CROYDON
www.croydon.gov.uk

Executive Mayor's Office
12th Floor
Bernard Weatherill House
Mint Walk
Croydon CR0 1EA

Website: www.croydon.gov.uk

Rt Hon Angela Rayner MP
Secretary of State for Housing,
Communities and Local Government

Date: 07 September 2026

Dear Secretary of State

London Borough of Croydon

Since my last letter, I have been re-elected as the Executive Mayor of the London Borough of Croydon for a further four-year term, giving me a renewed mandate to continue restoring the Council's finances, rebuild trust and deliver better outcomes for residents. The election has provided an important opportunity to reset the Council's focus, establish a clear direction for the coming years and reinforce our commitment to improvement and delivery.

I'm also pleased to say that Croydon benefits from continued political stability and that constructive working relationships exist between political parties. Both the Conservative and Labour Groups continue to benefit from stable leadership and generally have a shared commitment to work across party lines in the interest of residents and the continued improvement of the authority.

When I was first elected in 2022, my immediate priority was to stabilise the organisation by addressing governance failures and understanding the true scale of our financial challenges.

Today, my focus is firmly on delivering better outcomes for residents whilst reducing costs and our reliance on Exceptional Financial Support (EFS). This focus comes with an acute awareness of the challenge we face in our financial position and how we achieve consistently strong performance across the Council.

In May I made a commitment to residents to deliver on a first 100-day plan. I write this letter having recently passed this important milestone - demonstrating to residents that the Council can deliver on the things that they have told us are important. This has included a strengthened approach to tackling fly-tipping and antisocial behaviour, improvements to roads and public spaces, investment in parks and playgrounds, and further progress on major regeneration and growth initiatives designed to support jobs, businesses and community pride across the borough.

I am proud that as a Council we prioritise getting the basics right. Every resident should be able to expect a Council that is financially responsible, accountable for its performance and consistently delivers good services. Lots has been done, but there is still lots more to do.

Work has been undertaken to strengthen accountability within Directorates for the delivery of both savings and service improvement activity. The Council recognises that ownership of key delivery programmes had become diluted through the previous transformation approach, with responsibility often sitting outside of core service areas. Through the development of Directorate Delivery Plans, responsibility for delivery has been realigned with Directorate leadership teams. This includes the identification and implementation of alternate savings where it is recognised that elements of the transformation programme will no longer deliver the anticipated benefits.

The Commissioners have identified the risk of a loss of corporate oversight on delivery. This is a fair challenge, and we know we have work to strengthen performance management and ensure that every area of the Council is focused on delivering value for money and improved outcomes. We will strengthen our approach as part of our new Croydon Improvement Plan, the outline of which we will be discussing with Commissioners at the Recovery Board later this month.

As part of the new Croydon Improvement Plan, the Council is establishing a Corporate Project Management Office (CPMO) which will provide a single, authoritative centre for oversight of the Council's improvement and savings activity, including taking forward of activity retained from the previous transformation programme. The CPMO will strengthen corporate grip, improve performance monitoring and reporting, and provide greater assurance that delivery is progressing at the pace required. Embedding this across all that we do will be a challenging priority and the focus of political and officer leadership.

We have made a shift in our strategic approach to be much more focused on reducing costs through service-led efficiency savings, particularly where benchmarking show that we are high cost.

With the support of the Commissioners, and in line with my last report to you, we have re-evaluated many of our financial assumptions and have been able to bring a renewed vigour to our daily financial management and agree a new Financial Strategy. In October I will propose my draft budget which will include the difficult decisions that I committed to take to reduce the Council’s operating costs. I am also clear that to provide confidence in delivery of these savings, robust delivery plans must be in place in advance of the new financial year 2027/28.

The objective of the Financial Strategy 2027/30 is to return Croydon to financial sustainability, with an agreed target to reduce costs to at most the median by 2030. We will want to go further and aim for the lower quartile whilst recognising that the time

frames for this may be longer term. The Financial Strategy was agreed by Cabinet in July and is supported by Commissioners.

The Council has delivered a £27.3m underspend in 2025/26, in line with the requirements of the Stabilisation Plan. This has reduced our reliance on Exceptional Financial Support (EFS) and represents an important step towards our longer-term objective of restoring financial sustainability.

Whilst we recognise that this outcome was driven in many respects by challenging growth funding allocations that proved to be higher than required, we have reflected on this during the current budget-setting process. As a result, we are taking steps to ensure that future budgets are based on more robust and realistic assumptions, strengthening financial planning and supporting a more sustainable financial position over the medium term.

The Council has worked hard to provide a clear framework and direction to lay the foundations for change in delivery and our approach to financial management and savings. I recognise that it is too early to evidence extensive delivery at this stage. I hope to provide assurance that the Council is both determined and doing all it can to reduce its reliance on EFS through the creation of these realistic and robust delivery plans.

I acknowledge the concerns that Commissioners have expressed in the delivery of our savings plan. I trust that having a renewed financial strategy in place, as well as putting in place a robust Improvement Plan over the coming weeks will mitigate such concerns.

When I wrote in January, I was clear that the Council needed to maintain a relentless focus on getting the fundamentals right by strengthening governance, improving financial management and embedding accountability across the organisation. Progress in these areas has been impacted by factors, including the election period and the Council's transition away from its previous transformation approach. Whilst this may have affected the pace of delivery, I remain clear that meaningful and sustainable change is needed and will be achieved.

In my previous report I was clear about the need to reduce our reliance on transformation as the principal route to financial sustainability. The programme was of a complexity and scale that required us to refocus our efforts and prioritise where we could achieve a speedier return on investment. In effect the programme created too much reliance on a single ‘one and done’ transformation programme to deliver the savings required. I committed to review the programme, which I have now done.

Through our new Financial Strategy, we have scaled back the central transformation programme and are shifting to a focus on continuous service improvement. We now need to ensure that we communicate a narrative to staff across the Council for this next stage. This is a key priority for the me, my Cabinet and the Corporate

Management Team (CMT). The work on our updated narrative has begun with staff and member engagement planned through the coming weeks.

We have learnt important lessons from our experience over the last six to nine months. In particular the need to ensure that ownership of delivery sits in the right place, that there is wider engagement in developing delivery plans and that overall performance management needs strengthening. Reporting needs to be simple and timely, led and brought together under the new small, focused CPMO.

I wish to thank Elaine Jackson, who stood up as Acting Chief Executive in October 2025 and has now left the Council, for her efforts in adopting those lessons learnt and commencing changes at the Council, including greater responsibility taken by the Corporate Directors and the new Financial Strategy.

Learning these lessons, however, does not mean making new mistakes. Corporate oversight and grip is integral to our improvement journey. Our Croydon Improvement Plan, which we are discussing with Commissioners at the Recovery Board in September, will be delivered by establishing a governance framework and ways of working where CMT have ownership of the plan.

Any changes to budget or resource requirements, arising from ongoing monitoring of progress of the Croydon Improvement Plan, will need to be agreed by a new Change and Improvement Board chaired by the Chief Executive. The plan will align financial, performance and improvement management and reporting. The intention is that this will be reported monthly to Commissioners through the Recovery Board.

Although responsibility for delivery now sits with Directorates this does not shift the central premise that the Corporate Management Team team own and will jointly deliver how we together achieve financial sustainability and reduce our reliance on EFS. The Croydon Improvement Plan will set out the detail of the governance to ensure my senior leadership follow through on delivery.

I have appointed a Cabinet with a clear focus on performance and delivery and more recently introduced stronger mechanisms for accountability, including a revised Finance Mayor's Advisory Board (MAB).

The most recent meetings focused on delivery of in year budgeting to ensure that the Council remains on track to come in on budget or better at year end. This included cross-council impacts of savings on performance, risk and delivery. As we move forward, Finance MAB will also undertake regular deep dives into budgets, as well as savings risks and mitigations.

I have also strengthened senior leadership through the appointment of Conrad Hall as permanent Corporate Director of Resources and Section 151 Officer. Conrad has played a pivotal role in bringing financial stability across the organisation, working with Commissioners, and steering agreement of our Financial Strategy 2027/30.

In June, I commenced recruitment for a permanent Chief Executive, with the successful candidate to be in place in the new year. In the interim, I have appointed Mike Jackson to provide experienced leadership and support as we continue to drive improvement across the organisation. Mike brings extensive experience of local government leadership. He will work closely with the Cabinet, CMT and senior officers to continue driving the change of pace, culture, focus and discipline required to improve services and strengthen financial sustainability.

As highlighted earlier, a CPMO is being established to provide corporate assurance, monitoring and performance oversight across the organisation. This will ensure we track progress of savings and improvement plans through Directorate management teams. Savings delivery will be reported through financial business partners and into Finance MAB. Similarly, performance reporting will continue through Directorate management teams and brought together through the CPMO and upward to CMT, Change and Improvement Board, MAB and ultimately Cabinet.

My priority is to ensure that the foundations of the organisation are built for sustainable and meaningful change. This includes the development of an organisational culture that supports this.

Changing culture takes time, but as part of our renewed drive, our new interim Chief Executive and CMT will be implementing much more proactive use of internal communications and the management cascade to improve engagement and ownership of the challenges facing the Council.

Clear and consistent attention to good management process and practise is the best way to drive culture change in a large complex council like Croydon. We will be discussing ongoing progress with Commissioners through the Recovery Board and Croydon Improvement Plan governance.

My Business Plan 2026/30, agreed by Cabinet in June, sets out the priorities that will guide the next phase of our improvement journey. The plan reflects the commitments upon which I was re-elected and provides a clear focus on responsible financial management, effective public services, prouder Croydon communities and visible improvements for residents. A delivery plan, setting out the strategic measures and milestones that will be delivered over the full four-year term will be presented to Cabinet in October, alongside the Medium-Term Financial Strategy (MTFS).

The focus remains on reducing demand and cost across those services facing most demand and cost pressure, whilst raising income where it is reasonable to do so and achieving ongoing efficiency savings. However, this will not just be about reducing cost and being more efficient. It is also about delivering better outcomes and impacts for our residents and businesses. To enable this, the Croydon Improvement Plan will align performance, programme and improvement management with the tracking of demand and costs.

The Financial Strategy was developed through a series of meetings involving Members, officers and Commissioners. These sessions challenged historic assumptions, particularly around expenditure and growth, and have strengthened our approach to financial planning by identifying further savings particularly where benchmarks show we are high cost.

When we agreed our Financial Strategy, we were clear that the levels of debt remain high. Since 2019/20 Croydon has relied on £526m of ‘capitalisation directions’, funded by additional borrowing of £361m and asset disposals of £165m. Based on the budget agreed in February 2026 the aggregate of capitalisation directions is forecast to reach around £900m by 2030.

Current debt includes £1.1bn of debt which is not backed by assets and so is described as ‘overhanging’ debt - it was either incurred in pursuit of unsuccessful commercial ventures (£545m) or to fund the EFS that was a consequence of those (£526m to date). Without that 'overhanging’ debt the absolute level would be more typical of, or lower than, other London boroughs. It is difficult to see a route out of the EFS programme over the medium-term that does not include some form of Government intervention.

The significant increase in demand for Education, Health and Care Plans (EHCPs) is a priority focus. In 2025/26 provisional outturn expenditure for the High Needs Block was £119.4m against a budget of £86.7m, an overspend of £32.7m, the highest reported overspend across London. The initial forecast overspend in 2026/27 is approximately £45m. This is simply unaffordable to the Council, especially as the rate of growth in EHCPs amongst Croydon’s children is above comparator groups.

We have established a Board chaired by the Chief Executive and supported by the LGA, to better understand these costs and provide strategic leadership, oversight, challenge and assurance in relation to the Council's Special Educational Needs and Disabilities (SEND) responsibilities. It will consider the delivery of the SEND Improvement Programme, and the financial sustainability of the Dedicated Schools Grant (DSG) High Needs Block.

For other high spend areas, there are Directorate assurance arrangements in place through Directorate Management Teams. The effectiveness of these arrangements will be kept under review by the Change and Improvement Board as part of delivery of the Croydon Improvement Plan.

Croydon remains one of the highest-demand local authorities in both London and England for homelessness. We know the Council needs to do more in taking preventative measures and managing this demand. We have made some progress already, and there is further to go.

In 2025, Croydon saw the largest reduction (373) in the number of households in Temporary Accommodation (TA) of any London borough. This demonstrates evidence of political leadership and effective officer delivery. We know there is more to do – not

least as in the current year Croydon has experienced a slight increase in numbers in TA. To that end, a new TA strategy will be agreed by Cabinet in September. A Task and Finish Group has been set up to provide strategic oversight of TA expenditure management.

Delivery of 2026/27 savings and our 2027/28 budget setting will be one that continues to demonstrate shared leadership and intent to drive down costs and improve outcomes. This will be owned and achieved through Directorate-led delivery plans, constantly tested and challenged by Cabinet Members and CMT through strong corporate oversight, monitoring and assurance as described earlier in this progress letter.

My immediate focus is on delivering the 2026/27 savings programme, including mitigation where these may go off track (for example as identified through the Finance MAB) and implementing the refreshed Financial Strategy.

The Council's 2026/27 budget is a transitional budget, creating the conditions for longer term sustainability. Savings are supported by Directorate-led delivery plans, whilst our revised Financial Strategy 2027/30 incorporates lower growth assumptions, removes historic budgeted underspends where appropriate and identifies further opportunities for savings.

The Council's new financial monitoring arrangements have identified early forecast in-year pressures within some service areas. Corrective action is already underway, and Directorates will manage these pressures within existing resources. Mitigations will also be brought forward where savings cannot be brought back on track. As a result of this corrective action, we anticipate remaining on budget for 2026/27. Commissioners are interested to see more of the management action we are taking, and we are pleased to facilitate that.

I have been clear that difficult decisions cannot be avoided if we are to place the Council on a more sustainable financial footing. Residents will be able to see the full range of options considered through the budget setting process, including proposals that are not ultimately taken forward. These will be set out in the 2027/28 budget setting report that is presented to Cabinet on 14th October.

The delivery of the Mayor's Business Plan, budget and financial strategy will be closely aligned, ensuring that our resources, performance priorities, risks and improvement activity are all focused on achieving the same objective - building a financially sustainable Council that delivers better outcomes for residents.

In concluding, I would like to take this opportunity to thank our hard-working staff who continue to drive change within the Council and share my passion for doing the best they possibly can for our residents and businesses.

Croydon is a borough with great strengths, resilient communities and substantial opportunities for growth. My aspiration is simple, I want residents to feel proud of

where they live and confident about the future of Croydon. I remain determined to secure a sustainable financial future for the Council and deliver the best possible outcomes for our residents.

I would also like to express my thanks to the Commissioners for their continued support and constructive engagement. I look forward to continuing to work closely with them and welcome their challenge, observations and insight as we take forward the next stage of our improvement journey.

I look forward to receiving your response and continuing our work to move forward in securing a sustainable financial future for the Council and delivering the best possible outcomes for our residents.

Yours sincerely



Mayor Jason Perry

Executive Mayor of Croydon