



Mayor's Office
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8th of July 2024

Dear Secretary of State

Congratulations on your recent election and appointment to Cabinet.

I am writing to you at the earliest opportunity as the Secretary of State with responsibility for local government. I am aware that in your early career you worked directly for a local authority, and more recently have worked closely with the Local Government Association on the work they do to support councils. I am pleased that someone who understands local government has been appointed to this role.

I appreciate that there are a range of issues to face as you take on this important office of state. Paramount amongst these will, I am sure, be the pressing state of local government finances. Whilst there are a number of councils in significant financial distress, each are different, and I am keen that you are informed about Croydon's unique position.

You will be aware that Croydon previously saw a period of significant financial and governance mismanagement, which led to the Council's well publicised collapse in 2020. When I was elected as Executive Mayor, in May 2022, my immediate priority was to fully understand the state of the Council's finances, by embarking on a large scale 'Opening the Books' exercise. The historic financial problems that were uncovered have left the Council with issues that are, despite our best efforts, insurmountable without a different approach to extraordinary Government support.

We have stabilised Croydon's financial position and are making significant progress on my aim to get Croydon back on track. We are one of only three London boroughs to deliver a balanced budget this year, albeit with a Capitalisation Direction in place. We have also embarked on a ground-breaking transformation programme, 'Future Croydon', which will completely overhaul the way in which we deliver better outcomes for our residents and make us one of the most effective and efficient councils in the country.

Despite this, Croydon Council still has a £1.6bn debt burden, which costs some £62m per year to service. Whilst we have put in place a range of measures to stabilise our position, including selling our assets and transforming our service delivery, this represents 17% of the Council's core spending power. The scale of this unprecedented debt means that we are simply unable to deliver a wholly balanced budget, without that different approach to extraordinary financial support from the Government.

To date, Capitalisation Directions totalling £379m, plus £38m for 2024/25, have been approved in principle by your predecessors in Government. However, this cannot continue in the longer term. We want to work with you to secure our ongoing financial sustainability, in order to deliver for our residents and ensure that we can, in future, balance our budgets without recourse to Government.

You will be aware that your predecessor put in place a statutory Improvement and Assurance Panel, and you will note that his letters on our performance have been largely positive and recognise the progress we have made to date. The Panel supports our analysis of the issues at hand and our approach to tackling them.

I recognise that there is much to consider, and you will not want to reward historic failure. We know that there is not a one size fits all solution to the problems that local government face. However, I believe that Croydon now offers an example of how a local authority can rebuild after a financial and governance collapse, and can offer a way forward. Whilst we are working hard to fix our problems, we do need a new approach from the Government to restore sustainable local government in Croydon.

I would welcome a meeting with you, at your earliest opportunity, to discuss these matters further.

Yours sincerely

A handwritten signature in black ink that reads "Jason Perry". The signature is written in a cursive, flowing style.

Mayor Jason Perry
Executive Mayor of Croydon