

# LONDON BOROUGH OF CROYDON

<b>TITLE:</b>	<b>2025-26 Period 10 Financial Performance Summary</b>	
<b>DATE:</b>	<b>9<sup>th</sup> June 2026</b>	
<b>CORPORATE DIRECTOR:</b>	<b>Conrad Hall Corporate Director of Resources (Section 151 Officer)</b>	
<b>LEAD OFFICER:</b>	<b>Allister Bannin, Director of Finance (Deputy S151)</b>	
<b>LEAD MEMBER:</b>	<b>Cllr Jason Cummings, Cabinet Member for Finance</b>	
<b>SUMMARY FOR:</b>	<b><i>Information only – PUBLISHED ON WEBSITE</i></b>	
<b>KEY DECISION?</b>	<b>No</b>	
<b>CONTAINS EXEMPT INFORMATION?</b>	<b>No</b>	<b>Public Grounds for the exemption: N/A</b>
<b>WARDS AFFECTED:</b>	<b>All</b>	

## 1 EXECUTIVE SUMMARY

- 1.1** The Period 10 (January 2026) financial performance for General Fund revenue shows a forecast underspend of £27.3m against the 2025-26 budget. This is an improvement of £1.1m since Period 9.
- 1.2** MTFs savings are forecast to achieve £21.6m (86.1%) against the total savings target of £25.1m. This is a £0.3m adverse movement since Period 9, owing to an adverse movement of £0.4m for NHS funding of Children’s Social Care placements partially offset by a £0.1m improvement in Croydon Technology Services contract savings. The financial impact of not achieving savings in full is included within the relevant directorate forecast positions, i.e. the directorates would have higher underspends if all savings were achieved in year.
- 1.3** The quarterly Financial Performance Reports (presented to Cabinet) and the summary updates for intervening periods from Period 2 to Period 10 are published on the Council’s Corporate Performance and Finance Reporting webpage (link: [Corporate Performance and Finance Reporting | Croydon Council](#)).

## 2 CONTRIBUTION TO EXECUTIVE MAYOR PERRY'S BUSINESS PLAN

Outcome 1: The Council balances its books, listens to residents and delivers good sustainable services.	Outcome 2: Croydon is a place of opportunity for business, earning and learning.	Outcome 3: Children and young people in Croydon have the chance to thrive, learn and fulfil their potential.	Outcome 4: Croydon is a cleaner, safer and healthier place, a borough we're proud to call home.	Outcome 5: People can lead healthier and independent lives for longer.
✓				

## 3 BACKGROUND AND DETAILS

- 3.1** The 2025-26 budget approved by Council in February 2025 set a net revenue budget of £375.8m. This required capitalisation directions from Government of £136m to balance, owing to funding the ongoing annual cost of servicing the disproportionate level of debt and unfunded local government cost pressures that exist nationally, regionally and locally relating to increases in demand as well as market prices.

### GENERAL FUND REVENUE BUDGET SUMMARY

- 3.2** The General Fund revenue budget outturn is forecast at Period 10 to underspend at financial year end by £27.3m as required by the Stabilisation Plan. This would reduce the necessary level of capitalisation directions from £136m to £108.7m.
- 3.3** All service directorates have been asked to reduce their net expenditure below their budgets so that the annual budget can be balanced with reduced use of capitalisation directions, including achievement of the £27.3m Stabilisation Plan target.
- 3.4** It should not be underestimated what a challenge this will be against the background of increased demand pressures which are continuing to build across local government as well as increased market prices.

- 3.5** The unfunded local government cost pressures that exist nationally, regionally and locally relating to increases in demand and market prices need to be addressed by Government changes to policy and/or funding levels.
- 3.6** Current forecasts are based on the best available information at the time and will be subject to review and change during the financial year.
- 3.7** The Council continues to build on the improvements in financial management that were made in recent years. However, the Council is still on a journey of improvement, which is fully recognised within the organisation.

**Table showing the General Fund revenue forecasts by Directorate**

Directorate	Net Budget	Actuals to Date	Forecast	Forecast Variance	Prior Month Forecast Variance	Change in Forecast Variance
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Adult Social Care and Health	191.4	136.9	187.3	(4.1)	(4.0)	(0.1)
Assistant Chief Executive	22.7	22.7	19.9	(2.8)	(2.2)	(0.6)
Children, Young People and Education	161.6	139.6	161.5	(0.1)	0.5	(0.6)
Housing	55.4	33.3	52.1	(3.3)	(3.1)	(0.2)
Resources (note 1)	20.6	133.7	19.5	(1.1)	(1.1)	-
Sustainable Communities, Regeneration & Economic Recovery	76.5	45.4	74.2	(2.3)	(0.7)	(1.6)
<b>Subtotal Service Directorates</b>	<b>528.2</b>	<b>511.6</b>	<b>514.5</b>	<b>(13.7)</b>	<b>(10.6)</b>	<b>(3.1)</b>
Corporate Items and Funding	(152.4)	(56.1)	(166.0)	(13.6)	(15.6)	2.0
<b>Total Net Expenditure</b>	<b>375.8</b>	<b>455.5</b>	<b>348.5</b>	<b>(27.3)</b>	<b>(26.2)</b>	<b>(1.1)</b>

*Note 1: The actuals to date are high in the Resources Directorate owing to Housing Benefits subsidy expenditure which will be reimbursed through DWP funding.*

- 3.8** The forecast variance changes since the Period 9 Financial Performance Summary are:
- Adult Social Care and Health - £0.1m favourable movement owing to increased income;
  - Assistant Chief Executive - £0.3m favourable movement owing to further staffing vacancies held to accommodate the Integrated Shared Services Target Operating Model within the Policy, Programme and Performance division. £0.2m favourable movement in Central ACE owing to non-recurrent costs involved in the Information Management transition project being managed within overall staffing budgets. £0.1m favourable movement in Croydon Technology Services across contracts and staffing;

- Children, Young People & Education - £0.6m favourable movement in Education General Fund services, primarily owing to a £0.5m further underspend in Special Educational Needs & Disabilities (SEND) Travel Assistance;
- Housing - £0.2m favourable movement owing to a reduction in temporary accommodation placements;
- Sustainable Communities, Regeneration & Economic Recovery
  - £0.8m favourable movement in Culture and Community Safety, owing to £0.3m higher income in Bereavement and Registrars services and £0.5m extra grant income and staffing underspends across services;
  - £0.8m favourable movement in Planning and Sustainable Regeneration, primarily owing to increased income in Spatial Planning and Building Control;
  - £0.1m favourable movement in Streets & Environment owing to further underspends in staffing and contracts partially offset by reduced parking and moving traffic offence income forecast;
  - £0.1m adverse variance in Central SCRER owing to legal costs; and
- Corporate - £2.0m net adverse movement, primarily relating to increased Minimum Revenue Provision (MRP) borrowing cost following updated figures that have rolled forward from the completion of the 2024-25 annual accounts (including accounting regulatory changes that took effect from 2024-25 relating to International Financial Reporting Standard IFRS16 Leases).

#### Low Traffic Neighbourhood (LTN) fine reimbursements

**3.9** The High Court ruled on 4 March 2026 that six of the Council's LTNs, originally introduced in 2020 and made permanent in March 2024, were unlawful. The Council has revoked the schemes in line with the decision and the Executive Mayor has ensured that arrangements are in place to refund eligible motorists. The total related penalty fine income from March 2024 to March 2026 was £7.309m. A provision will be made in the 2025-26 accounts, based on an estimate of unclaimed refunds as at 31/3/26, which could be claimed. This provision (estimated to be circa £3.5m) and refunds already made by 31/3/26, are expected to be funded through the Business Risk earmarked reserve. The 2025-26 parking income forecast has also been affected in-year by the reduction in income following the court decision. Penalty fines have not been issued for the six schemes since the judgment and this has been reflected in the SCRER forecast and Stabilisation Plan forecast.

**Table showing the revenue forecasts for ringfenced service areas**

Ringfenced Service Area	Net Budget	Actuals to Date	Forecast	Forecast Variance	Prior Month Forecast Variance	Change in Forecast Variance
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Housing Revenue Account (HRA) (note 1)	-	(84.4)	-	-	-	-
Public Health Grant (note 2)	-	(21.6)	-	-	-	-
Dedicated Schools Grant (DSG) High Needs Education Services	86.7	91.1	120.2	<b>33.5</b>	20.0	13.5
DSG Early Years Block	72.5	65.0	73.7	<b>1.2</b>	(1.0)	2.2

*Note 1: The negative actuals to date are high in the HRA owing to Housing Capital Charges which are not processed until year end.*

*Note 2: The negative actuals to date are high in Public Health owing to grant income received early in the year, with expenditure still to come in later months.*

**3.10** DSG High Needs Block - The Chartered Institute of Public Finance and Accountancy (CIPFA) was commissioned to review the Special Educational Needs and Disabilities (SEND) placements recording, payments and forecasting within the Dedicated Schools Grant (DSG). This Diagnostic Review of SEND budget overspend 2024-25 was presented to the Audit & Governance Committee on 12/3/26. The High Needs Block forecast overspend has been increased to an estimated £33.5m, owing primarily to independent school placements, pending further work which will need to be carried out as part of closing the 2025-26 accounts (including SEND placement accruals) to clarify the final position.

**3.11** DSG Early Years Block – forecast overspend of £1.2m owing to increased hours of early years provision. The DSG Early Years revised allocation from the Department of Education (DfE) will be received in July 2026 and this may result in increased grant income.

### **Stabilisation Plan**

**3.12** The Executive Mayor and Cabinet approved the Stabilisation Plan at the Cabinet Meeting on 25 June 2025. The target is £27.3m of unused capitalisation directions.

**3.13** The change in Stabilisation Plan forecast since Period 9 is a £1.1m net improvement in directorate forecasts detailed in paragraph 3.8 (including increased achievement against the Housing target “Reduce TA placements from 25% to 20% of presentations”).

**Table showing the current Stabilisation Plan actions**

Action	Lead Directorate	Target (£m)	Forecast evidenced to date (£m)	Status
Non-pay inflation budget not used	Corporate	9.000	9.000	On Track
Pay inflation not used	Corporate	-	3.686	Completed
Risk contingency budget not used	Corporate	5.000	5.000	On Track
Overall Housing target (detail below)	Housing	3.940	3.504	Amber
<i>General Needs allocation to TA</i>	<i>Housing</i>	<i>2.100</i>	<i>0.870</i>	<i>Amber</i>
<i>Reduce TA placements from 25% to 20% of presentations</i>	<i>Housing</i>	<i>1.200</i>	<i>1.792</i>	<i>On Track</i>
<i>Accelerate House Buying Process for homeless families</i>	<i>Housing</i>	<i>0.350</i>	<i>0.253</i>	<i>Amber</i>
<i>Introduce more Out of Borough private sector placements</i>	<i>Housing</i>	<i>0.290</i>	<i>0.589</i>	<i>On Track</i>
Accelerate Target Operating Model Programme	Corporate	3.700		Red
In year savings overachievement, cost reductions and income generation (detail below of directorate underspends above specific actions)	Corporate	3.000	4.796	On Track
<i>Forecast underspend above ALI programme</i>	<i>ASCH</i>		<i>3.700</i>	
<i>Forecast underspend above Access Croydon</i>	<i>ACE</i>		<i>2.700</i>	
<i>Forecast underspend</i>	<i>CYPE</i>		<i>0.100</i>	
<i>Forecast underspend above specific actions</i>	<i>Housing</i>		<i>(0.204)</i>	
<i>Forecast underspend above BWH floor maximisation</i>	<i>Resources</i>		<i>1.100</i>	
<i>Forecast underspend above parking income</i>	<i>SCRER</i>		<i>1.500</i>	
<i>Forecast underspend above inflation &amp; risk budgets</i>	<i>Corporate</i>		<i>(4.100)</i>	
Increased parking income	SCRER	1.000	0.800	Amber
Maximise floor occupancy BWH	Resources	0.500	-	Red
Disabled Facilities Grant maximisation	Housing	0.500	0.529	Completed
Accelerate Adults Living Independently (ALI) Programme	ASCH	0.400	0.400	On Track
Access Croydon	ACE	0.111	0.111	Completed
Open Precious House (previously Angel Lodge) children's home	CYPE	0.100	-	Red
Capital programme reduction (£1.5m removed from 2025-26 and £500k deferred to 2026-27)	Corporate	0.050	0.050	Completed
	<b>Total</b>	<b>27.301</b>	<b>27.876</b>	

Key: *Completed = Actioned and achievement figure will not change during the year.*  
*On Track = Current forecast is that the target will be met in full or over-achieved.*  
*Amber = Current forecast is that the target will be partially met.*  
*Red = Forecast achievement has not been evidenced to date.*

## Open Precious House (previously Angel Lodge) children's home

- 3.14** The Stabilisation Plan included a target aiming to achieve the Precious House MTFs savings earlier than 2026-28. The registration application was submitted in May 2025 and OFSTED approved the registration effective 22 March 2026. The MTFs savings will be achieved in 2026-28, however, the delay in OFSTED registration has not allowed the saving to be achieved earlier in 2025-26.

## **4. IMPLICATIONS**

### **4.1 FINANCIAL IMPLICATIONS**

- 4.1.1** Finance comments have been provided throughout this summary.
- 4.1.2** The Council operates internal spending controls to ensure that tight financial control and assurance oversight are maintained. A new financial management culture is being implemented across the organisation through increased communication on financial issues and training for budget managers. This has also been supported through improvements to the revenue and capital budget monitoring modules in the Oracle IT system from the beginning of 2025-26, as part of the Oracle Improvement Programme.
- 4.1.3** There are no budgeted contributions to, or drawdowns from, the General Fund balances of £27.5m in 2025-26. General Fund balances serve as a cushion should any overspend remain at the end of 2025-26. The use of General Fund balances to support the budget is not a permanent solution and must be replenished back to a prudent level in subsequent years if used. The current forecast includes usage of General Fund revenue earmarked reserves, but no usage of the General Fund balances.
- 4.1.4** The Council's historic legacy debt burden and national, regional and local service demand and price pressures are critical to the non-sustainability of the Council's revenue budget.

Comments approved by Allister Bannin, Director of Finance (Deputy s151 Officer).

### **4.2 LEGAL IMPLICATIONS**

- 4.2.1** Under the Local Government Finance Act (LGFA) 1992, the Council is under a legal duty to set a balanced budget (Section 31A 'Calculation of Council Tax requirements by authorities in England'). The Council is under a statutory duty to ensure that it maintains a balanced budget and to take any remedial action as required in year.

- 4.2.2** Section 28 of the Local Government Act 2003 provides that the Council is under a statutory duty to periodically conduct a budget monitoring exercise of its expenditure and income against the budget calculations during the financial year. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such remedial action as it considers necessary to deal with any projected overspends. This could include action to reduce spending, income generation or other measures to bring budget pressures under control for the rest of the year. The Council must act reasonably and in accordance with its statutory duties and responsibilities when taking the necessary action to reduce the overspend.
- 4.2.3** The monitoring of financial information is also a significant contributor to meeting the Council's Best Value legal duty. The Council is the subject of Directions from the Secretary of State that requires the Council, amongst others, to continue to develop and implement the stabilisation and transformation plans and to improve on its financial management. This summary serves to ensure the Council is effectively monitoring and managing its budgetary allocations in accordance with its Best Value Duty.

Comments approved by Stephen Lawrence-Orumwense, Director of Legal Services and Monitoring Officer, 21/5/26.

### **4.3 HUMAN RESOURCES IMPLICATIONS**

- 4.3.1** There are no immediate workforce implications arising from the content of this summary, albeit there is potential for several proposals to have an impact on staffing. Any mitigation of budget implications that may have a direct effect on staffing will be managed in accordance with relevant human resources policies and procedures, which includes consultation with the recognised trade unions.
- 4.3.2** The Council is aware that many staff may also be impacted by the increase in cost of living. The Council offers support through the Employee Assistance Programme (EAP) and staff may seek help via and be signposted to the EAP, the Guardians' programme, and other appropriate sources of assistance and advice on the Council's intranet, including the trade unions.