

GOVERNANCE REVIEW IMPROVEMENT PLAN

Committee name	Audit Committee
Officers reporting	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
Papers with report	Governance Review Improvement Plan TO FOLLOW
Ward	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