

# LONDON BOROUGH OF CROYDON

<b>TITLE:</b>	2025-26 Period 8 Financial Performance Summary	
<b>DATE:</b>	4 February 2026	
<b>CORPORATE DIRECTOR:</b>	Conrad Hall Corporate Director of Resources (Section 151 Officer)	
<b>LEAD OFFICER:</b>	Allister Bannin, Director of Finance (Deputy S151)	
<b>LEAD MEMBER:</b>	Cllr Jason Cummings, Cabinet Member for Finance	
<b>SUMMARY FOR:</b>	Noting	
<b>KEY DECISION?</b>	No	
<b>CONTAINS EXEMPT INFORMATION?</b>	No	Public Grounds for the exemption: N/A
<b>WARDS AFFECTED:</b>	All	

## 1 EXECUTIVE SUMMARY

- 1.1 The Period 8 (November 2025) financial performance for General Fund revenue shows a forecast underspend of £25.7m against the 2025-26 budget. This is an improvement of £1.3m since Period 7.
- 1.2 The Council is forecast at Period 8 to achieve £26.3m of the Stabilisation Plan target in addition to £21.8m of the Medium Term Financial Strategy (MTFS) savings. A forecast total of £48.1m cost efficiencies and income generation.
- 1.3 MTFS savings are forecast to achieve £21.8m (86.7%) against the total savings target of £25.1m. There is no change in forecast savings achievement since Period 7.
- 1.4 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 8 to underspend at financial year end by £25.7m, contributing to the target as required by the Stabilisation Plan. This would reduce the necessary level of capitalisation directions from £136m to £110.3m.

**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** The Council continues to operate Spend Control Panels, and tightened the criteria from July 2024, to ensure that stringent financial control and assurance oversight are maintained.
- 3.7** Current forecasts are based on the best available information at the time and will be subject to review and change during the financial year.
- 3.8** 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.
- 3.9** A financial assurance process and independent challenge of expenditure and income takes place on a monthly basis. This is in addition to Executive Mayor, Cabinet and Scrutiny & Overview Committee reviews. The assurance meetings provide the Corporate Director of Resources (Section 151 Officer) with an opportunity to scrutinise and challenge the forecast outturn, review risks and opportunities, and ensure that savings are delivered and income targets are met. The meetings ensure the Council is doing all it can at a local level to reduce costs, deliver savings, manage in-year demand and deliver the balanced budget.

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

Directorate	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)	Prior Month Forecast Variance (£m)	Change in Forecast Variance (£m)
Adult Social Care and Health	191.4	133.2	187.4	(4.0)	(4.0)	-
Assistant Chief Executive	22.7	32.7	20.5	(2.2)	(1.2)	(1.0)
Children, Young People and Education	161.6	91.0	162.1	0.5	0.5	-
Housing	55.4	23.7	52.3	(3.1)	(3.1)	-
Resources (note 1)	20.1	110.2	19.4	(0.7)	(0.4)	(0.3)
Sustainable Communities, Regeneration & Economic Recovery	76.7	29.5	76.1	(0.6)	(0.6)	-
<b>Subtotal Service Directorates</b>	<b>527.9</b>	<b>420.3</b>	<b>517.8</b>	<b>(10.1)</b>	<b>(8.8)</b>	<b>(1.3)</b>
Corporate Items and Funding	(152.1)	(38.9)	(167.7)	(15.6)	(15.6)	-
<b>Total Net Expenditure</b>	<b>375.8</b>	<b>381.4</b>	<b>350.1</b>	<b>(25.7)</b>	<b>(24.4)</b>	<b>(1.3)</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.*

**3.10** The forecast variance changes since the Period 7 Financial Performance Summary are:

- Assistant Chief Executive - £1.0m favourable movement owing to an underspend in the Croydon Technology Services division. It had been previously forecast that a revenue earmarked reserve would need to be set up in 2025-26 to fund future year Information Management costs. This will no longer be the case and existing revenue budget in future years will fund the Information Management work (£0.1m in 2026-27 and £0.3m in subsequent years); and
- Resources - £0.2m favourable movement owing to further periods of staffing vacancy held in the Payments, Revenue, Benefits and Debt service area in advance of the new target operating model; and £0.1m favourable movement in the Property, Procurement and Capital division owing to capitalisation of property sub-metering infrastructure project costs.

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

Ringfenced Service Area	Net Budget (£m)	Actuals to Date (£m)	Forecast (£m)	Forecast Variance (£m)	Prior Month Forecast Variance (£m)	Change in Forecast Variance (£m)
Housing Revenue Account (HRA) (note 1)	-	(28.6)	-	-	-	-
Public Health Grant (note 2)	-	(14.0)	-	-	-	-
Dedicated Schools Grant (DSG) High Needs Education Services (note 3)	87.0	83.6	101.0	14.0	14.0	-
DSG Early Years Block	72.5	47.8	72.5	-	-	-

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

*Note 3: The actuals to date are high in the DSG High Needs area owing to grant income yet to be allocated to cost centres.*

**3.11** There are no forecast variance changes for the ringfenced service areas since the Period 7 Financial Performance Summary. However, the Chartered Institute of Public Finance and Accountancy (CIPFA) has been commissioned to review the Special Educational Needs and Disabilities (SEND) placements recording, payments and forecasting within the Dedicated Schools Grant (DSG). This work may result in further changes to the overspend in the 2024-25 annual accounts and the forecast overspend for 2025-26. The report is currently being finalised and this will include recommendations that the Council will implement to improve activity and financial recording, payments processes and budget monitoring.

### **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 7 is:

- £1.3m improvement in the “In year savings overachievement, cost reductions and income generation” action through the net improvement in directorate forecasts detailed in paragraph 3.10.

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	3.100	Amber
<i>General Needs allocation to TA</i>	<i>Housing</i>	<i>2.100</i>		
<i>Reduce TA placements from 25% to 20% of presentations</i>	<i>Housing</i>	<i>1.200</i>		
<i>Accelerate House Buying Process for homeless families</i>	<i>Housing</i>	<i>0.350</i>		
<i>Introduce more Out of Borough private sector placements</i>	<i>Housing</i>	<i>0.290</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	3.400	On Track
<i>Forecast underspend above ALI programme</i>	<i>ASCH</i>		<i>3.600</i>	
<i>Forecast underspend above Access Croydon</i>	<i>ACE</i>		<i>2.100</i>	
<i>Forecast underspend</i>	<i>CYPE</i>		<i>(0.500)</i>	
<i>Forecast underspend above BWH floor maximisation</i>	<i>Resources</i>		<i>0.700</i>	
<i>Forecast underspend above parking income</i>	<i>SCRER</i>		<i>(0.400)</i>	
<i>Forecast underspend above inflation &amp; risk budgets</i>	<i>Corporate</i>		<i>(2.100)</i>	
Increased parking income	SCRER	1.000	1.000	On Track
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>26.276</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.*

## **4. IMPLICATIONS**

### **4.1 FINANCIAL IMPLICATIONS**

- 4.1.1** Finance comments have been provided throughout this summary.
- 4.1.2** The Council continues to operate with 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** In the exercise of its functions, including taking actions to mitigate budget pressures, the Council is required to have due regard to the need to: eliminate discrimination, harassment, victimisation or other prohibited conduct, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who do not (Section 149 of the Equality Act 2010). Furthermore, depending on the functions to which the proposed mitigations apply and the nature of those mitigations, there may be specific additional statutory duties including, by way of example, Childcare Act 2006 s 5A as regards the provision of Children's centres, such that specific legal advice regarding proposed mitigation measures may be required. The Council also owes specific employment related duties to its employees who may be impacted by the proposals as summarised in section 4.3 below.

**4.2.4** In addition, the Council is required by section 151 of the Local Government Act 1972 to make arrangements for the proper administration of its financial affairs. The Council's Chief Finance Officer has established financial procedures to ensure the Council's proper financial administration. These include procedures for budgetary control. It is consistent with these arrangements for Cabinet to receive information about the current situation regarding the General Fund and the position relating to the Housing Revenue Account as set out in this summary. Section 114 of the Local Government Finance Act 1988 requires the Council's Finance Officer to report if there is or is likely to be unlawful expenditure or an unbalanced budget.

**4.2.5** The operation of the Housing Revenue Account (HRA) is governed by Schedule 4 of the Local Government and Housing Act 1989 (the 1989 Act). Section 76 of the 1989 Act requires the Council to prevent debit balances on the HRA. Where a debit balance occurs, the Council must take appropriate action to maintain a balanced budget.

**4.2.6** The monitoring of financial information is also a significant contributor to meeting the Council's Best Value legal duty. The Council as a best value authority "must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness" (Section 3 Local Government Act 1999, "the 1999 Act"). The Best Value Duty applies to all functions of the Council including to deliver a balanced budget, providing statutory services such as adult social care and children's services and securing value for money in all spending decisions.

**4.2.7** The Council is the subject of Directions from the Secretary of State issued under the 1999 Act (dated 17th July 2025) 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 Kiri Bailey, Head of Commercial Property and Litigation Law and Deputy Monitoring Officer on behalf of Stephen Lawrence-Orumwense, Director of Legal Services and Monitoring Officer, 12.01.26.

#### **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.