and the Council overall are made through out the report. These are shown as Var to 2024 and Var to Hillingdon Council respectively.



# Staff Survey Summary

- An 8% increase in response rate since 2024, with good representation across much of the Council.
- Positive improvement since 2024 on all but one question and significant improvement (>4%) on 9 questions.
- Significant improvement in engagement in a number of teams within Adults Social Care and Health and Corporate Services.

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# Staff Survey Summary

- High scores, well above the external benchmark (EBM) for:
  - understanding how my role contributes (95%, + 14% var to EBM);
  - being clear about what's expected of me (94%, +11% var to EBM);
  - and being treated with dignity and respect (93%, +10% var to EBM).
- 8% increase on feeling action has been taken as a result of the survey.
- Positive improvements seen across almost all demographic groups since 2024.

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# RESPONSE RATE: 63% (1548/2475)

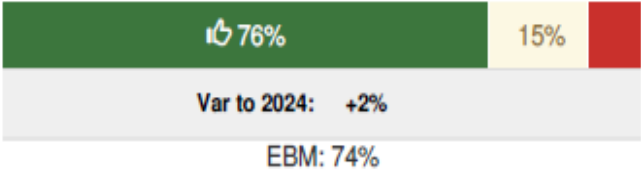
All staff (permanent, agency & casuals) had the opportunity to complete the survey either online or on paper. In total 1548 responses were received out of a total of 2475 colleagues, giving an overall response rate of 63%. This is a significant uplift on 2024 (+8% points). Only 25 paper surveys were received. The Place Directorate has less than 35% representation so detailed data will not be shared for this Directorate and the high level results should be viewed with caution as they may not be representative.

Team name		Responses	Quota	Response rate	Change
Hillingdon Council		1548	2475	63%	+8
Adult Social Care and Health		279	497	56%	-2
Page 40	Children's Services	451	588	77%	+21
	Corporate Services	268	313	86%	+22
	Finance	157	222	71%	+11
	Homes & Communities	219	382	57%	-7
	Place *Caution*	163	473	34%	-4

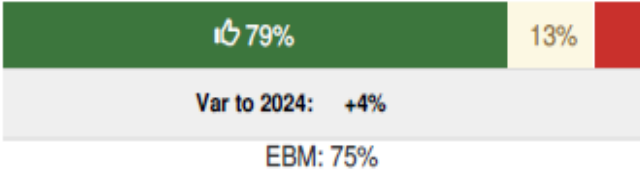
# OVERVIEW OF YOUR RESULTS: Index Scores

The index scores are the overall average response for each group of questions. Green indicates the % of positive (agree & strongly agree) responses, yellow indicates the % of neutral (neither agree nor disagree) responses and red indicates the % of negative (disagree or strongly disagree) responses.

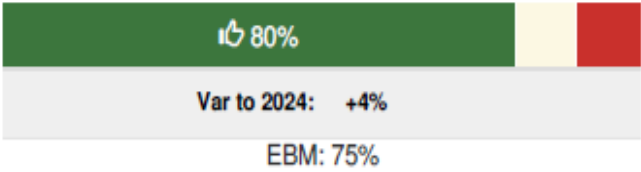
## Engagement



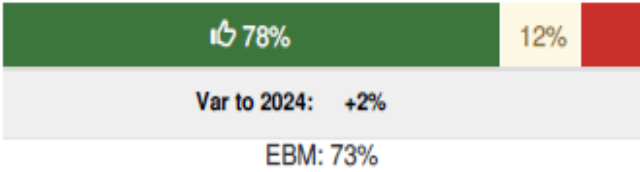
## Safe



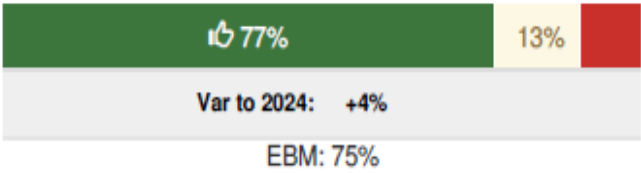
## Enabled



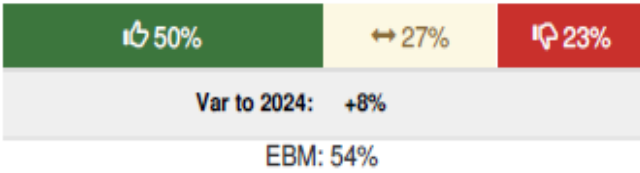
## Supported



## Connected



## Action



# OVERVIEW OF YOUR RESULTS: Highlights & lowlights

Your highlights:

#	Index	Statement	Answer Distribution			Council overall	Var to 2024	Var to EBM
1	Engagement	I understand how my role contributes to the performance of my service		35	60	95%	+1%	+14%
2	Enabled	I am clear what is expected of me in my role		34	60	94%	+1%	+11%
3	Supported	My colleagues treat me with dignity and respect		32	61	93%	0%	+10%
4	Enabled	My line manager/supervisor trusts me to make decisions about my work		34	58	92%	+1%	+4%
5	Supported	I am treated with dignity and respect by my line manager/supervisor		27	64	91%	+2%	+8%

Your lowlights:

#	Index	Statement	Answer Distribution					Council overall	Var to 2024	Var to EBM
1	Action	I believe action will be taken in my service as a result of this survey	11	12	27	30	20	50%	+8%	-4%
2	Connected	Teams within Hillingdon Council collaborate effectively		17	20	40	15	55%	+7%	-11%
3	Engagement	I feel valued by Hillingdon Council	9	11	24	34	21	55%	+2%	-8%
4	Supported	Changes in my service are led, managed and supported in an open way	8	12	22	35	24	59%	-1%	-1%
5	Connected	I am satisfied with the visibility of Corporate Management Team (CMT)		10	25	39	20	59%	+10%	



# OVERVIEW OF YOUR RESULTS: Change on 2024

Your most positive change on 2024:

#	Index	Statement	Answer Distribution					Council overall	Var to 2024	Var to EBM
1	Connected	I am satisfied with the visibility of Corporate Management Team (CMT)	10	25	39	20		59%	+10%	
2	Enabled	My physical work environment enables me to give my best at work	9	15	44	28		72%	+10%	-2%
3	Action	I believe action will be taken in my service as a result of this survey	11	12	27	30	20	50%	+8%	-4%
4	Connected	Teams within Hillingdon Council collaborate effectively	17	20	40	15		55%	+7%	-11%
5	Safe	Hillingdon Council feels like a fair and inclusive place to work	16	46	28			74%	+7%	+8%

Your least positive change on 2024:

#	Index	Statement	Answer Distribution					Council overall	Var to 2024	Var to EBM
1	Supported	Changes in my service are led, managed and supported in an open way	8	12	22	35	24	59%	-1%	-1%
2	Supported	I can rely on my line manager/supervisor to be there for me if I need help or support		27	59			86%	0%	-1%
3	Supported	My colleagues treat me with dignity and respect		32	61			93%	0%	+10%
4	Enabled	I am clear what is expected of me in my role		34	60			94%	+1%	+11%
5	Engagement	I understand how my role contributes to the performance of my service		35	60			95%	+1%	+14%

# Organisational priorities

- **Engagement & Visibility**

- Improved staff communications – Directorate and council wide. Continue with Council Connects and Back to the Floor series, and more in Directorates
- Adoption of Viva Engage to enhance two-way communications
- Induction sessions by face to face and videos in Directorates
- Engaging with non-networked services and individuals

- **Feedback into Actions**

- Present survey findings through multiple methods, and communicate action plans and progress
- Hold focus groups on priority issues identified within the survey

- **Enhancing the Work Environment**

- Continue to refresh and modernise facilities to support productivity and wellbeing
- Drive digital improvement – upgrading technology, streamlining systems and ensuring staff have access to digital tools and the training they need



# Organisational priorities

- **Fostering Inclusion & Enhancing Wellbeing(mental health & wellbeing actions included)**
  - Reduce absence through promoting a healthy worklife balance, wellbeing initiatives, understanding role pressures
  - Provide managers with the skills to have Mental Health conversations
- **Collaboration, Communication and Transparency**
  - More good news stories, and capture information to 'celebrate success' within 6 month and annual appraisal forms
  - More explaining of the council's financial position and next steps
  - More wider SMTs and staff meetings, with Senior Managers having greater visibility in them
  - Review and repurpose the Employee Engagement Working Group
  - Develop effective communication skills programme to support managers; to include empathy, active listening etc



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## EXTERNAL AUDIT UPDATE: 2024/25 AUDIT PROGRESS

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Pete Carpenter, Director of Pensions, Treasury and Statutory Accounts
<b>Papers with report</b>	NIL.
<b>Ward</b>	All

### HEADLINES

This report updates the Committee on progress with the 2024/25 audit process.

### RECOMMENDATION:

**That the Audit Committee:**

- 1. Notes the progress on the Audit of the 2024/25 Accounts and the work being undertaken to cover previous years' External Audit recommendations.**

### SUPPORTING INFORMATION

The Ministry of Housing, Communities and Local Government has announced measures to tackle the backlog of local government audits and have proposed backstop dates for the publication of audited accounts. These are set out in the following table:

2024/25: 27 February 2026  
2025/26: 31 January 2027  
2026/27: 30 November 2027  
2027/28: 30 November 2028

The present position on Audits across England on the 20<sup>th</sup> October 2025 reported by Public Sector Audit Appointments (PSAA) is that of the 457 “opted in” bodies (excluding Pension Funds), only 6 Audits had been completed by the 30<sup>th</sup> September 2025.

A total of 216 disclaimed audit opinions were issued by auditors to local government bodies because of the “final” backstop date for the 2023/24 financial year. This is 47.1% of all local government Audits in England. It should be noted that as at the 30<sup>th</sup> September 2025 that there were still:

25 2023/24 Audits outstanding  
6 2022/23 Audits outstanding  
6 2021/22 Audits outstanding  
6 2020/21 Audits outstanding  
4 2019/20 Audits outstanding

Advice is that due to the number of years of “Disclaimer Opinions” the Council has, it is likely that due to a lack of assurance obtained from audit procedures there will be at least 2 further years of

disclaimer opinions before the Council returns to fully “clean” opinions.

### **Progress on the 2024/25 Audit Process**

The Council published its draft Statement of Accounts for the year ended 31st March 2025 on 22nd September 2025.

The Public Inspection period started on the 23rd September 2025 and ran to the 3rd November 2025. In this period:

- Any person interested may inspect the accounts of the Council for the year ended 31st March 2025 and all related documents (comprising books, deeds, contracts, bills, vouchers and receipts) at the address given below. They may also make copies of the accounts and documents; for which the Council may make a charge for costs incurred.
- A local government elector for the area of the Council, or his/her representative, may question the Auditor about the accounting records of the Council.
- A local government elector for the area of the Council, or his/her representative, may raise an objection to the Council’s accounts.

In the inspection period, the Council has received queries from 4 residents. The Council has not been made aware from the External Auditors of any objections to the Council’s accounts.

The 2024/25 Audit is not initially looking to rebuild the Council’s position following two years of “Disclaimer Audits”. It will be very much transaction based to provide assurance on what happened during the 2024/25 financial year. External Auditors Ernst & Young (EY) did receive an updated auditing framework for 2024/25 from the Government which set out how they need to proceed in “rebuilding the Council’s position when they have Disclaimer Opinions”. However, this was received too late in the summer to reasonably be considered and then built into their audit approach for the current cycle.

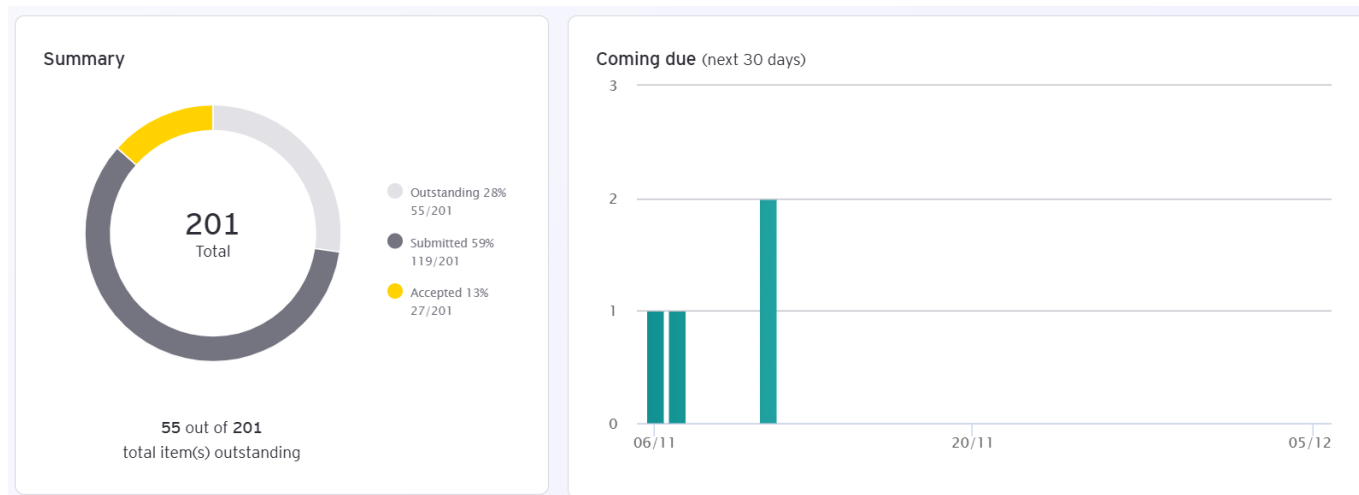
EY will provide a verbal update at the Committee meeting on this and the planning they have been undertaking for the 2024/25 audit.

As part of the 2024/25 Audit process, the Council is presently having bi-weekly meetings with the External Auditor to review progress. To ensure issues are resolved in a timely manner, the External Auditor was on site on the 4th November, and will be again on the 18th November and 2nd December. It is expected that face to face meetings will expedite issues in a more timely manner than MSTeams meetings (which will still continue).

As at the 5th November the Council is in the following position. 201 Audit queries had been issued to the Council by the External Auditors:

- 27 query responses have been accepted by EY (up from 21 last week).
- 119 query responses are with EY for review (up from 103 last week).
- 55 items are still to be returned by the Council (down from 66 last week).

This is 22 responses back to the External Auditors in that week.



55 items are still to be returned/have been reviewed and require further Information. Of this number:

- 28 items have either been updated since the accounts were submitted or are new submissions (many related to samples).
  - 5 were due before 23 October
  - 12 were due before 31 October
  - 7 were due before 5<sup>th</sup> November
  - 4 are not yet at their due date
- The remaining 27 queries relate to items that will be addressed following the delivery of samples for EY to test.
  - Of this amount 5 relate to the now closed systems audit items.

As set out above significant effort is being made to ensure audit samples which have been issued by the External Auditors over the past 2 weeks are returned. It is important as part of the Audit process that the Council has supplied the External Auditors with all requested samples and associated detail by the end of November.

As part of this audit query response process, and to ensure the Audit recommendation relating to “the capacity and skill mix within the Council’s finance team to ensure that the Council is able to support the production and audit of its financial statements”, a quality assurance process has been put in place to ensure papers are of a the required level when they are returned and ongoing conversations take place where there are issues with samples or timescales.

In addition, to supplement the closure process we have a team of three people, a GT lead & 2 from their vetted contractor panel (CFO Solutions), who have been seconded to the Council. These secondees will have two functions:

- To provide validation/help on working papers – especially quality assurance.
- Giving proactive support in respect of looking ahead to ensure the Council is addressing Audit and S24 Recommendations as well as making sure the Council is making progress on key Assurances. This will be moved forward by undertaking a 6 month review of all control accounts and building up a month end reconciliation control list (many are done at year end at the moment).

## **Other Audits**

EY have notified the Council that they will not be able to deliver the 2024/25 Housing Benefit Assurance process. The Council will commission an alternate Auditor to undertake this.

## **FINANCIAL IMPLICATIONS**

In September 2024 the PSAA launched a consultation on the fee scale for 2024/25 audits. Following consultation, PSAA has published the 2024/25 scale of audit fees for bodies that have opted into its national auditor appointment scheme. The fee scale is confirmed as a 9.5% increase on the 2023/24 scale fees to cover the additional audit work required under revised standards and a contractual inflationary increase payable to audit firms for 2024/25. The new audit work relates to revised auditing standard ISA (UK) 315 (risks of material misstatement) and linked work on ISA (UK) 240 (fraud). The fee values for 2024/25 are £433,673 for the Council audit and £92,572 for the Pension Fund. Oracle work is outside these fee rates.

EY have advised in February that there would be scale fee variations in respect of the 2023/24 audit. This has not yet been fully quantified.

The fees for Grant Thornton in respect of the Teachers' Pension and Pooling audits were within approved budget estimates.

## **LEGAL IMPLICATIONS**

The Secretary of State for Communities and Local Government delegated statutory functions (from the Audit Commission Act 1998) to Public Sector Audit Appointments (PSAA) on a transitional basis under powers contained in the Local Audit and Accountability Act 2014.

## **BACKGROUND PAPERS**

NIL.



## AUDIT COMMITTEE ANNUAL REPORT FOR 2024/25

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Claire Baker, Head of Internal Audit
<b>Papers with report</b>	Draft Audit Committee Annual Report for 2024/25
<b>Ward</b>	All

### HEADLINES

This report summarises the work of the Audit Committee during 2024/25 and how it has undertaken its responsibilities for reviewing the key areas within its remit.

The report was presented in draft at the last Audit Committee meeting. Following the meeting feedback was received from member and has been incorporated into this updated version where appropriate.

This final draft report contains the information that is proposed to be presented to Council, so that it can be assured that the Audit Committee is acting appropriately on its behalf.

### RECOMMENDATIONS:

**That the Audit Committee:**

- 1. Approves the Draft Audit Committee Annual Report for 2024/25 before the report is presented to Council.**

### SUPPORTING INFORMATION

NIL.

### BACKGROUND PAPERS

NIL.

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# ANNUAL REPORT OF THE AUDIT COMMITTEE

2024/25



**HILLINGDON**  
LONDON

## 1. INTRODUCTION

- 1.1 In line with best practice guidance, the Audit Committee is required to submit an annual report to Council outlining the Committee's activities over the previous year. This report summarises the work of the Audit Committee during 2024/25 and how it has undertaken its responsibilities for reviewing the key areas within its remit. Specifically, these include:
- Internal Audit
  - External Audit
  - Counter Fraud
  - Risk Management
  - Financial reporting process of the Statement of Accounts.
- 1.2 In compliance with the Accounts and Audit Regulations 2015, the Audit Committee has reviewed the effectiveness of the systems of internal control, by receiving regular reports from these areas above that contribute to the control framework. This report provides an opportunity for Council Members to review the work of the Audit Committee and comment on its contribution and performance.

## 2. Key Activities of the Audit Committee

- 2.1 The Terms of Reference (ToR) of the Committee are attached at [Appendix A](#).
- 2.2 During the 2024/25 municipal year, the Audit Committee met on four occasions: 30 April 2024, 28 August 2024, 20 November 2024 and 11 February 2025.
- 2.3 Membership and attendance of the Audit Committee comprised as follows:

Member name	Member appointment	Meeting Attendance
Mr John Chesshire (Chair)	Appointed November 2017 - present	Attended April 24, November 24 and February 25
Cllr Nick Denys (Vice-Chair)	Appointed May 2022 - present	Attended all four meetings
Cllr Tony Burles	Appointed May 2022 - present	Attended all four meetings
Cllr Henry Higgins	Appointed May 2023 - present	Attended August 24, November 24 and February 25
Cllr June Nelson	Appointed May 2023 - present	Attended April 24, August 24 and February 25.
Cllr Reeta Chamdal	Appointed May 2022 - May 2024	Attended April 24
Cllr Philip Corthorne	Appointed May 2024 - May 2025	Attended August 24, November 24 and February 25
<b>Reserve members</b>		
Cllr Kishan Bhatt	Reserve Member	Attended in April 2024
Cllr Richard Lewis	Reserve Member	
Cllr Scott Farley	Reserve Member	

- 2.4 The Audit Committee received two dedicated training sessions during 2024/25. This is a little less than in previous years given membership stability during this period. The first on the 6 November covered the role of the Audit Committee and a deep dive into the Annual Accounts process. The second session on the 18 March covered the

Committee's role in relation to Corporate Governance, Risk Management, Internal Audit and Counter Fraud.

- 2.5 The role delegated by the Council to the Audit Committee is to provide independent assurance over the governance, risk management and the system of internal control in operation at the Council. The Audit Committee has fulfilled this role by undertaking the following key activities:

**a) Oversight of Internal Audit**

- The Audit Committee oversaw the activity of the Council's Internal Audit service to assist it in its role of monitoring the internal control, risk management and governance arrangements of the Council's operations.
- During 2024/25, the Audit Committee reviewed the 2023/24 Annual Internal Audit Report and Head of Internal Audit Opinion Statement, the 2024/25 Annual Internal Audit Plan, and quarterly progress reports and operational plans.
- The Audit Committee met privately with the Head of Internal Audit in line with best practice.
- The Audit Committee sought assurances from the Head of Internal Audit over plan delivery, coverage, and overall performance in respect of key performance indicator results.
- The Audit Committee sought explanations from the Head of Internal Audit about the recommendations emanating from 'Limited' or 'No' assurance audits and monitored the ongoing implementation of actions through the follow up process.
- Finally, the Audit Committee also monitored the initial actions taken by the Internal Audit service to prepare for the Global Internal Audit Standards applicable from the 1 April 2025.

***The Audit Committee is satisfied that Internal Audit is effective and adds value to the Council through the professional planning and delivery of its risk-based, independent and objective assurance and advisory services.***

**b) Oversight of External Audit**

- The Audit Committee has reviewed the activity of the Council's External Auditors (Ernst & Young) to assist it in its role of monitoring the internal control and financial governance arrangements of the Council's operations. The Audit Committee has received and considered the external audit plan, progress updates and reviewed External Audit performance.
- The Audit Committee met privately with Ernst & Young in line with best practice.
- During 2024/25 the Audit Committee reviewed the 2022/23 Statement of Accounts, Audit Completion Report, and Value for Money report. This had been delayed from the prior year due to the ongoing national delays, which are consistent with many other local authorities. The Audit committee also received the 2022/23 Pension Fund Audit Results Report and the 2023/24 Audit Plan.
- In February 2025 the Audit Committee received the 2023/24 Statement of Accounts and draft Audit Results report and draft Pension Fund Audit Results Report. These were finalised following the meeting and presented to the May 2025 meeting.

***The Audit Committee is satisfied with the Council's External Audit arrangements during 2024/25 and the clarity, depth and approach taken by External Audit.***

**c) Prevention and Detection of Fraud and Corruption**

- The Council operates a zero-tolerance policy towards all fraud and corruption. The Counter Fraud Team (CFT) conducts proactive and reactive counter fraud activity to highlight fraud, loss and error. This minimises the Council's exposure to fraud and maximises its preventative savings.
- The Audit Committee has received quarterly progress reports from the CFT, a detailed 2024/25 Annual Plan and Annual Report for 2023/24. The team has responsibility for the oversight of the effectiveness of the Council's policies and procedures to prevent and detect fraud and corruption.
- The Audit Committee sought assurances from the Head of Counter Fraud over the focus and prioritisation of counter fraud activity, together with the team's overall performance in respect of key performance indicator results.
- In 2024/25, the CFT had achieved several successful outcomes, including a total of c£10.9m in loss prevention savings across Council services. These savings included the recovery of 112 council properties due to tenancy fraud, an 8% increase on the previous year's outcomes.

***The Audit Committee is satisfied with the effectiveness of the Council's counter fraud arrangements during 2024/25 and are pleased to see the excellent results delivered once again by the Counter Fraud Team during this period.***

**d) Risk Management**

- The Audit Committee monitored the implementation of the new Risk Management system and processes throughout 2024/25, as part of the Committee's role to independently assess the Council's risk management arrangements.
- They received quarterly risk management reports, including the risk management KPIs, Corporate Risk Register, and Strategic Risk Report. Following concerns raised in February in relation to the high number of risks overdue for review, action was taken by Officers to improve performance by the year end.
- The Audit Committee also explored how effectively management felt particular risks were being managed as part of its deliberations and whether some of these risks were appropriately prioritised and assessed.
- In February 2025 the Audit Committee also received additional assurance on Transformation, Digital and Technology risk management from the Chief Operating Officer. This presentation focused on the risk management arrangements within the Corporate Services Directorate, as well as a deep-dive into the actions being taken to mitigate the biggest risks within the Directorate.

***The Audit Committee is satisfied that the Risk Management arrangements enable it to provide sufficient challenge to officers around their identification and management of the Council's key risks. The Audit Committee recognise the ongoing evolution of risk management during this period and anticipate further embedding in the year ahead.***

**e) Approval of Financial Accounts**

- Throughout 2024/25, the Audit Committee was provided with audit progress reports on the Council's annual statement of accounts for 2022/23 and 2023/24. This included considering whether appropriate accounting policies have been followed in relation to the accounts.

- Weaknesses identified by External Audit in relation to financial reporting, data quality and financial sustainability were highlighted by the Audit Committee and further assurance requested from officers to ensure appropriate actions were taken to address these.
- The Audit Committee also reviewed the Council's Annual Governance Statement as part of the draft and final accounts for 2022/23 and 2023/24.

***The Audit Committee is concerned to see the increasing challenges and issues experienced with the production, reporting and ultimate approval of the financial accounts, together with the increase in finance-related risk during this period. It has expressed concerns to management and sought assurances that sufficient, appropriate work is being planned and undertaken to improve control, better manage financial risk and enhance the associated processes.***

### 3. Conclusion

- 3.1. The Audit Committee considers that it has continued to make an appropriate contribution to helping ensure that the key elements of the governance framework are given proper consideration and are appropriately challenged. It will continue to undertake this role and contribute to improvement initiatives by encouraging management to strengthen internal control, risk management and governance throughout the authority.

**APPENDIX A: AUDIT COMMITTEE TERMS OF REFERENCE**

The Constitution defines the Terms of Reference for the Audit Committee as:

The Audit Committee's role is to:

- Review and monitor the Council's audit, governance, risk management framework and the associated control environment as an independent assurance mechanism;
- Review and monitor the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and/or weakens the control environment;
- Oversee the financial reporting process of the Statement of Accounts.

Decisions in respect of strategy, policy and service delivery or improvement are reserved to the Cabinet or delegated to Officers.

**Internal Audit**

- 1) Review and approve (but not direct) the Internal Audit Strategy to ensure that it meets the Council's overall strategic direction.
- 2) Review, approve and monitor (but not direct) Internal Audit's planned programmes of work, paying particular attention to whether there is sufficient and appropriate coverage.
- 3) Through quarterly Internal Audit summary reports of work done, monitor progress against the Internal Audit Plan and assess whether adequate skills and resources are available to provide an effective Internal Audit function. Monitor the main Internal Audit recommendations and consider whether management responses to the recommendations raised are appropriate with due regard to risk, materiality and coverage.
- 4) Make recommendations to the Leader of the Council and Cabinet Member for Finance on any changes to the Council's Internal Audit Strategy and plans.
- 5) Review the Annual Report and Opinion Statement and the level of assurance this provides over the Council's corporate governance arrangements, risk management framework and system of internal controls.
- 6) Consider reports dealing with the activity, management and performance of internal audit services.
- 7) Following a request to the Corporate Director of Finance and, subject to the approval of the Leader of the Council or Cabinet Member for Finance, to request work from Internal Audit.

**External Audit**

- 8) Receive and consider the External Auditor's annual letter, relevant reports and the report to those charged with governance.
- 9) Monitor management action in response to issues raised by External Audit.
- 10) Receive and consider specific reports as agreed with the External Auditor.
- 11) Comment on the scope and depth of External Audit work and ensure that it gives value for money, making any recommendations to the Corporate Director of Finance.



- 12) Be consulted by the Corporate Director of Finance over the appointment of the Council's External Auditor.
- 13) Following a request to the Corporate Director of Finance and, subject to the approval of the Leader of the Council or Cabinet Member for Finance, to commission work from External Audit.
- 14) Monitor arrangements for ensuring effective liaison between Internal Audit and External Audit, in consultation with the Corporate Director of Finance.

#### Governance Framework

- 15) Maintain an overview of the Council's Constitution in respect of contract procedure rules and financial regulations and where necessary, bring proposals to the Leader of the Council or the Cabinet for their development.
- 16) Review any issue referred to it by the Chief Executive, Corporate or Executive Director, any Council body or external assurance providers including inspection agencies.
- 17) Monitor and review (but not direct) the authority's risk management arrangements, including regularly reviewing the corporate risk register and seeking assurances that appropriate action is being taken on managing risk.
- 18) Review and monitor Council strategy and policies on anti-fraud and anti-corruption including the 'Raising Concerns at Work' policy making any recommendations on changes to the Leader of the Council and relevant Corporate / Executive Director.
- 19) Oversee the production of the authority's Annual Governance Statement and recommend its adoption.
- 20) Review the Council's arrangements for corporate governance and make recommendations to the Corporate Director of Finance on suggested actions to improve alignment with best practice.
- 21) Where requested by the Leader of the Council, Cabinet Member for Finance or Corporate Director of Finance, provide recommendations on the Council's compliance with its own and other published standards and controls.

#### Accounts

- 22) Review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from financial statements or from the external auditor that need to be brought to the attention of the Council.
- 23) Consider the external auditor's report to those charged with governance on issues arising from the external audit of the accounts.

#### Review and reporting

- 24) Undertake an annual independent review of the Audit Committee's effectiveness and submit an annual report to Council on the activity of the Audit Committee.

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## RISK MANAGEMENT REPORTS

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Claire Baker, Head of Internal Audit & Risk Assurance
<b>Papers with report</b>	Risk Management Report Strategic Risk Report
<b>Ward</b>	All

The Risk Management Report presents to the Audit Committee a summary of the Council's risks from the Risk Management System at the **03 November 2025**. Following the risk management discussion at the last Audit Committee, the report is no longer drafted quarterly based on the risk register at the end of the previous quarter. This ensures the Audit Committee receives the latest risk information.

The Risk Report focuses on key performance indicators to support the Committee gain assurance risks are being managed effectively across the Council and mitigating actions are being implemented. The report also includes a summary of the Council's most significant red rated risks, also known as the Corporate Risk Register.

The Strategic Risk Report focuses on the wider strategic risks potentially impacting on the Council's Strategic Objectives, aligning them to the Council's key performance indicators from the Performance Dashboard to provide assurance the risks are being managed effectively.

### RECOMMENDATION:

**That the Audit Committee:**

- 1. Note the reports and level of assurance received.**

### SUPPORTING INFORMATION

NIL.

### BACKGROUND PAPERS

NIL.

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# RISK MANAGEMENT REPORT

3 November 2025



**HILLINGDON**  
LONDON

# CONTENTS

The key contacts in connection with this document are:

**Claire Baker**

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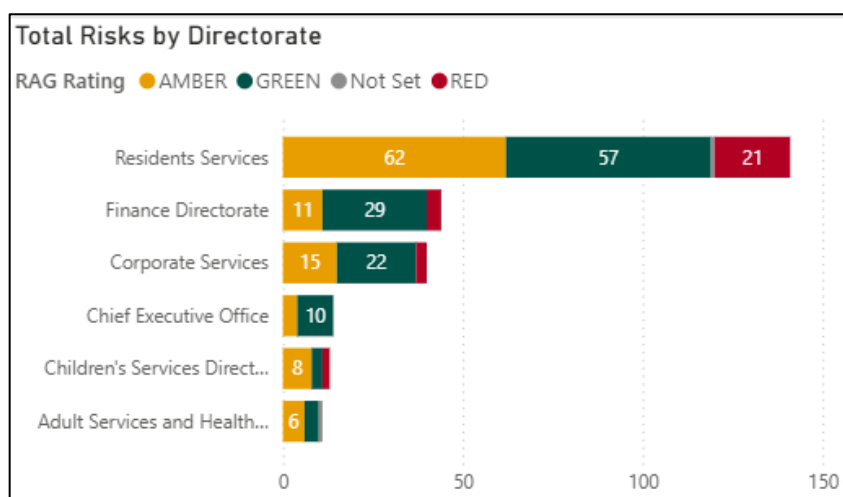
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## 1. INTRODUCTION

- 1.1 Hillingdon Council has a statutory responsibility to ensure arrangements are in place for managing risks. Risk management is about managing opportunities and threats to objectives to help create an environment of “no surprises”. It is a crucial element of good management and a key part of corporate governance. Although risks can never be entirely eliminated, proportionate and targeted action can be taken to reduce risks to an acceptable level.
- 1.2 Managing risk should be viewed as a mainstream activity and something that is an integral part of everyday management. Risk Management involves the early identification of risks, assessing their potential consequences, and determining the most effective way to reduce the likelihood and/or impact of the risk. The Council's Risk Management Policy provides a framework to ensure there are clear roles, responsibilities and methodologies for identifying, recording and managing risks.
- 1.3 This report summarises the Council's Risk Register as at the date on the front of the report, and outlines the work undertaken since the last Audit Committee meeting to improve risk management arrangements. It is designed to support the Audit Committee to monitor and review the authority's risk management arrangements, as per the Committee's terms of reference.

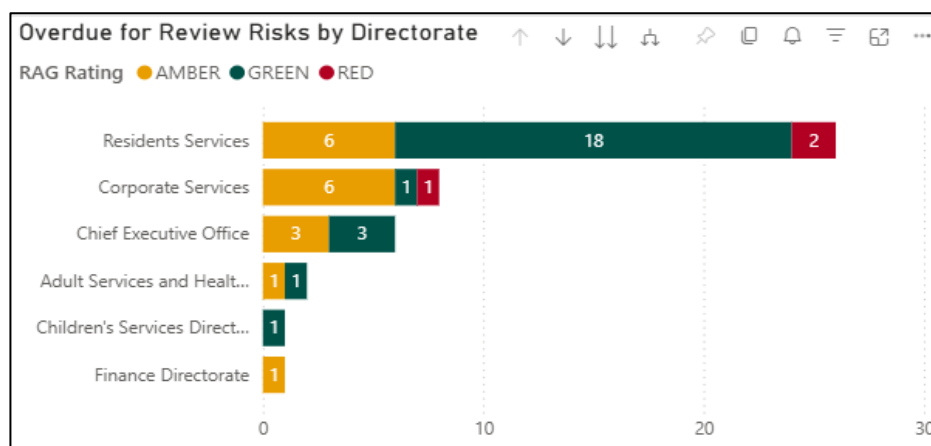
## 2. RISK REGISTER UPDATE

- 2.1 There were **263 total risks** recorded on the Risk Management System at the time of this report. This is an increase from 256 risks at the end of June 2025:

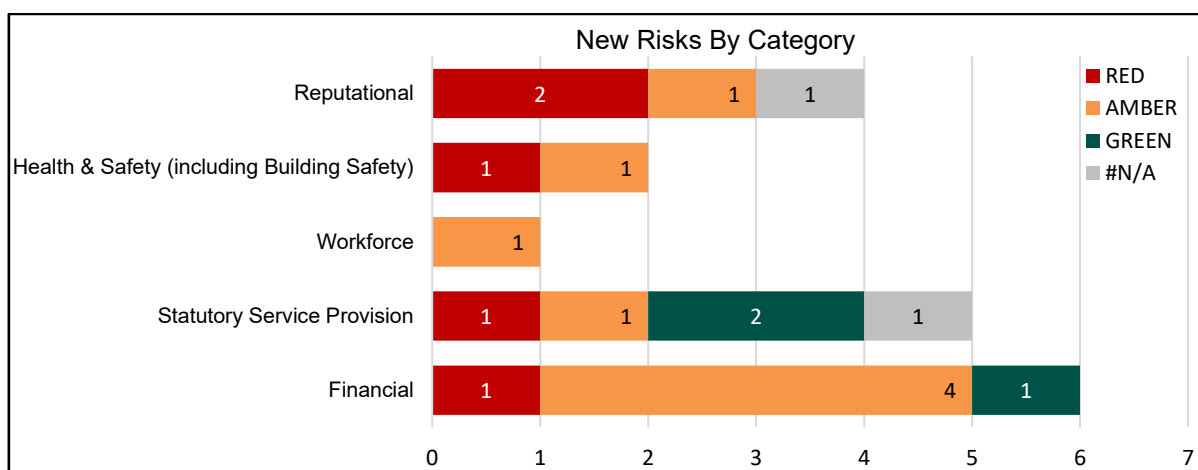


- 2.2 There were **30 red rated risks** on the risk register. Since the last Audit Committee report **three red risks were downgraded** to amber and removed from the corporate risk register and **five were added to the register**. The details of the red rated risks are shown on the corporate risk register in section three of this report.
- 2.3 The organisation chart within the Risk Management System has been reviewed following the creation of the Resident's Services Directorate and Chief Executive Office. The merger of the Place and Homes and Communities Directorates into the Resident's Services Directorate has resulted in a large number of risks within that Directorate.
- 2.4 There were only **two unscored risks** at the time of this report. This is a positive indication officers have become more comfortable scoring risks in line with the Council's Risk Scoring Methodology (see Appendix A) to ensure they are escalated and monitored appropriately.

- 2.5 At the time of this report there were **41 risks overdue for review**, this is a negative increase from 17 risks at the end of June 2025. The majority of these were green rated risks in the newly formed Residents Services Directorate.



- 2.6 **Three red rated risks were overdue for review** at the time of this report. These are highlighted in the corporate risk register in section three.
- 2.7 Since the last Audit Committee report from the end of June 2025 there were **18 new risks added to the risk register**, including five red rated risks outlined in section three.



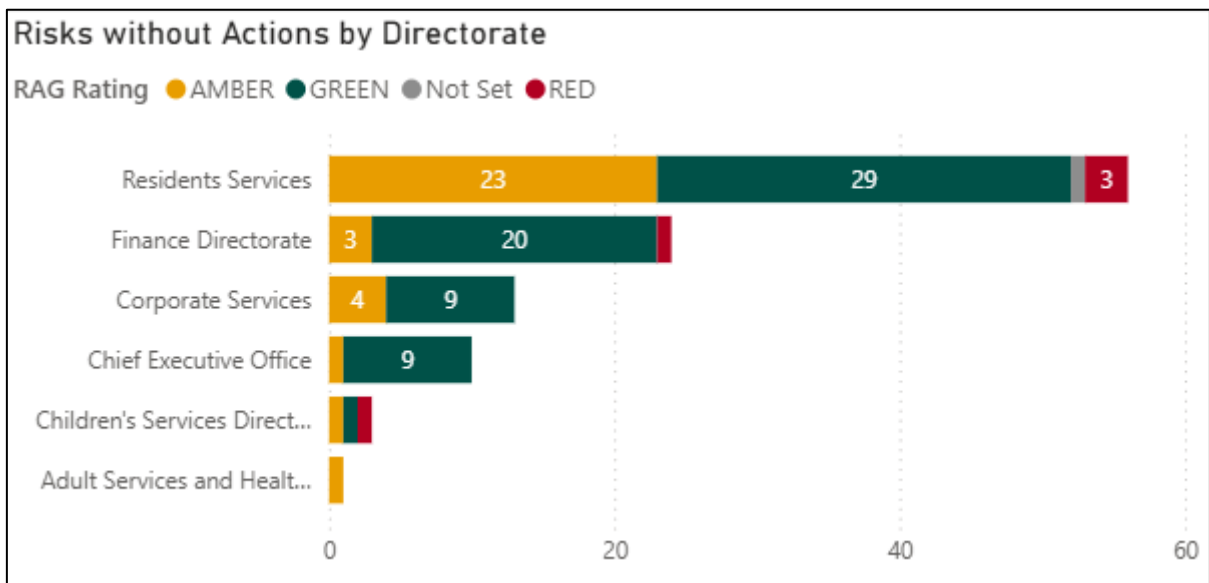
- 2.8 Since the last Audit Committee report there were **10 risks closed and removed from the risk register**. 50% related to Fraud, Loss and Error risks previously added by the Counter Fraud team and now closed as tolerated by the relevant service.



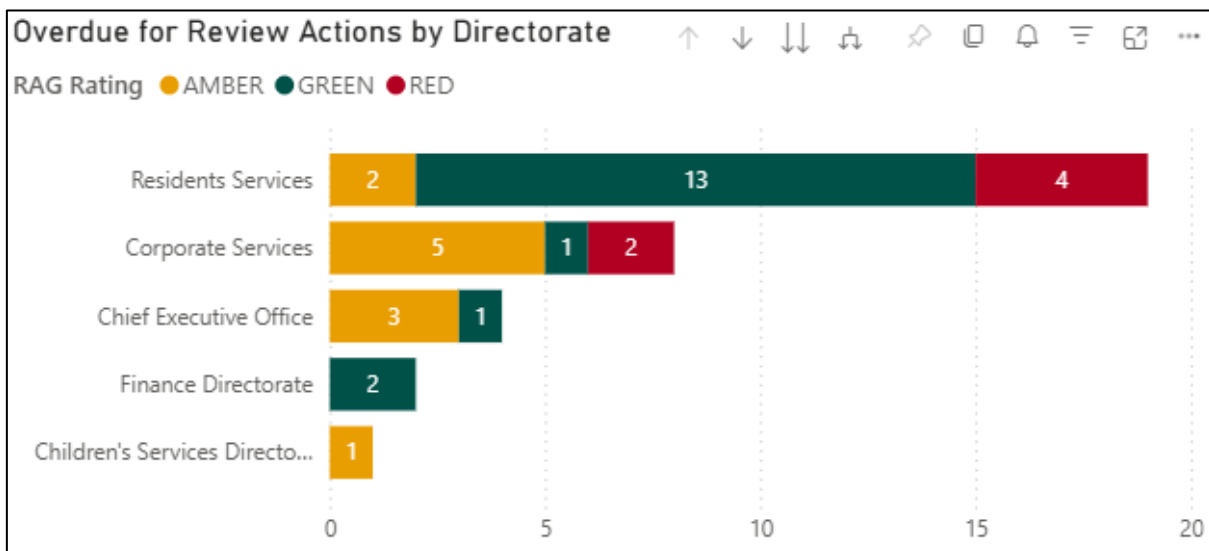
- 2.9 All risks added to the Risk Management System should have actions allocated to reduce the likelihood or impact of the risk. If a risk does not have actions in place to reduce the risk score it should be considered whether the current risk score is within the Council's risk appetite level and therefore it is appropriate to tolerate the risk.
- 2.10 As at the time of this report there were **107 risks without actions** allocated on the risk management system. This is 41% of all risks however a reduction from 115 risks at the end of



June 2025. Unfortunately, this includes five red rated risks which would be unusual to tolerate with such a high likelihood and/or impact.



2.11 In total there were 206 actions allocated against 156 risks on the system. Of these only **34 actions were overdue** for review at the time of this report (17%).



### 3. CORPORATE RISK REGISTER UPDATE

- 3.1 The Council's Corporate Risk Register (CRR) is an essential part of the Council's Risk Management arrangements. The CRR includes any operational risks from the Risk Management System graded 'red' due to their potential likelihood and impact. These risks are then monitored by the Corporate Management Team and used to inform the Strategic Risks presented to the Audit Committee in the Strategic Risk Report. The Corporate Risk Register is outlined in Appendix A.
- 3.2 The CRR is presented to the Corporate Management Team (CMT), Corporate Governance Group and the Audit Committee quarterly. The Corporate Management Team is responsible for ensuring the identified risks are being managed and mitigating actions are being implemented. The Corporate Governance Group and Audit Committee maintain oversight of the risk management arrangements and monitor the CRR to gain assurance the arrangements are working effectively.
- 3.3 Since the last Audit Committee the following risks were removed from the Corporate Risk Register:

CRR Risk:	
PENS0015 - Failure of employers to deliver accurate and timely employee administration information	Reduced from A3 to Amber (C1) on 04/08/2025 following a review by the new risk owner.
HOUMAN0024 - Current RSH inspection notice - Reputational risk of failing against the standards required.	Reduced to from C2 to Amber (C3) on 23/07/2025 when the official grading was received following the inspection.
HR0015 - Safer Recruitment and compliance	Reduced from C2 to Amber (D3) on 20/10/2025 following significant improvements and increased compliance.

- 3.4 Since the last Audit Committee the following risks were added to the Corporate Risk Register:

RESIDE0001 - Risk of contractor failure and/or increasing costs of providers delivering statutory or critical services	This risk was added to the Resident's Services Directorate register following the CMT decision to remove a similar cross-cutting strategic risk and manage the risks with individual contractors instead. The Resident's services directorate are particularly impacted as they have a range of critical contractors.
EDUSEN0006 - Removal of children from school due to safeguarding concerns	This risk was added to the risk register as part of a wider response to managing safeguarding concerns in relation to a school. It is under review by the Children's Services Directorate.
GREENS0029 - Lack of compliance with the approved Tree strategy	These risks were added to the risk register following concerns identified by the Director of Environment in relation to compliance with the Council's tree policy. Updates are being provided through CMT.
GREENS0030 – Non-compliance with our approved tree policy	
ENVIRO0003 - Cremation service	This risk was added to the risk register following concerns raised as part of the ongoing work to review the service. There is a new interim crematorium manager in place and actions are being monitored by the Director of Environment.

## APPENDIX A: SUMMARY OF CORPORATE RISKS

CRR Risk:	31 Mar 25	30 Jun 2025	3 Nov 2025	Last Reviewed	Next Review Due
PROCUR0025 - Financial Resilience of Contracts	Static C2	Static C2	Static C2	26/06/2025	26/09/2025
TECH0001 - Cyber Security	Decrease D1	Static D1	Static D1	25/06/2025	25/12/2025
STRAF0002 - Ability to Deliver a Balanced Budget in the Short & Medium Term	Static A1	Static A1	Static A1	29/10/2025	29/11/2025
LANNB0004 - Decent Homes/ Thermal efficiencies	Static B1	Static B1	Static B1	06/10/2025	06/11/2025
* LANDB0003 - Decarbonisation	Static C2	Static C2	Static C2	06/10/2025	06/11/2025
TRSA0003 - Liquidity Risk	Static D1	Static D1	Increasing C1	14/10/2025	14/11/2025
CHILSC0012 - Increasing cost of external residential provision and reduced internal resilience	Static C2	Static C2	Static C2	18/08/2025	18/11/2025
HOUSNE0001 - High Levels of Homelessness Demand	Static C2	Static C2	Static C2	30/09/2025	30/12/2025
LANDB0011 - Housing Landlord Service - Not Meeting Regulatory Requirements	Static A2	Static A2	Static A2	30/09/2025	15/12/2025
LANDB0019 - Lone-working devices - no visiting officers within housing have lone working devices.	Static B2	Static B2	Static B2	28/10/2025	28/11/2025
* PROPER0001 - Disposal Programme	Static D1	Static D1	Static D1	27/10/2025	27/11/2025
* PROPER0011 - Insurance Valuations	Static A1	Static A1	Static A1	25/09/2025	25/10/2025
FINMAN0007 - Insufficient capacity to meet support demand	Static C2	Static C2	Static C2	12/08/2025	12/12/2025
PLANRE0008 - Planning, Building Control and Land Charges System (Ocella) unsupported and unfunded from Jan 2027	Static A2	Static A2	Decreasing B2	01/09/2025	01/12/2025
* PENS0011 - Failure of the pool in management of funds / access to funds	New D1	Static D1	Static D1	04/08/2025	04/11/2025
LANDB0021 - Compliance IT systems and reliance on spreadsheets	New C2	Static C2	Static C2	12/09/2025	12/12/2025
LANDB0026 - Rent increasing because of operating model and structure of the line management.	New B2	Static B2	Static B2	28/10/2025	28/11/2025
LANDB0025 - There is concern in all areas of the service with Data Quality and Performance analysis.	New B2	Static B2	Static C2	28/10/2025	28/11/2025
LANDB0022 - Complaint reporting and management.	New C2	Static C2	Static C2	26/09/2025	26/12/2025
ASSETS0018 - Upcoming Regulatory Compliance and Enhanced Operational Efficiency	New C2	Static C2	Static C2	27/10/2025	26/01/2026
BUSTRA0002 - The transformation programme required to deliver significant savings in order for the Council to achieve a balanced budget.	New C2	Static C2	Static C2	27/10/2025	27/01/2026
HOUSNE0014 - Low volume of preventions achieved resulting in static or increased demand for TA.		New C1	Static C1	30/09/2025	15/12/2025

HOUSNE0018 - Risk of being overwhelmed by NASS evictions if Central Government do not intervene.		<b>New B2</b>	<b>Static B2</b>	30/09/2025	15/12/2025
HOUSNE0024 - Lack of TA supply within capped rates will see TA costs continue to rise and not meet targets savings		<b>New C2</b>	<b>Static C2</b>	30/09/2025	15/12/2025
HOUSNE0025 - Do not deliver 2025/26 Service Plan target of 350 PRS moves and savings.		<b>New C2</b>	<b>Static C2</b>	30/09/2025	15/12/2025
RESIDE0001 - Risk of contractor failure and/or increasing costs of providers delivering statutory or critical services			<b>New B2</b>	11/07/2025	15/12/2025
* EDUSEN0006 - Removal of children from schools due to safeguarding concerns			<b>New A2</b>	09/09/2025	09/03/2026
GREENS0029 - Lack of compliance with the approved Tree strategy			<b>New B2</b>	26/09/2025	26/10/2025
GREENS0030 – non-compliant with our approved tree policy			<b>New C2</b>	28/10/2025	28/11/2025
ENVIRO0003 - Cremation service			<b>New C2</b>	22/10/2025	22/11/2025

\* = Red Risks with no Actions:

## APPENDIX B: RISK SCORING METHODOLOGY

LIKELIHOOD			RISK SCORE			
Greater than 90%	This Week	Very High (A)	<b>A4</b> <sup>(6)</sup>	<b>A3</b> <sup>(12)</sup>	<b>A2</b> <sup>(18)</sup>	<b>A1</b> <sup>(24)</sup>
70% to 90%	Next Week / This Month	High (B)	<b>B4</b> <sup>(5)</sup>	<b>B3</b> <sup>(10)</sup>	<b>B2</b> <sup>(15)</sup>	<b>B1</b> <sup>(20)</sup>
50% to 70%	This Year	Significant (C)	<b>C4</b> <sup>(4)</sup>	<b>C3</b> <sup>(8)</sup>	<b>C2</b> <sup>(12)</sup>	<b>C1</b> <sup>(16)</sup>
30% to 50%	Next Year	Medium (D)	<b>D4</b> <sup>(3)</sup>	<b>D3</b> <sup>(6)</sup>	<b>D2</b> <sup>(9)</sup>	<b>D1</b> <sup>(12)</sup>
10% to 30%	Next 5 Years	Low (E)	<b>E4</b> <sup>(2)</sup>	<b>E3</b> <sup>(4)</sup>	<b>E2</b> <sup>(6)</sup>	<b>E1</b> <sup>(8)</sup>
Less than 10%	Next 10 Years	Very Low (F)	<b>F4</b> <sup>(1)</sup>	<b>F3</b> <sup>(2)</sup>	<b>F2</b> <sup>(3)</sup>	<b>F1</b> <sup>(4)</sup>
			IMPACT			
			Small (4)	Medium (3)	Large (2)	Very Large (1)
<b>Financial:</b>			Up to £250k	£250k - £1million	£1million - £5million	Over £5million
<b>Service Provision:</b>			Slightly reduced	Service suspended short term	Service suspended long term / statutory duties not delivered	
<b>Health &amp; Safety:</b>			First Aider required	Broken Bones/Illness	Loss of life / Major illness	Major loss of life / large scale major illness
<b>Workforce:</b>			Negative morale	Some hostility / minor non cooperation	Industrial action	Mass staff leaving
<b>Reputation:</b>			Minor Letters	Adverse local media	Adverse national publicity	Remembered for years
<b>Government Relations:</b>			Poor assessment		Service taken over temporarily	Service taken over permanently

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# Strategic Risk Register

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3 November 2025



HILLINGDON  
LONDON

[www.hillingdon.gov.uk](http://www.hillingdon.gov.uk)

Risk Description

C1

Social care market conditions has resulted in inflated costs and lack of choice for residential and IFA care options for Looked After Children. This results in a significant risk to financial stability of Children's Services and the Council as a whole. It also poses a risk to regulatory outcomes for children.  
In SEND, primary legislation promoting parental choice coupled with limited provision for ASD conditions increases reliance on INMSS which creates a financial risk.

Service Strategy

- 1. DSG Recovery Plan
- 2. SEND Improvement Plan
- 3. Fostering Transformation Programme
- 4. Charville Residential Project
- 5. CWD Respite Project
- 6. Care Offer
- 7. Social Work Delivery Model

Targets And RAG

Children's		SEND	
High-Cost Residential Placements (Target <19)	Green	Final EHCP Issued in 20 weeks (Target >85%)	Red
Mother & Baby Placements (Target <5)	Green	Future Demand Indicators:	
Future Demand Indicators:		No. Needs Assessment – Agreed to Assess	Red
No. Unaccompanied Asylum-Seeking Children	Red	No. EHCPs	Red
No. Looked After Children	Yellow	Needs Assessment Requests	Green
No. Referrals	Green		
No. Child Protection Plans	Yellow	Directorate Customer Complaints	Green



Risk Description

This risk arises from the increasing demand across Adult Social Care services due to changing demographics in the population, the transition of children into adult social care, and the raised expectations from residents for high quality social care services. This is all within the context of the major changes to the legislative framework including the Care Act, Better Care Fund and Deprivation of Liberty Safeguards. This increase in demand is impacting on the Council’s ability to provide the statutory services within the available resources and funding available.

Service Strategy

1. Progress the transformation of the front door, but increasing the capability and presence of third sector providers to support residents before they enter social care
2. Submit a fully complete BCF Assurance document within the required timelines
3. Implement and monitor the outputs of technology projects to inform future service transformation and enhance outcomes for residents in Adult Social Care.

Targets And RAG

Placement Costs	
Average Payment by Placement	
Residents in Home Care (Target <1300)	
Active Services (Target <5150)	
Directorate Customer Complaints	

Risk Description

C2

In line with the London picture, demand from homeless households in Hillingdon remains high and has increased by more than 50% since 2022/23. The unit cost of interim accommodation is rising by up to 30% per year. The rise in homelessness is due to the changing market conditions, the high purchase cost of homes and high rental costs combined with the Borough being a port authority with the associated infrastructure which leads to Hillingdon experiencing a higher relative level of need than many other Boroughs. The competing demands on social housing providers to improve the condition of their existing homes is also re-directing resources away from providing new housing supply. The lack of affordable housing puts significant pressure on the Council's finances and ability to meet its statutory responsibilities in this area. Insufficient supply of affordable good quality housing in both the private and public sector can lead to a detrimental impact on the health, wellbeing and educational attainment of residents.

Service Strategy

- increase proactive, homeless prevention actions with those evicting, to reduce levels of homeless presentations (reduce by 25 placements per month)
- implement a price cap for all TA nightly charged placements
- secure 100 new leased properties for use as TA in 2025/26
- increase the supply of private rented accommodation by 25 units (total=349 units in 25/26 for general fund placements)
- increase the supply of social rented homes available to homeless households, to include delivery of 245 new LBH properties in 2025/26.

Targets And RAG

By 31 March 2026, no more than 64 households in nightly charged temporary accommodation.	
No more than 50 new nightly charged TA placements per month (baseline = 75 in 2024/25)	
Zero temporary accommodation tenancies above the price cap (baseline = 327 March 2025)	

Risk Description

The Council has faced a number of funding and economic and demand-led pressures over a number of years which have all placed increasing pressure on the Council's financial position. In order to address this, the Council now has a savings programme which is the higher than it has ever achieved in the past, with £34m of new savings and £4.8m carried forward from 2024/25 still to be delivered. The Council also ended 2024/25 with an unacceptably low level of general and controllable earmarked reserves, such that it will be unable to mitigate any unforeseen financial shocks. As at month 5, the Council is forecasting an overspend of c£30m which would take it into negative reserves, which cannot be left unaddressed. A key driver in this forecast overspend is that the savings programme is not on track with many savings now rated red or determined as undeliverable. Mitigations will need to be found but will not be sufficient to offset this. The general contingency budgeted for at £10.5m has been fully released leaving no further budgetary flexibility to address the overspend.

The Council has therefore applied to MHCLG for Exceptional Financial Support (EFS) and is in substantive discussions with MHCLG, both written and verbal, and is awaiting a formal response. On the basis that MHCLG is currently considering this and assuming that it would agree, the S151 Officer is not currently minded to issue a S114 notice.

Service Strategy

- Financial Modernisation and Improvement Program
- Tighter spending controls to be introduced
- Reviews of the capital programme, transformation programme and asset disposal strategy to be introduced

Risk Description

C3

ICT systems becoming unfit to meet the Council’s needs, due to insufficient momentum, collaboration or funding to implement the digital transformation programme. This impacts on service delivery, staff morale and governance arrangements due to poor data quality.

Outdated ICT architecture and poor security also increases the risk of ransomware, malware, viruses and external cyber-threats. These can lead to data breaches and potential reputational, operational, and financial damage if attacks to our network are successful and the Council’s ICT systems are adversely affected for a significant time-period.

Service Strategy

- Digital and Intelligence Directorate digital transformation programme.

## INTERNAL AUDIT PROGRESS REPORT

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Claire Baker, Head of Internal Audit & Risk Assurance
<b>Papers with report</b>	Internal Audit Progress Report
<b>Ward</b>	All

### HEADLINES

The attached Progress Report presents the Audit Committee with a summary of the Internal Audit (IA) work covered since the last Committee meeting. It also provides an opportunity for the Head of Internal Audit to highlight to the Audit Committee any significant issues that they need be aware of that have arisen since the last IA Progress Report.

Further, it enables the Audit Committee to hold the Head of Internal Audit to account on delivery of the IA work plan, and officers to account for managing any risks and control weaknesses identified during the course of IA activity.

### RECOMMENDATIONS:

**That the Audit Committee:**

- 1. Notes the IA Progress since the last Committee meeting**

### SUPPORTING INFORMATION

IA provides an independent assurance and advisory service that underpins good governance, which is essential in helping the Council achieve its strategic objectives and realise its vision for the borough of Hillingdon.

### BACKGROUND PAPERS

NIL.

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# INTERNAL AUDIT PROGRESS REPORT

03 November 2025



# CONTENTS

The key contacts in connection with this document are:

**Claire Baker**  
Head of Internal Audit  
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## 1. INTRODUCTION

### The Role of Internal Audit

Internal Audit (IA) provides an independent assurance and advisory service that underpins good governance, essential in helping the Council achieve its corporate objectives and realise its vision for the borough of Hillingdon. It is also a requirement of the Accounts and Audit Regulations 2015 that the Authority undertakes an effective IA to evaluate the effectiveness of its risk management, internal control and corporate governance processes, taking into account the Global Internal Audit Standards.

### The Purpose of the Internal Audit Progress Report

This progress report presents the Council's Corporate Management Team (CMT) and Audit Committee with summary information on all IA work completed since the last Audit Committee meeting. In addition, it provides an opportunity for the Council's Head of Internal Audit (HIA), to highlight any significant issues which have arisen from IA work.

## 2. SUMMARY OF INTERNAL AUDIT ACTIVITY

Internal Audit have continued to progress through the reviews from the 2025/26 IA workplan. Since the last Audit Committee meeting, **seven** reviews were completed to final report stage. These include:

- **Three REASONABLE** assurance reports: Data Quality Homes and Communities, Agency Expenditure & Checks, and School's pre-employment checks
- **Three LIMITED** assurance reports:

Community Safety	<p>The Community Safety Service collaborates with other agencies through partner organisations such as the Community Safety Partnership and the Safer Hillingdon Partnership (SHP) to improve the safety of the borough for residents. These include the police, fire and rescue authority, the NHS Integrated Care Board, and the probation service.</p> <p>The SHP meets every three months as a strategic forum to review and shape community safety priorities, monitor progress against the Safer Hillingdon Plan, and oversee compliance with statutory duties. However, the Safer Hillingdon Partnership had not had a Community Safety Strategy or corresponding action plan for many years at the time of this review. Without a clear strategy outlining the strategic objectives for the partnership, the roles and responsibilities for delivering these objectives, and the desired outcomes for each objective, there is an increased risk the partnership is not operating effectively to target key risk areas.</p> <p>This gap was already recognised by the service and initial action had been taken to develop a Strategy. Due to the timing of this review the Strategy was still in draft and had not been presented for discussion at the SHP, therefore we were only able to give limited assurance over the key risks. However, we acknowledge action has already been taken to implement the Strategy and develop wider action plans and monitoring arrangements which will mitigate the findings raised.</p>
Corporate Estate	<p>As a corporate landlord, the Council is responsible for complying with multiple pieces of legislation, including the Workplace (Health, Safety and Welfare) Regulations 1992.</p> <p>Where properties are used by the Council premise managers are responsible for carrying out daily, weekly, monthly, quarterly, semi-annual, and annual checks. These checks cover a wide range of areas, such as fire safety, escape routes, and environment &amp; welfare. However, there were inconsistencies with completing these checks for a sample of five properties.</p> <p>IA also requested a sample of properties leased out to others however the list of Council properties received could not be filtered down to identify whether properties were leased out or used by our services. This is consistent with findings raised as part of the 2024/25 Asset Management IA review and work is already ongoing to address these findings.</p> <p>Where leases were obtained, three of ten leases reviewed were expired and there were no updated versions in the file. At the time of this review the Council was also not proactively monitoring the conditions of our leased buildings due to limited resources to conduct regular checks.</p>

Highways	<p>The Council's Highways Service is responsible for the management of the highways within the borough, with a few exceptions. Primary responsibilities include conducting highways inspections, safety and condition surveys, processing public liability claims, and enforcing the Highways Act 1980. Taking into consideration the significant financial challenges facing the Council, this review assessed how the service is looking to maximise its income and identifying new ways of working to reduce costs, whilst also monitoring service and contractor performance against established objectives.</p> <p>During the 2024/25 financial year the Head of Service for Highways left the organisation, which impacted on the 2025/26 budget setting and business planning process. When Internal Audit reviewed the 2024/25 budget against the 2024/25 final outturn position and the 2025/26 budget we noted the 2025/26 budget was not consistent with the previous year's performance, leading to potential budget pressures in 2025/26.</p> <p>Due to issues with the Oracle system, the Service Managers also relied on their own budget monitoring spreadsheets. This means the monthly budget monitoring figures taken from Oracle as part of the wider budget monitoring arrangements may not be a true reflection of the service's budget position. This is a known area of improvement and already being addressed as part of the wider Finance Modernisation Programme.</p>
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- **One NO** Assurance report:

Greenspaces	<p>This review was included in the plan following the departure of the Head of Service to evaluate how the Horticulture, Golf, Allotments and Crematorium services were monitoring their service objectives, maximising their current income streams, and identifying new ways of working to reduce costs.</p> <p>Internal Audit were able to get no assurance due to significant delays obtaining information, insufficient key evidence, and service structure changes at the time of this review. However, Internal Audit acknowledges this was a known area of improvement, especially as the services have been significantly impacted by key officers leaving the Council during 2024/25.</p> <p>Since the beginning of 2025/26 new senior leaders have been appointed and initial actions have been taken to review the services, including work to address historic debt and improve performance information. Internal Audit understands there has been limited capacity due to vacancies within the service which has impacted the internal control environment, however management have a plan in place to address these vacancies.</p>
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**Three** further reports are out in draft, and **Four** reports are at the review stage. These should all be finalised before the next Audit Committee. For details of these reviews please see *Appendix A*.

Since the last Audit Committee IA has also completed grant claim verification work for the Bus Service Operators Grant claim and completed three ad-hoc consultancy reviews. For details of the grant claims and ad hoc consultancy reviews please see *Appendix B*.

### Changes to the Internal Audit Workplan

Since the last Audit Committee the following reviews have been removed from the plan:

Social Care Charges	This review was removed from the plan at the scoping stage as there had been significant action already undertaken by the relevant service to review and improve the key controls and therefore it was no longer considered a high risk.
Planning	These reviews were removed from the plan in agreement with the Director for Residents Services following the creation of the new Directorate. They were no longer considered priority areas for review as the Place Directorate has been replaced, and there were other sources of assurance in relation to Planning, Tenant Engagement and Anti-Social Behaviour.
Data Quality Place	
Anti-Social Behaviour	
Tenant Engagement	

Since the last Audit Committee meeting the following reviews were also added to the plan:

Right to Buy	This review was added at management's request due to potential concerns with the processes in place. In particular, this review will consider how the right to buy discounts are calculated.
HRA Acquisitions	This review was added to the plan in agreement with the Director of Place to expand on earlier work completed in 2024/25. It was also updated following the

	implementation of the Resident's Services Directorate to consider how the different teams can collaborate more effectively under the new structure.
Debt Discovery Work	This advisory review was added to the plan to support a wider Debt Project. This work will include identifying services across the Council where income is received and how any debt is managed.
Awabs Law Implementation	This review was added to the plan due to the importance of the new legislation. It is a high-level review to provide assurance there are appropriate actions being taken to ensure the Council is compliant with the new requirements.

### 3. FOLLOW UP OF MANAGEMENT ACTIONS

The table in *Appendix C* outlines the agreed management actions followed up since the last Audit Committee meeting. Actions are marked as verified once IA have received evidence to demonstrate the action has been fully implemented. Once all actions from an individual report are verified the report is marked closed and will be removed from the tracker.

In total 49/78 (63%) management actions due to have been implemented were marked as verified or complete. Eight were marked as overdue as they have not been completed by their agreed implementation date. New implementation dates will be set for these actions, and they will be followed up again until they are completed.

However, 21 were marked as unknown as we are waiting on responses from the responsible officer. In many cases this was due to the responsible officer changing, however the follow up process has also been impacted by the reduced capacity in the IA team. This is something we are already looking to address, including providing greater information on outstanding recommendations to the Corporate Management Team on a regular basis.

### 4. FORWARD LOOK

The IA team will continue to focus on delivering the reviews outlined in *Appendix A*. Whilst a lot of work has already been delivered the HIA will be continuously reviewing the plan to ensure there is sufficient capacity in the team to complete the reviews by the year end.

Over the next quarter the IA team will also begin their annual planning process to develop the draft annual plan for the next Audit Committee meeting and begin the significant sample testing required for the Housing Benefit Grant Claim.

IA would like to take this opportunity to formally thank all staff throughout the Council with whom IA had contact. There are no other matters that the HIA needs to bring to the attention of the CMT and Audit Committee at this time.

**APPENDIX A: IA REVIEWS**

IA Ref.	IA Review Area	Current Status	Assurance Level	Actions & Risk Rating			
				H	M	L	O
P2	Capital Programme	Final Report Issued 19 May 2025	REASONABLE	-	7	-	-
S8	PEEPs in Highrise Buildings	Final Report Issued 18 June 2025	LIMITED	-	3	-	-
A01	Commissioned & Direct Payments	Final Report Issued 13 June 2025	ADVISORY	-	-	-	-
C1	DSG (Safety Valve Plan (Part 2))	Final Report Issued 19 June 2025	SUBSTANTIAL	-	1	-	-
H2	Housing H&S requirements	Final Report Issued 3 June 2025	SUBSTANTIAL	-	-	1	-
H1	Data Quality H&C	Final Report Issued 21 August 2025	REASONABLE	1	1	-	-
H1	Community Safety	Final Report Issued 21 August 2025	LIMITED	-	2	1	-
S1	Agency Expenditure & Checks	Final Report Issued 17 September 2025	REASONABLE	-	3	-	-
P3	Greenspaces	Final Report Issued 22 October 2025	NO	1	6	-	-
C1	School's pre-employment checks	Final Report Issued 23 October 2025	REASONABLE	-	2	1	-
P2	Corporate Estate	Final Report Issued 24 October 2025	LIMITED	1	2	1	-
P5	Highways	Final Report Issued 4 November 2025	LIMITED	1	2	-	-
X1	Documentation Security	Draft Report Issued	TBC Once Finalised				
X1	Directorate Business and Financial Plans	Draft Report Issued	TBC Once Finalised				
X2	Savings Programme	Draft Report Issued	TBC Once Finalised				
X3	Budget delivery	Under Review	Advisory				
F3	Income Generation: Business rates	Under Review	TBC Once Finalised				
H3	Temporary Accommodation Action Plan	Under Review	TBC Once Finalised				
F2	Income Generation	Under Review	Advisory				
C2	Data Quality CSC	Fieldwork	TBC Once Finalised				
X8	Debt Discovery Work	Fieldwork	Advisory				

IA = Internal Audit	H = High Risk	M = Medium Risk	L = Low Risk	O = Observation
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IA Ref.	IA Review Area	Current Status	Assurance Level	Actions & Risk Rating			
				H	M	L	O
H8	Right to Buy	Fieldwork	<i>TBC Once Finalised</i>				
H7	Housing Allocations	Fieldwork	<i>TBC Once Finalised</i>				
X4	Corporate Policies and Procedures	Fieldwork	<i>Advisory</i>				
P7	HRA Acquisitions	Fieldwork	<i>TBC Once Finalised</i>				
C4	Housing and Social Care Collaboration	Fieldwork	<i>TBC Once Finalised</i>				
C6	Health and Safety in Schools	Fieldwork	<i>TBC Once Finalised</i>				
H4	B&B & HRA Arrears	Planning	<i>TBC Once Finalised</i>				
A2	Data Quality - ASC	Planning	<i>TBC Once Finalised</i>				
S3	Emergency Planning	Planning	<i>TBC Once Finalised</i>				
F4	Key Financial Controls	Planning	<i>TBC Once Finalised</i>				
C3	Multiagency working	Planning	<i>TBC Once Finalised</i>				
S4	HR information	Planning	<i>TBC Once Finalised</i>				
H9	Awaab's Law Implementation	Planning	<i>TBC Once Finalised</i>				
X7	Effectiveness of the Corporate Governance		<i>TBC Once Finalised</i>				
F5	Procurement		<i>TBC Once Finalised</i>				
X6	Contract Management		<i>TBC Once Finalised</i>				
Total Number of IA Management Actions Raised				4	31	4	0

APPENDIX B: IA AD-HOC ADVISORY & GRANT CLAIM VERIFICATION REVIEWS

IA Ref.	IA Review Area	Current Status
Z01	Housing Housemark return	Completed
Z02	Grievance Investigation	Completed
Z03	Internal Review with Counter Fraud	Completed
Z04	Adult Mental Health Service	Completed
Z05	Debt Project	Ongoing
Z06	Environment Support	Ongoing
Z07	P-Card Review	Ongoing
G01	Trading Standards Grant Verification	Completed
G03	Bus Service Operators Grant	Completed
G02	Housing Benefit Grant Claim	Ongoing

## APPENDIX C: IA FOLLOW UP OF MANAGEMENT ACTIONS

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Ref	Review	Number of Actions		Current Status of Actions:										Comments
				Verified		Completed		Overdue		Unknown		Not Due		
		H	M	H	M	H	M	H	M	H	M	H	M	
20.A03	Cemeteries: Bereavement Service and Ground Maintenance	2	4	-	-	-	-	2	4	-	-	-	-	New Date: February 26
20.A31	Exclusions or Education Cases for Vulnerable Young People	-	4	-	3	-	-	-	-	-	1	-	-	Due September 2025
22.A42	Fraud prevention controls in tendering & contacts	-	4	-	3	-	-	-	-	-	-	-	1	Due December 2025
22.A45	Adult social care referrals and assessment	-	2	-	1	-	-	-	-	-	-	-	1	Due October 2025
22.C59	Care Leavers Allowances	1	1	-	-	-	-	-	-	1	1	-	-	Due June 2025
23.C04	Neglect (Children's)	-	2	-	1	-	1	-	-	-	-	-	-	
23.P05	Climate Action	1	1	1	1	-	-	-	-	-	-	-	-	CLOSED
23.P06	Facilities Management	-	3	-	-	-	-	-	-	-	-	-	3	Due October 2025
23.S01	IT Application Review	-	2	-	2	-	-	-	-	-	-	-	-	CLOSED
23.S02	Workforce Planning, Establishment & Recruitment	2	2	2	2	-	-	-	-	-	-	-	-	CLOSED
23.F07	Fleet Damage	-	4	-	2	-	-	-	2	-	-	-	-	New Date: March 26
23.S13	Pool Cars	2	3	1	2	1	1	-	-	-	-	-	-	
23.C03	SEND Data Quality	4	1	2	1	-	-	-	-	-	-	2	-	Due December 2025
23.D02	Performance Information	-	3	-	-	-	-	-	-	-	-	-	3	Due December 2025
23.S14	Uninspected B&Bs	2	3	2	1	-	2	-	-	-	-	-	-	
24.S15	Overtime, Expenses & Mileage Payments	5	2	4	-	-	-	-	-	-	-	1	2	Due December 2025
24.S17	Section 202 & 204 Appeals review	-	3	-	1	-	-	-	-	-	2	-	-	Due September 2025
24.P4	Asset Management	2	2	-	-	-	-	-	-	-	-	2	2	Due February 2026
23-S09	Personal Appraisals	-	3	-	2	-	-	-	-	-	-	-	1	Due December 2025
24-S03	Pre-employment checks	-	3	-	-	-	-	-	-	-	3	-	-	Due August 2025
24-S05	Decent Homes Standards	-	2	-	1	-	-	-	-	-	1	-	-	Due September 2025
24-P3	Leasehold Management and Service Charges	-	2	-	-	-	-	-	-	-	2	-	-	Due April 2025
24-D05	Hillingdon First Card	-	4	-	-	-	-	-	-	-	4	-	-	Due August 2025
24.S02	Induction and mandatory training	1	2	1	2	-	-	-	-	-	-	-	-	CLOSED

24-F3	Contract Management Oversight	3	1	-	-	-	-	-	-	-	-	3	1	Due January 2026
24-S18	B&B Rent Arrears	3	2	-	-	-	-	-	-	-	-	3	2	Due November 2025
24-S13	HRA Rent Arrears	1	3	-	-	-	-	-	-	-	-	1	3	Due November 2025
24-C03	Schools Admissions	1	4	1	4	-	-	-	-	-	-	-	-	CLOSED
24-C02	Schools Finances	2	4	-	-	-	-	-	-	2	4	-	-	Due August 2025
24-F04	Debtors	-	3	-	-	-	-	-	-	-	-	-	3	Due April 2026
24-F06	Budget Monitoring	-	6	-	-	-	-	-	-	-	-	-	6	Due April 2026
24-F02	Key Financial Controls (Cash Handling)	1	2	-	-	-	-	-	-	-	-	1	2	Due December 2025
24-S08	PEEPs in Highrise Buildings	-	3	-	-	-	-	-	-	-	-	-	3	Due March 2026
24-C01	DSG (Safety Valve Plan (Part 2))	-	1	-	1	-	-	-	-	-	-	-	-	CLOSED
	SUBTOTAL	33	91	14	30	1	4	2	6	3	18	13	33	
	TOTAL	124		44		5		8		21		46		



## APPENDIX D: INTERNAL AUDIT KEY PERFORMANCE INDICATORS

The Key Performance Indicators (KPIs) for IA quarterly reporting to CMT and the Audit Committee in 2025/26 are set out below:

KPI	Performance Measure	Target	Current Status
KPI 1	Planning to be initiated at least six weeks before the planned fieldwork start date to allow the relevant service to prepare documents and ensure staff availability.	80%	89%
KPI 2	The final terms of reference for the review to be agreed before the planned fieldwork start date.	80%	83%
KPI 3	Fieldwork to be completed within two months of the opening meeting, unless agreed with the relevant Review Sponsor.	80%	89%
KPI 4	Draft Reports to be issued three weeks after the end of fieldwork meeting with the key contact	80%	100%
KPI 5	Annual IA Plan delivered to draft report stage by 31st March, unless agreed with Review Sponsor	90%	41%
KPI 6	Annual IA Plan delivered to final report stage by 31st March, unless agreed with Review Sponsor	80%	32%
KPI 7	Draft management responses to be received two weeks after the draft report is issued	80%	71%
KPI 8	Review Sponsor to approve the management responses two weeks after the updated report is issued.	80%	75%
KPI 9	HIGH and MEDIUM risk IA recommendations completed within the original timescale	80%	63%
KPI 10	IA folders with fully completed compliance checklists identified through spot checks	90%	TBC

**Key for future reporting on actual KPI performance:**

- **RED** = currently this performance target is not being met (significantly [>5%] short of target performance).
- **AMBER** = currently not meeting this performance target (just short [<5%] of target performance).
- **GREEN** = currently meeting or exceeding this performance target

**APPENDIX E: ASSURANCE LEVELS AND ACTION RISK RATINGS**

ASSURANCE LEVEL	DEFINITION
<b>SUBSTANTIAL</b>	There is a <b>good level of assurance</b> over the management of the key risks to the Council objectives. The control environment is robust with no major weaknesses in design or operation. There is <b>positive assurance</b> that objectives will be achieved.
<b>REASONABLE</b>	There is a <b>reasonable level of assurance</b> over the management of the key risks to the Council objectives. The control environment is in need of some improvement in either design or operation. There remains <b>some risk</b> that objectives will not be achieved.
<b>LIMITED</b>	There is a <b>limited level of assurance</b> over the management of the key risks to the Council objectives. The control environment has significant weaknesses in either design and/or operation and the level of residual risk to the objectives is not aligned to the relevant risk appetite. There is a <b>significant risk</b> that objectives will not be achieved.
<b>NO</b>	There is <b>no assurance</b> to be derived from the management of key risks to the Council objectives. There is an absence of several key elements of the control environment in design and/or operation leading to a substantial variance between the risk appetite and the residual risk to objectives. There is a <b>high risk</b> that objectives will not be achieved.

FINDING RATING	DEFINITION
<b>HIGH</b>	The finding relates to a <b>significant threat</b> that could impact the Council's corporate objectives. i.e. a high number of key business risks remain unidentified and/or unmanaged as control systems do not exist and/or do not operate effectively. <b>The risk requires senior management attention as soon as possible.</b>
<b>MEDIUM</b>	The finding relates to a <b>potentially significant threat</b> that could impact on either corporate or operational objectives. This includes weaknesses in the control systems that are not considered serious but may have some impact on the service. <b>The risk requires management attention</b> and should be addressed within six months to ensure full compliance with expected controls.
<b>LOW</b>	The finding relates to a <b>minor threat</b> that impacts on operational objectives, this includes non-compliance with best practice or local procedures, and minimal impacts on the Service's reputation or budget. <b>The risk may be tolerable in the medium term</b> but management should take action within the next year to improve the control framework to ensure full compliance with expected controls.
<b>OBSERVATION</b>	This includes any items Internal Audit would like to highlight that may not directly relate to a finding. This includes notable performance and innovative controls that <b>should be shared with others</b> , potential concerns raised during the audit that are <b>outside the scope of the review</b> and will be considered separately, and any areas of improvement that had already been addressed by management at the time of the review.

## 2025/26 QUARTER 2 COUNTER FRAUD PROGRESS REPORT

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Alex Brown, Head of Counter Fraud
<b>Papers with report</b>	2025/26 Quarter 2 Counter Fraud Progress Report
<b>Ward</b>	All

### HEADLINES

The attached report presents the Audit Committee with summary information on all Counter Fraud work covered in relation to 2025/26 Quarter 2 and assurance in this respect. It also provides an opportunity for the Head of Counter Fraud to highlight to the Audit Committee any significant Counter Fraud issues that have arisen which they need to be aware of. Further, the report enables the Audit Committee to hold the Head of Counter Fraud to account on delivery of the Counter Fraud Plan and facilitates in holding management to account for managing issues identified during the course of the Counter Fraud Team activity.

### RECOMMENDATIONS:

That the Audit Committee:

1. Notes the Counter Fraud Progress Report for 2025/26 Quarter 2; and
2. Suggests any comments/ amendments.

### SUPPORTING INFORMATION

The Counter Fraud Team supports the Council in meeting its statutory responsibility under section 151 of the Local Government Act 1972 for the prevention and detection of fraud and corruption. The work of the team underpins the Council's commitment to a zero tolerance approach to fraud, bribery, corruption, and other irregularities, including any money laundering activity.

### BACKGROUND PAPERS

The Counter Fraud Team holds various background research documents in relation to the Counter Fraud Plan.

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# COUNTER FRAUD

## Report to Audit Committee:

### 2025/26 Quarter 2

30<sup>th</sup> September 2025



## Contents

The Counter Fraud key contacts in connection with this report are:

Alex Brown

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## 1. INTRODUCTION

### The Role of the Counter Fraud Team

- 1.1 The Counter Fraud Team (CFT) supports the Council in meeting its statutory responsibility under section 151 of the Local Government Act 1972 for the prevention and detection of fraud and corruption. The work of the CFT underpins the Council's commitment to a zero-tolerance approach to fraud, bribery, corruption, and other irregularities, including any money laundering activity.
- 1.2 As well as counter fraud activity, there is also a range of preventative work that the team is responsible for carrying out. This includes fraud awareness training and ensuring the Council have up-to-date and appropriate investigation policies and procedures.

### The Purpose of the Counter Fraud Progress Report

- 1.3 The Counter Fraud Progress Report provides the Council's Corporate Management Team (CMT) and Audit Committee with summary information on all counter fraud work carried out during the Quarter 2 (Q2) period (1<sup>st</sup> July to 30<sup>th</sup> September 2025). In addition, it provides an opportunity for the Head of Counter Fraud (HCF) to highlight any significant issues arising from counter fraud work in Q2.
- 1.4 The progress report also highlights to CMT, the Audit Committee and other key stakeholders, the performance of the CFT in meeting its strategic and operational objectives (as set out in the Counter Fraud Strategy 2025 to 2028), which provides an opportunity for the HCF to be held to account in this respect.

## 2. EXECUTIVE SUMMARY

- 2.1 Following on from the positive outcomes of Q1, the team have continued to focus its efforts in areas of high-risk including Housing, Social Care and Revenues. In addition, the team have continued to support the Council wide Debt & Income project. **This approach has delivered financial savings of c£2.7m in Q2 2025/26.** This brings the year-to-date total to c£6.9m against a target of £8.8m.
- 2.2 The majority of the CFT's work in Q2 has been undertaken in the area of Housing, in particular reactive investigative work due to tenancy fraud. Currently the team are investigating 129 cases of Housing fraud which is consistent with previous quarters. In addition to these ongoing cases a large number of investigations have concluded in Q2, **leading to the team recovering 28 properties at a notional saving of c£1.9m.** The high number of properties recovered in the second quarter not only provides much needed Housing stock to those in need but demonstrates that the CFT are on track to deliver a significant amount of property recovery, in line with previous years.
- 2.3 During Q2 the CFT has continued to **visit emergency accommodation** provided by the Council to residents who have approached as homeless. During visits, **the CFT uncovered 11 clients were not occupying their emergency accommodation, which led to accommodation closures on all 11 cases saving c£408k.** This work is vital to ensure the Council has enough accommodation to support those in need during a time when demand is increasing.
- 2.4 As part of the CFT's transformation work that has been mentioned in previous progress reports, the management team are working with colleagues in Digital to enhance processes through the use of technology and the digitalisation of processes. New technology is now being deployed to officers to enhance their work and continue the drive towards paperless working.

- 2.5 The CFT are currently involved in a Council wide Debt & Income project. The team have been piloting debt recovery visits in the area of Adult Social Care. Though this is not fraud related, the Council is utilising the CFT's skill set in relation to conversation management, lines of enquires and negotiation tactics to increase debt recovery. **This approach has led to the collection of c£43k in one-off lump sum payments and 15 payment plans set up that will recover a further c£24k over the next 12 months.** This work will continue, and wider discussions are currently ongoing to introduce other areas of debt to the visiting programme.

### 3. COUNTER FRAUD ACTIVITY IN QUARTER 2

#### 3.1 Housing Fraud

- 3.1.1 The CFT has sustained its performance from previous quarters, **recovering 28 social housing properties, with a notional saving of c£1.9m in Q2.** The loss prevention savings for this work stands at £728k for Q2 This brings the total number of properties recovered this financial year to 55. These positive results stem from a variety of proactive projects and data matching exercises that the CFT have undertaken and shows that tenancy fraud is continuing to be of high risk to the Council.
- 3.1.2 The Key Performance Indicator (KPI) 4 (refer to **Table 4 in Appendix A**) requires the CFT to recover 30% of properties associated with tenancy fraud referrals. This quarter **the CFT has achieved 74% of tenancy fraud referrals resulting in property recovery.** As per **Table 1** below, the case type of property recovery shows that non-occupation is still the highest area of tenancy fraud risk.

**Table 1 ~ Housing Tenancy Fraud Cases**

Case Type	Q1	Q2*	2025/26*	£k/value**
Abandonment	0	0	0	£0
Deceased	13	9	22	£1,540k
NFI Fraud Hub	2	4	6	£420k
Non-Occupation	8	10	18	£1,260k
Other	1	1	2	£140k
Sub-Let	1	1	2	£140k
Wrongful Succession	2	3	5	£350k
<b>Total Properties Recovered</b>	<b>27</b>	<b>28</b>	<b>55</b>	<b>£3,850k</b>

\* As at end of Q2 (30<sup>th</sup> September 2025).

\*\* Tenancy Fraud Forum valuation.

- 3.1.3 Tenancy fraud remains the highest fraud risk faced by the Council, with the CFT currently investigating **129 cases relating to tenancy fraud.** The team have been granted 6 possession orders following legal proceedings, which are awaiting enforcement action, and a further **39 criminal and civil cases are currently with our legal team.**
- 3.1.4 In Q2 the team have also continued with proactively identifying cases of unknown deceased tenants with the assistance of the **NFI Fraud Hub.** The details of this work can be found in subsection 3.6 of this report. This work, though not classed as fraud, has continued to contribute to the number of properties recovered.



- 3.1.5 In Q2, the CFT proactive project conducting residential checks on bungalow stock within the borough is close to completion. The purpose of the project is to highlight potential cases of non-occupation or sub-letting. In total the project has seen **2 bungalows recovered due to non-occupation** and additional **savings of c£2k for incorrect claims of council tax discounts**. A further 6 cases have been highlighted for potential non-occupation, and 25 cases are still undergoing further enquiries.
- 3.1.6 The CFT have continued to proactively look at internally sourced data which can highlight discrepancies and result in property recovery or other financial savings such as council tax discounts and exemptions. These **data projects include key fob usage** in some of the Council's low-rise and high-rise buildings, highlighting concerns of non-occupation, and **council tax exemptions against social housing stock**. In Q2 the CFT **have recovered a further 10 properties from analysing data** and acting proactively to ensure the housing stock is utilised efficiently.
- 3.1.7 The CFT has continued its rolling proactive project conducting residency checks to all emergency accommodation placements to highlight any instances of non-occupation or subletting. In Q2 the CFT has **closed 11 emergency accommodation units due to non-occupation, resulting in savings of c£408k**. During these visits officers address any other concerns such as recovering any rent arrears and setting up payment plans for arrears. A further **12 cases have been opened** due to concerns of suspected non-occupation.
- 3.1.8 In Q2 the CFT **successfully prosecuted a false homeless applicant** who misrepresented her circumstances to obtain social housing. The investigation found that the applicant had claimed to have lived in the borough in overcrowded conditions yet had a permanent address outside of the borough. The outcome of the hearing was published on Hillingdon's website and on the Council's social media platforms to highlight how serious housing fraud is, and that action will be taken on those abusing the system.
- 3.1.9 The CFT carries out verification checks on all Right to Buy (RTB) applications submitted to the Council to provide assurance that those who apply are eligible for the significant discount and that the funds used for the purchase abide by money laundering regulations. In Q2 the CFT has cancelled a RTB application saving c£112k and also have **9 cases under investigation for suspicion of sub-letting and non-occupation**, with 2 cases referred to our Legal department to instigate criminal proceedings based on fraud offences. The CFT has also closed a further two RTB applications at verification stage due to the failure to provide financial information.

## 3.2 Revenues Fraud & Inspections

- 3.2.1 In the area of Revenues, the CFT has continued to maintain a high level of performance and again exceeded their KPI target (refer to **Table 4 at Appendix A**). In Q2, as detailed in **Table 2** below, the CFT has **conducted 1,593 inspections, with 1,585 (99%) visited within the 10-day KPI target**.

**Table 2 ~ Revenues Inspections Performance 2025/26**

Revenues Inspections	Q1	Q2*
Total number of inspections completed	1,841	1,593
Percentage within 10-day target	99%	99%

*\*As at end of Q2 (30<sup>th</sup> September 2025).*

- 3.2.2 During Q2 the CFT has identified a further **17 previously unlisted properties** made up of 'Beds in Sheds'. As a result, an additional **c£20k of loss prevention savings** has been identified following the issue of revised Council Tax bills to the liable parties. Throughout the financial year the CFT will continue to work with other Council departments to identify beds in sheds and take appropriate action.
- 3.2.3 During Q2 the CFT have continued the programme of Revenues Maximisation with our partners to identify unlisted buildings and changes to the use of land. This has **identified three previously unlisted business premises with additional billing in Q2 issued to businesses to the value of c£22k.**
- 3.3 Social Care**
- 3.3.1 In Q2 CFT officers have been conducting a pilot exercise to recover outstanding Social Care debt by visiting residents to establish their means to pay and make arrangements for outstanding debt to be recovered. This groundbreaking work has resulted in **initial payments of £43,653 being made during Q2 with a further two payment plans being established which will result in additional c£24k being recovered over the next 12 months.**
- 3.3.2 With preventive controls and reactive processes in place across fraud risks within Social Care, Q2 marks a successful quarter for the team with **c£62k in loss prevention savings identified.** These positive outcomes have stemmed from a range of workstreams including the Financial Assessment verification process, tracing service users and the verification of residents receiving Section 17 support.
- 3.3.3 The CFT's risk-based loss prevention work within Financial Assessments has continued throughout Q2, with the team conducting **151 financial assessment verifications, 10 of which are undergoing further checks.** The verification process is designed to identify anomalies, such as hidden capital or assets prior to financial support being administered and to provide assurance that only eligible applicants are provided support.
- 3.3.4 Section 17 of the Children's Act 1989 places a duty on the Council to safeguard and promote the welfare of children in need. Section 17 support offers a range of services that includes providing accommodation and/or financial assistance to eligible applicants. The CFT undertake verification checks for all Section 17 applicants who approach Social Care. **Table 3 below**, illustrates the outcomes derived from the preventive measures in place that ensure services provided are only accessed by those who meet the eligibility criteria.

**Table 3 ~ Section 17 Verification Cases 2025/26**

Section 17 Cases	Q1	Q2*	2025/26*
Total number of cases reviewed	14	15	29
Total number verified as accurate	10	5	15
Total number of cases closed	1	3	7
Total number of cases under further checks	3	7	7
<b>Loss Prevention Savings</b>	£3544	-	£3544

\* As at end of Q2 (30th September 2025).

- 3.3.5 In addition to verification checks the CFT also conduct a proactive Section 17 project, with counter fraud officers deployed to highlight cases of sub-letting and non-occupation of Social Care accommodation. With placements provided both inside and outside of the borough, counter fraud officers have begun conducting unannounced visits to all 88 service users, and during Q2 this has led to the **closure of 1 placement with a saving of c£17k.**

### 3.4 Blue Badge

- 3.4.1 Cases from previously reported Blue Badge operations and referrals from residents have continued to progress during Q2 with the successful **prosecution of 6 Blue Badge cases**. The evidence of these criminal cases was heard in the Magistrates Court with **a total of £11,309 in prosecution costs awarded to the Council and £2,937 in fines issued to offenders**. A further 2 cases are due to be heard in court, with outcomes expected to be reported in Q3.

### 3.5 Onsite Immigration Official

- 3.5.1 Q2 marked a successful quarter in the area of immigration with **£21,827 in loss prevention savings identified**. These savings can be contributed to the team's proactive approach within in Social Care by highlighting a change in **4 service users immigration status** and the collaborative steps taken by CFT and the Children's Resources Finance Team to support each service user to access public funds. These changes in immigration status relieves the Council from financially supporting each service user and encourages independence.
- 3.5.2 The Onsite Immigration Official service has now ended as the Home Office are no longer offering this service to local authorities. The CFT are working with service areas and other stakeholders to ensure alternative arrangements are put in place.

### 3.6 London Counter Fraud Hub

- 3.6.1 The CFT is recognised as a leading member of the London Counter Fraud Hub (LCFH). The hub is designed to bring London Boroughs together, sharing data to identify fraud, loss or error. This innovative approach will also use the power of data to uncover cross borough frauds.
- 3.6.2 The unique capabilities of the LCFH are now embedded in the CFT and this is producing referrals automatically every two weeks identifying cases where the Council may not be aware of tenants passing away. This has maximised loss prevention by ensuring that cases are identified at an early stage. A total of **6 council properties have been recovered** and returned to use as a result of information provided by the LCFH during Q2.

### 3.7 National Fraud Initiative

- 3.7.1 The National Fraud Initiative (NFI) is a data matching exercise co-ordinated by the Cabinet Office and conducted every 2 years. The NFI matches data from over 1,300 organisations, including councils, the Police, hospitals and almost 100 private companies to identify potential fraud and error.
- 3.7.2 The CFT have dedicated significant resource into analysing the data provided by the 2024/25 NFI exercise which has led to savings in a variety of work streams.
- 3.7.3 Information received from the NFI has led to **the closure of 62 Housing Register applications** during Q2 where applicants had failed to declare changes in their circumstances and were no longer entitled to seek housing assistance from the Council.
- 3.7.4 **A further 25 Housing Register applications have been closed by the service area** following confirmation from the NFI that the applicants had passed away.

3.7.5 Reviewing cases where the NFI had identified changes in the income and capital of recipients of Council Tax Reduction (CTR) has led to **overpayments of c£41k which will be added to revised Council Tax Billing.**

3.7.6 The annual data match aiming to identify incorrectly claimed Council Tax Single Person Discount has been received and is being reviewed by the CFT with results expected in Q3.

### 3.8 Other Counter Fraud Activities

3.8.1 The CFT continue to be recognised as a leading authority in combatting fraud. During Q2 a Counter Fraud Manager was interviewed by MyLondon News reporting on the sector leading results being achieved by the CFT and was invited to speak to legal professionals at the Social Housing Legal Alliance training event.

3.8.2 Following their success as a speaker at the Tenancy Fraud Forum (TFF) annual conference the Counter Fraud Manager has also been elected to the Executive Board of the TFF where they will continue to guide and support national projects and policy in relation to social housing fraud.

3.8.2 During Q2 senior Council managers joined the CFT for a “back to the floor” evening and accompanied officers on out of hours visits to properties in the borough. This was a successful evening allowing the CFT to highlight their achievements and the challenges which officers face.

## 4. COUNTER FRAUD PERFORMANCE IN Q2

4.1 Attached at **Appendix A** is **Table 4** which sets out the Q2 performance by the CFT against the 9 KPIs. Also attached at **Appendix B** is **Table 5** which provides an overview of the financial performance of the team in Q2 within each of the main areas of counter fraud activity. The CFT's financial performance should be considered against a target of £8.8m for 2025/26.

4.2 The CFT has achieved a consistent level of performance across KPI's throughout the quarter. The details of this are that **9 out of 9 KPI's are above targeted performance.** The management team are pleased that all KPI's have been met and will be working closely with the team to ensure this level of performance is sustained.

## 5. FORWARD LOOK

5.1 The Legislative Reform Order allowing data matching in Social Care has now passed through Parliament and data is being secured to allow this matching to take place during Q3 with results expected later in the year.

5.2 International Fraud Awareness Week falls during Q3 and the CFT will be supporting this with a variety of activity to promote the role of the CFT including working with the Communications Team to produce a series of Social Media posts and carrying out fraud awareness sessions with service areas.

5.3 The CFT would like to take this opportunity to formally record its thanks for the co-operation and support it has received from the management and staff of the Council during this quarter. There are no other counter fraud matters that the HCF needs to bring to the attention of CMT or the Audit Committee at this time.

**Alex Brown** APCIP  
Head of Counter Fraud

**APPENDIX A: Table 4 - CFT KPIs and Actual Performance**

<b>CFT KPIs</b>	<b>Target</b>	<b>Q1</b>	<b>Q2*</b>	<b>25/26*</b>	<b>24/25</b>
1. Percentage of fraud referrals risk assessed within 3 working days	<b>95%</b>	100%	<b>100%</b>	<b>100%</b>	<b>99%</b>
2. Verification work timescales for completion:					
a. Right to Buy case completion within 28 working days	<b>95%</b>	100%	<b>98%</b>	<b>99%</b>	<b>98%</b>
b. Financial Assessments completion within 7 working days	<b>95%</b>	100%	<b>100%</b>	<b>100%</b>	<b>100%</b>
c. Section 17 reviews completion within 7 working days	<b>95%</b>	93%	<b>100%</b>	<b>97%</b>	<b>100%</b>
3. Investigation plan completion within 5 working days of case allocation	<b>95%</b>	100%	<b>99%</b>	<b>99%</b>	<b>100%</b>
4. Tenancy fraud referrals received resulting in property recovery	<b>30%</b>	67%	<b>74%</b>	<b>68%</b>	<b>71%</b>
5. Investigations resulting in loss prevention/financial saving outcome	<b>40%</b>	36%	<b>41%</b>	<b>38%</b>	<b>47%</b>
6. Revenue inspections completed within 10 working days of referral date	<b>95%</b>	99%	<b>99%</b>	<b>99%</b>	<b>99%</b>

\* As at end of Q2 (30<sup>th</sup> September 2025).

**APPENDIX B: Table 5 - CFT Quarter 2 2025/26 Financial Performance**

Work Area	Description	Quarter 1	Quarter 2*	Quarter 3	Quarter 4	2025/26*
<b>Housing</b>	Right to Buy discounts	£98,800	£112,800	£0	£0	<b>£211,600</b>
	Property Recovery (notional savings)	£1,890,000	£1,960,000	£0	£0	<b>£3,850,000</b>
	Other savings/loss prevention	£233,404	£408,490	£0	£0	<b>£641,894</b>
<b>Social Care</b>	Section 17 and UASC**	£3,544	£17,708	£0	£0	<b>£21,252</b>
	Financial Assessments	£11,295	£15,926	£0	£0	<b>£27,221</b>
	Direct Payments	£0	£0	£0	£0	<b>£0</b>
	Other (Including Debt Visits)	£129,830	£32,191	£0	£0	<b>£226,401</b>
<b>Revenues</b>	Single Person Discount	£7,307	£11,355	£0	£0	<b>£18,662</b>
	Council Tax Reduction & arrears	£37,323	£43,869	£0	£0	<b>£81,192</b>
	Unlisted Buildings	£29,366	£20,054	£0	£0	<b>£49,420</b>
	Housing Benefit Overpayments	£1,086	£28,279	£0	£0	<b>£1,086</b>
	NNDR	£1,639,354	£22,801	£0	£0	<b>£1,662,155</b>
<b>Blue Badge</b>	Simple Caution & Financial Penalty	£2,578	£14,246	£0	£0	<b>£16,824</b>
<b>Immigration Officer</b>	Housing Homelessness Applications**	£0	£0	£0	£0	<b>£0</b>
	Social Care Savings	£10,265	£17,708	£0	£0	<b>£27,973</b>
<b>Totals</b>	Loss Prevention Savings	£403,774	£601,430	£0	£0	<b>£1,005,204</b>
	Notional Savings	£3,246,832	£2,007,136	£0	£0	<b>£5,253,968</b>
	Cashable Savings	£452,271	£146,998	£0	£0	<b>£599,269</b>
	Costs awarded and penalties	£2,578	£21,413	£0	£0	<b>£23,991</b>
	<b>Total</b>	<b>£4,105,455</b>	<b>£2,776,977</b>	<b>£0</b>	<b>£0</b>	<b>£6,882,432</b>

\* As at end of Q2 (30<sup>th</sup> September 2025).

\*\* Average weekly cost against average length of support. This figure fluctuates but has been provided by the Council's Business Performance Team.



## APPENDIX C - Glossary of Terms

**Beds in Sheds:** 'Beds in Sheds' is the term used to describe habitable outbuildings, or annexes to private properties being utilised without the awareness of the Council or the Valuation Office Agency (VOA).

**Blue Badge:** A Blue Badge provides parking concessions and helps people with **non-visible and visible disabilities or health conditions** park closer to their destination. The Blue Badge enables holders to park in designated disabled person's parking bays either on the public highway or privately owned car parks. In addition, badge holders can park on single or double yellow lines for up to 3 hours.

**Direct Payments:** The Council are responsible for administering direct payments to service users who have been assessed as needing care and support services. The payments are made to allow applicants to access care to meet their social care needs, such as support with living tasks and social activities.

**Disabled Facility Grants:** The council offers a range of financial support schemes for people with disabilities, such as the Disabled Facilities Grant (DFG). The DFG is a means tested scheme that allows eligible applicants to receive financial support to make adaptations to their home, if they, or someone living at the property is disabled.

**Financial Assessments:** The Council is under a financial and legal obligation to carry out this means tested assessment for each service user. The Financial Assessment (FA) identifies whether the applicant(s) is eligible to receive funding towards their care costs.

**Fraud Hub:** Utilising the existing Cabinet Office infrastructure and systems, most London based local authorities have agreed to upload internally held data sets for proactive data matching exercises. These regularly agreed upon exercises will lead to the identification of possible fraud, loss or error.

**National Fraud Initiative:** The National Fraud Initiative (NFI) is a data matching exercise co-ordinated by the Government Cabinet Office and conducted every 2 years. There is also an annual review of claimants in receipt of Single Persons discount data that is matched against the Electoral Roll data. The NFI matches data from over 1,200 organisations, including councils, the police, hospitals and almost 100 private companies to identify potential fraud and error.

**New Homes Bonus:** The New Homes Bonus (NHB) is a grant that is paid by central government to incentivise local housing growth.

**Onsite Immigration Enforcement Official:** The Onsite Immigration Enforcement Official (OSIO) provides enhanced access to Home Office data for the purpose of assessing cases involving immigration issues and for assisting in a range of counter fraud work.

**Right to Buy:** The Right to Buy (RTB) process is a statutory scheme whereby a tenant(s) can apply to purchase their property at a significant discount from its market value. There are strict conditions that must be met by the applicant(s) if they are to qualify for the discount.

**Revenue Maximisation:** The use of internally held data and the utilisation of external data partners to identify previously unlisted commercial and domestic properties, along with identifying commercial properties that have undertaken modifications or improvements that would result in the revaluation of its Rateable Value (RV). Commercial entities are under no obligation to inform Council Tax as to when they have started trading or if their RV needs to be recalculated. The Council will only retain 15% of the identified rates.

**Section 17:** The CFT provides assurance and mitigate the risk of fraud within Children's Social Care, in particular the allocation of emergency accommodation provided under Section 17 of the Children's Act 1989. The verification process seeks to validate a family's reason for approach as well as their financial circumstances, as applicants claim to be destitute and requiring accommodation and or financial support. The CFT conducts verification checks on all applicants approaching the Council.

**Small business Rates Relief:** The Small Business Rates Relief (SBRR) scheme is designed to reduce the amount of business rates payable by small businesses. This reduction is available to ratepayers who occupy a property with a rateable value of no more than £15,000.

**Tenancy Fraud Forum Valuation:** As of the 2022/23 financial year, the CFT will be using the new Tenancy Fraud Forum valuation for property recovery. Working in conjunction with the London Boroughs' Fraud Investigators' Group (LBFIG) a new formula has been created to determine how much tenancy fraud costs. The formula considers the annual average temporary accommodation cost per family, the average duration for tenancy fraud, as well as the average investigation, legal and void costs. The agreed calculation for tenancy fraud within the borough is now valued at £56k per property (Previously £18k). The new calculation allows Hillingdon Council to accurately calculate financial savings by factoring in local figures.

**Unaccompanied Asylum-Seeking Children:** Unaccompanied Asylum-Seeking Children (UASC) are children and young people who are seeking asylum in the UK but have been separated from their parents or carers. Whilst their asylum claim is processed, they are cared for by the Council and provided with accommodation and or financial support.



## WORK PROGRAMME

<b>Committee name</b>	Audit Committee
<b>Officer reporting</b>	Ryan Dell, Democratic Services
<b>Papers with report</b>	None
<b>Ward</b>	All

## HEADLINES

This report is to enable the Audit Committee to review planned meeting dates and the work programme.

## RECOMMENDATIONS

**That the Audit Committee:**

- 1. Notes the dates for Audit Committee meetings; and**
- 2. Makes suggestions for future agenda items, working practices and/ or reviews.**

## SUPPORTING INFORMATION

The meeting on 10 February 2026 will start at 17:10.

<b>Meetings</b>	<b>Room</b>
10 February 2026	CR5
28 May 2026	CR5

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	WORK PROGRAMME	2025/2026				2026/2027
Service area	Audit Committee				2026	
		Jul	Aug	Nov	Feb	May
		28	28	18	10	28
	Member training					
	Pre-meet (17:00-17:10)		EY	Head of Internal Audit	Corporate Director of Finance	Head of Counter Fraud
Democratic Services	Appointment of Chair					X
	Appointment of Vice-Chair					X
	Interviews for Independent Chair of the Audit Committee					
Corporate Services/ Finance	Governance Review Improvement Plan	X	Update	Update	Update	Update
	Financial Modernisation Programme	X	Update	Update	Update	Update
	Council response to statutory recommendations report issued by the Council's external auditors		X			
	Summary of responses to Staff Survey			X		
	REQUEST BY CTTEE: Transformation, Digital & Technology Risk Management				X	
External Audit	External Audit item		EY interim VfM report Issuance of Recommendations Under Section 24 Schedule 7(2) of the Local Audit and Accountability Act 2014 23/24 Auditors Annual Report 24/5 Provisional Audit Planning Report	Update on Accounts	Update on Accounts	Update on Accounts
Accounts	Statement of Accounts & Annual Governance Statement				DRAFT 2024/2025 STATEMENT OF ACCOUNTS & ANNUAL GOVERNANCE STATEMENT	
Internal Audit	Audit Committee Annual Report		24/25	24/25 (Updated)		
	Risk Management Annual Report					X
	Risk Management Report		25/26 Q1	25/26 Q2	25/26 Q3	
	Corporate Risk Register					
	Strategic Risk Report		25/26 Q1	25/26 Q2	25/26 Q3	25/26 Q4
	Internal Audit Annual Report					25/26
	Internal Audit Progress Report		25/26 Q1	25/26 Q2	25/26 Q3	
	Internal Audit Charter				X	
	Internal Audit Plan					
	Internal Audit Strategy					
Counter Fraud	Counter Fraud Annual Report					25/26
	Counter Fraud Progress Report		25/26 Q1	25/26 Q2	25/26 Q3	
	Counter Fraud Operational Plan					
	Counter Fraud Strategy 2025-2028					

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