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Alison McGovern MP  
Minister for Local Government and  
Homelessness

Date: 20 January 2026

Dear Minister

### **London Borough of Croydon**

As the elected Mayor of Croydon, my Administration has always put the needs of Croydon residents first and I have set a clear aspiration for Croydon to become the most efficient and cost-effective Council in London. We have embarked upon a journey to transform the way services are delivered to reduce our operating costs and improve the experience for residents.

Following the financial mismanagement of recent years, the Council has made much progress towards returning to a functioning authority. However, there is much more that can be done by the Council to reduce operating costs, with a recognition that continued reliance on Exceptional Financial Support is not sustainable.

By working with your department and appointed Commissioners I remain committed to ensuring that Croydon delivers Best Value for its residents.

The introduction of essential improvements to financial controls has had the unintended consequence of a centralised approach to financial management. This has missed the opportunity to establish departmental accountability, which now needs to be put in place in order to create ownership of budgets, improve delivery of agreed savings and to ensure that transformation activity is owned by all.

I welcome the Government's recent 'Fair Funding Review 2.0' and recognise the benefit that it will bring to the Council's financial position. We must, however, continue to do more at a local level to ensure that sustainable financial governance is restored to Croydon.

The scale of the challenge means that the Council must go further to reduce activity and unit costs. This cannot be done by transformation alone. A continued programme of 'business as usual' savings needs to be established to support the transformation activity as well as exploring every opportunity to generate income.

We are assessing our financial strategy and to address this we will:-

- Review growth, including future demand and demography;
- Provide assurance on the deliverability of existing savings;
- Identify additional 'business as usual' savings;
- Update forecasts on grants, business rates, and the Council Tax base; and
- Further review the capital programme and debt charges.

I trust you will appreciate that there may be a significant risk of unintended consequences if we made substantial changes to next years budget at this late stage. Nonetheless, officers have reviewed and in some cases reduced figures for growth in next year's budget as well as identifying additional savings. In addition, we will go further in making reductions for future years and this will be reflected in our February 2026 budget setting report.

With regard to the 'Future Croydon' programme, it is clear that transformation of this complexity and scale will take longer than was assumed in the early planning stages. We are now refocusing efforts to prioritise those elements of the programme that will give a greater and speedier return on investment. The Council will take a more phased approach and is developing supporting delivery plans with financial milestones.

This is a moment for the Council to reset its priorities and expectations. I will be working closely with the interim Chief Executive to ensure that accountability is embedded across the organisation and performance is managed.

I am committed to creating a culture where every pound spent must be justified and every decision must reflect our commitment to affordability and sustainability. We must go further to ensure that budget holder accountability is embedded across the organisation. Departments and services must take full responsibility for delivering economy and efficiency whilst providing effective services to Croydon residents.

In recent months, I have strengthened the senior leadership team and appointed a new interim Chief Executive. I have tasked them with resetting and sharpening the Council's focus to deliver at pace.

Accountability must be embedded at every level with senior leaders owning delivery and performance, whilst financial grip must be everyone's priority.

We will accelerate projects that deliver the biggest financial impact and modernise services for residents and my personal oversight of this work will continue.

When I stood for election, I promised to be honest about the scale of Croydon's challenges and to take the tough decisions needed to fix them. That is exactly what I have set out to do.

In 2022, I commissioned the 'Opening the Books' programme, a six-month independent review of every aspect of the Council's finances. These findings made it clear that Croydon's financial position was unsustainable and since then, we have focused relentlessly on fixing the basics by strengthening governance, improving

financial management, and embedding accountability across the organisation.

Our confidence in delivering transformation and savings is based on evidence, not optimism. We have a proven track record of delivery:-

- £167m in savings since 2021/22 and £210m in capital receipts generated through asset disposals, with a further £68m identified;
- Completion or on-track delivery of 96% of the 176 actions in the Improvement and Assurance Panel's Exit Strategy (April 2025);
- Introduction of strict financial controls: daily financial and recruitment panels, monthly assurance meetings, and regular Cabinet reporting.

Furthermore, progress has been recognised externally:-

- **Regulatory milestones:** Lifting of the Voluntary Undertaking by the Social Housing Regulator (2025).
- **Inspection outcomes:**
  - Ofsted: Children's Services (2024) rated Good;
  - Adult Learning (2023) rated Good;
  - CQC: Shared Lives rated Outstanding, Community Reablement rated Good, Personal Care and Support rated Good;
  - SEND Local Area Inspection: No statement of action required.
- **External Auditor letters:** Confirming strengthened financial management.

These outcomes demonstrate that Croydon can deliver complex change programmes and sustain improvement.

I am determined that this an important reset moment for Croydon and I hope that this letter and accompanying report provides the assurance that you require.

Whilst I know that there is still much work to do, I believe that we can, with your support, achieve the financial stability that Croydon and its residents both need and deserve.

Yours sincerely



Jason Perry  
Executive Mayor of Croydon