

January 2026

# **London Borough of Croydon**

## **Report on delivery of Stabilisation Plan and Transformation Programme**

## **1 Executive Summary**

- 1.1 On 17<sup>th</sup> July 2025, the Secretary of State for Housing, Communities and Local Government issued Directions appointing Commissioners to provide advice and support to the Council, and to seek assurance that the Council could strengthen and accelerate its savings programme through delivery of its Stabilisation Plan and Transformation Programme. This report provides the first six-month progress update against those Directions.
- 1.2 The Council recognises the significant challenge it continues to face and accepts that it can and must do more to improve its financial position and reduce reliance on Exceptional Financial Support.
- 1.3 To move towards financial sustainability the Council must lower its operating costs. A refreshed financial strategy is being developed to identify opportunities to do this through business-as-usual efficiencies and already identified transformation opportunities. The Council has been working assiduously with the Commissioners to review, reshape and further improve all aspects of its financial management, accountability and delivery.
- 1.4 Since 2021/22, the Council has delivered £167m in savings and £210m in capital receipts. The Council's savings target for 2025/26 was £52.4m and to date the Council has delivered £48.1m (91.80%). This includes the Stabilisation Plan savings of £27.3m, of which £26.3m has been delivered, with the Council forecasting to deliver the full £27.3m by April 2026. In addition, the Council has delivered to date £21.8m of the £25.1m business as usual savings target.
- 1.5 The Council acknowledges that there have been delays in delivery of the Transformation Programme. The Council has welcomed the input from Commissioners and action is underway to reset and deliver on the required revision to its existing plans and programme. The Council intends to streamline governance and prioritise investments in the projects that deliver the greatest returns and impact for residents.
- 1.6 The Council also recognises that it must go further to identify additional efficiency savings, ensure existing savings targets are delivered and review expenditure on growth, the capital programme and debt charges. There is recognition that financial accountability and stewardship must devolve more from the corporate centre to directorates to ensure savings targets are met and foster greater and wider responsibility for financial prudence.
- 1.7 Alongside its focus on financial recovery and transformation delivery, the Council has reviewed its Best Value self-assessment and identified areas for focussed improvement.
- 1.8 There have been some changes within the Council's senior leadership team. The Executive Mayor, with the Commissioners, has made appointments, including an interim Chief Executive from within the Croydon

Corporate Management Team, who is focused on resetting and sharpening the Council's focus to deliver at pace, and a Section 151 Officer through the secondment of an experienced officer from another London Borough. The senior leadership team has a number of interim staff equating to 25%. The Council will begin the permanent recruitment process in April to appoint following the May 2026 local elections.

- 1.9 The Council's Scrutiny and Overview Committee and Audit and Governance Committee continue to provide challenge and assurance on both the Stabilisation Plan and Transformation Programme, supported by regular financial and performance reporting.

## **2 Directions to the Council**

- 2.1 On 17 July 2025, the Minister for Local Government confirmed in a Written Ministerial Statement to Parliament that the then Secretary of State had appointed Commissioners to Croydon Council.

- 2.2 As part of the appointment of Commissioners, the Minister set out Directions to the Council, including.

- To continue to develop and implement the London Borough of Croydon Stabilisation Plan and Transformation programme to the satisfaction of Commissioners. To implement the following components:
  - a) To continue to address the culture of financial management at the Authority that remains poor in key respects.
  - b) To continue to restore public trust and confidence in the Authority by transforming the Authority's activities and practices, to ensure that they are compatible with the Best Value Duty.
  - c) To secure as soon as practicable that all the Authority's functions are exercised in conformity with the Best Value Duty thereby delivering improvements in services and outcomes for the people of Croydon.
- To report to the Secretary of State on the delivery of the London Borough of Croydon's Stabilisation Plan and Transformation Programme after a six-month period, with a second report before summer 2026, or at such intervals as Commissioners may direct and adopt any recommendations from Commissioners with respect to the London Borough of Croydon Stabilisation Plan and Transformation Programme and their implementation.

## **3 Financial Management and Savings**

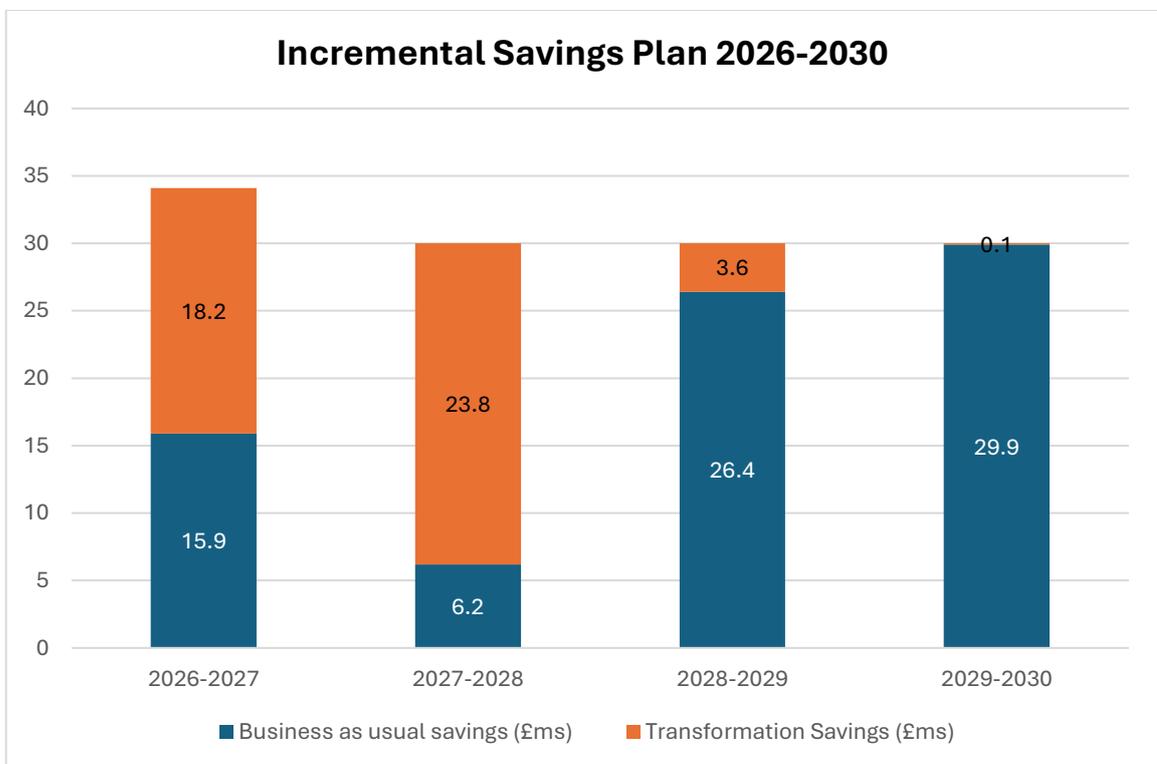
- 3.1 In February 2025, the Council developed a Stabilisation Plan following a meeting with Minister McMahon, the Executive Mayor of Croydon and the Improvement and Assurance Panel on 27 January 2025.

- 3.2 The Stabilisation Plan set out immediate actions to further manage demand, reduce costs and improve the financial position. It identified £27.3m of additional savings to be delivered during the financial year 2025/26.
- 3.3 The Council has currently delivered £26.3m of the Stabilisation Plan target and will deliver in full £27.3m of savings by April 2026.
- 3.4 As part of this work, the Council has delivered on several actions including:
- Identified £529,000 for maximised use of Disabled Facilities Grant that is currently being funded through the general fund.
  - Reshaped Access Croydon, the Council's front door.
  - Progressed on work to reduce the percentage of placements into temporary accommodation and introduction of more provision of out-of-borough private sector placements as well as the implementation of a lettings plan allocating 80% of social housing homes to homeless families.
  - Precious House children's home is ready for occupation and awaiting Ofsted registration.
- 3.5 In addition to the savings delivered as part of the Council's Stabilisation Plan, it has also delivered to date £21.8m business as usual savings. In total the Council has delivered £48.1m (91.80%) savings for 2025/26.

<b>Savings (2025/26)</b>	<b>Planned Savings</b>	<b>Delivered Savings (as of January 2026)</b>
Business as usual	£25.1m	£21.8m (86.90%)
Stabilisation Plan	£27.3m	£26.3m (96.30%)
<b>Total</b>	<b>£52.4m</b>	<b>£48.1m (91.80%)</b>

- 3.6 The delivery of the Council's savings, including those that form the Stabilisation Plan, are reported in the Council's monthly financial performance monitoring reports and quarterly Cabinet reports. The Stabilisation Plan was also considered by the Council's Audit and Governance Committee in June 2025.
- 3.7 In agreement with the Commissioners, the Council will consider the Stabilisation Plan complete once the savings outlined have been delivered by the end of the current financial year.
- 3.8 **Financial Strategy**
- 3.8.1 The Council welcomes being a beneficiary of MHCLG's local government funding review, with additional funding to be provided to the Council by the government of circa £60m annually from 2028-29. These increases are phased roughly evenly over the 3-year period to get to the final amount. The Council has written to the Department in response to the recent consultation regarding the provisional financial settlement and it trusts its representation will be considered.

- 3.8.2 The impact of the additional funding has been to reduce the budget gaps faced by the Council compared to the figures quoted in November 2025 in the Medium Term Financial Strategy Update report. The Council will share its budget report with the Department once it is finalised.
- 3.8.3 Whilst the additional funding is very much welcomed, the Council recognises that this and transformation alone will not deliver the level of savings required to close these budget gaps and meet financial sustainability.
- 3.8.4 Whilst the immediate focus for the Council is on setting the 2026/27 budget, following this the Council will review its financial strategy further to identify additional efficiency savings, ensure existing savings targets are delivered and review expenditure on growth, the capital programme and debt charges. This will be completed by May 2026.
- 3.8.5 The Council must also strengthen its understanding of the drivers of demand and cost across services and ensure that resources are aligned to priorities and affordability over the medium and long term.
- 3.8.6 As part of its additional savings working group, chaired by the Council's S151 officer, the Council has identified further efficiency savings of £1.4m in 2026/2027.
- 3.8.7 The revised financial forecast identifies proposed savings of £34.1m for 2026-27 and then £30m each year for 2027-28, 2028-29 and 2029-30.



- 3.8.8 The Council's review of its financial strategy will mark an important reset moment, setting out its commitment to affordability and sustainability.
- 3.8.9 The Council recognises further work is required to embed a consistent One Council, cost-conscious leadership culture. This includes ensuring that accountability for performance, financial management and delivery is fully embedded at senior leadership level, and that all services take ownership of delivering economy and efficiency alongside effective service outcomes. Strengthening financial management capability, stewardship and accountability across all budget holders remains a priority.
- 3.8.10 Workforce and capacity challenges continue to present risks to leadership sustainability. The Council recognises that it has a number of interims occupying senior roles and it is committed to beginning permanent recruitment for these in April, to appoint following the May 2026 elections.

#### **4 The Future Croydon Transformation Programme**

- 4.1 The Mayor's Business Plan identified the need for whole Council transformation to address systemic challenges and secure lasting change in services for residents. In response, the Council developed a Council-wide transformation programme to support long-term financial sustainability and continuous improvement.
- 4.2 In March 2024, the Council adopted Future Croydon, a five-year transformation plan (2024–29) designed to change how the organisation operates, how services are delivered, and how the Council manages resources. The programme aims to reduce the operating costs whilst modernising services so that they are accessible, efficient and delivered in a way that meets residents' needs.
- 4.3 Future Croydon is structured around three strategic themes: our Council, our residents and our place. Implementing the Council's transformation programme aims to bring a range of positive impacts on residents, staff and partners across Croydon. These are set out below.
- For all residents of Croydon, the transformation aims to result in easier access to information, quicker responses to enquiries, more contact options by providing flexible digital and in-person services
  - For residents receiving direct support from the Council, the transformation intends to provide better targeted early interventions, more streamlined and joined up services (e.g., single payment plans). Working closely with voluntary, community and faith partners the Council will commission services that can be delivered more cost effectively by local organisations
  - For staff, the transformation aims to streamline decision-making. Frontline teams will benefit from better access to accurate resident information, enabling faster and more personalised support. Collaboration across directorates will be strengthened, fostering a "One Council" approach.

4.4 The Transformation Programme aims to reduce the cost of services by £54.8m per year by 2028/29. Delivery of the programme requires planned investment of £50.1m, which is being managed within the Council's agreed financial framework.

4.5 ***Delivery to date***

4.5.1 Since January 2025, the Council has maintained delivery of several key transformation programmes. The Adults Living Independently programme continues to progress as planned and remains on track to deliver savings of £4m in 2025/26. In Children's Services, transformation activity has also continued, with anticipated savings of approximately £3m realised and work is underway to transition to a new strategic partner.

4.5.2 The Council approved its new Target Operating Model (TOM) in February 2025, including the associated investment requirements, and has put in place external support to facilitate mobilisation. Although mobilisation has been slower than originally scheduled, this is attributable to the organisation's need to prioritise the delivery of £27.3m of in-year savings under the Stabilisation Plan, which has placed material constraints on organisational capacity.

4.5.3 As a result, the overall delivery of the Transformation Programme has been delayed by nine months.

4.5.4 The Council, in close collaboration with Commissioners, is actively revising its plans and programmes. This work includes developing delivery plans, streamlining governance arrangements, and prioritising investment in projects that deliver the greatest impact to support a sensible phased approach.

4.5.5 The Council has refocused transformation priorities to increase pace of delivery on projects which will deliver the greatest savings impact. These are set out below:

- Service transformation through the Adults Living Independently (ALI) programme, to generate estimated savings of £15m annually by 2028-29.
- Service transformation through the Helping Families Thrive programme to deliver £12.7m in savings over three years.
- A complex and lengthy workforce transformation which aims to significantly reduce the workforce headcount, simplify decision making and ensure that services are organised around resident need.
- To streamline the process on homelessness applications, improve void management, accelerate property acquisitions and strategic use of housing stock.
- Driving savings through comprehensive contract and procurement reviews.
- Improve debt recovery and income collection through a Council-wide payments platform.
- Use of Artificial Intelligence to enable residents to self-serve and drive Council productivity.
- Better management of complaints to improve resident satisfaction.

4.5.6 The Council is developing detailed delivery plans with clear financial milestones to deliver these refocused priorities.

4.5.7 Despite delays, the Council has continued with key parts of its Transformation Programme and achievements to date are set out below:

<b>Adults Living Independently (ALI) programme:</b>	This service transformation has helped more residents remain safely in their own homes through smarter commissioning and targeting interventions. This approach has reduced reliance on residential care placements, generating estimated savings of £15m annually by 2028-29, while improving the quality of life for vulnerable adults. The investment cost to deliver this project has been £9.7m and £4m of savings is on track to be delivered in 2025-26.
<b>Children, Young People and Education:</b>	The service has reduced the overall number of children looked after, reduced the number of children placed in unregistered placements, reduced the use of residential care and reduced the number of placements over £3k a week. There have been 61 transitions in staff members from agency to permanent, ensuring an overall reduction in the use of agency across Children's social care by 7% since 2024. The current programme is on track to deliver £3.1m of savings in 2025-26 with £12.7m to be achieved by 2028-29.
<b>Payments Project:</b>	This Council wide programme is strengthening debt recovery and income collection through targeted improvements to reporting, billing alignment, and payment automation, alongside a refresh of Direct Debit capability and the delivery of a single view of debt. Benefits are being realised through early tactical interventions while key technology solutions are built and proven, including improved identification of Temporary Accommodation arrears risk, increased Direct Debit uptake across services, and enhanced enforcement and collections activity. The programme is forecast to deliver £14.3m of savings over four years, representing a £3.6m overachievement against budget, with £1.788m forecast in 2025-26, primarily driven by Revs and Bens collection uplifts, and £3.527m in 2026-27, enabled by increased Direct Debit adoption in Adult Social Care and automated collections for Temporary Accommodation. The investment cost to deliver this project is £3.8m.
<b>AI Assistant:</b>	A pilot version of 'Ask Croydon Council' (AI assistant) has been live on the council tax and environmental pages for six months and has successfully resolved 7000 queries. Wave 2 has gone live on Monday 10 November across the entire website, as part of the Council's journey to a digitally enabled Council; helping to channel shift to digital for Croydon residents. In addition to delivering immediate responses to residents' questions, this work lays the

	foundations for the Council to move to a unified front door solution which reduces the residents' entry points from 2000 (email/telephone entry points) to a single point of access. The financial benefits of this work will deliver £0.8m in 2026-27 rising to £3.4m by 2028-29. The investment cost to deliver this project is £1.1m.
<b>Oracle Improvements:</b>	The Council has successfully implemented a series of enhancements to the Oracle platform, including new AI capabilities, to strengthen its use across Finance, HR, and Procurement. This programme is now delivering £0.8m in annual financial benefits, with further efficiencies expected as the Council continues to optimise business processes through the platform. These improvements will enable: stronger establishment control, better compliance with procurement and expenses policies, enhanced performance management and appraisal processes, strengthened revenue and capital financial management, more efficient income collection and a modernised approach to candidate sourcing, reducing reliance on external agencies. The total investment required to deliver this solution was £7.8m, and the foundations are now in place for ongoing efficiency gains across the organisation.
<b>Transcription:</b>	The Council has piloted a single tool in adult and children's social care and are planning a cross-Council deployment from March 2026, delivering service productivity benefits. Transcription is one of a suite of tools that will be rolled out as part of the Digital Operating Model. The minimum financial benefits for transcription are expected to be £1.6m pa in 2026-27, rising to £2.6m pa by 2027-28. The investment cost to deliver this project is £1.4m.

#### 4.6 **Further actions**

- 4.6.1 In addition to its refocused priorities, the Council has identified further actions which will enable and strengthen the delivery of the Transformation Programme.
- 4.6.2 Further work is required to be undertaken within services which are set out below.
- **Housing:** Work is focused on preparing for a housing inspection including continuing improvements in landlord services. Further work needs to be undertaken to manage the temporary accommodation pressures. The directorate is developing a Housing Transformation Programme.
  - **Sustainable Communities, Regeneration and Economic Recovery:** The Council will develop plans to deliver savings, improve services, and generate income, while continuing to drive town centre regeneration for economic benefit.

4.6.3 The Council aims to strengthen ownership of programmes and savings through the following areas:

- Savings targets will have clear ownership and regular reporting to monitor progress.
- The Council aims to embed its benefits realisation framework to define and track delivery of plans and ensure clear accountability for outcomes.
- The Council intends to clarify the role of digital tools in achieving savings and recognises there is further work required in this area.
- Enabling functions such as HR and Procurement are being reviewed to identify resource gaps that exist.

4.6.4 The Council intends to build on its previous work to deepen organisational engagement by:

- Developing a change management plan to prepare staff for changing the way they work, particularly in the adoption of new digital tools.
- Creating a clear narrative (golden thread) that explains:
  - a) Why transformation is necessary
  - b) The impact on staff and services
  - c) The role individuals and teams play in success

4.6.5 The Council aims to embed evidence-based planning by:

- Systematically using benchmarking and performance data to establish baselines and set realistic improvement targets.
- Developing clear metrics and build on existing dashboards to monitor progress and enable data-driven decision-making.

4.7.6 The Council will report on its progress against delivery of these actions in its next report.

#### 4.7 **Governance**

4.7.1 The Council has also recently adopted a new streamlined governance arrangement to support delivery of the programme. Four delivery groups have been established, with progress and risks overseen through the weekly Corporate Management meeting which acts as the transformation board. The Council will continue to review how these arrangements and strengthen the approach where required.

4.7.2 The Council's Scrutiny and Overview Committee and Audit and Governance Committee continue to provide challenge and assurance on the Transformation Programme and the Council also report to Cabinet on the delivery of the programme on a six-monthly basis.

### 5 **Risks and Challenges**

5.1 The Council recognises there are significant risks and challenges to the delivery of its revised financial strategy and Transformation Programme.

## 5.2 **Senior Leadership**

- 5.2.1 There have been some significant changes within the Council's senior leadership team over the past year. As a result, 25% of the Council leadership team are interims.
- 5.2.2 Whilst some interim appointments have been strategic decisions linked to the forthcoming elections, this reliance on interims increases fragility in delivery due to instability and lack of continuity.
- 5.2.3 The Council will commence permanent recruitment for these roles in April, to appoint following the Council elections in May 2026.

## 5.3 **Other risks**

- 5.3.1 Compliance remains a challenge in areas such as internal audit, appraisal completion and complaints. Strengthening adherence to these requirements is essential to support organisational resilience and accountability.
- 5.3.2 The cumulative impact of ongoing transformation may overwhelm staff, leading to change fatigue, reduced morale, and decreased receptiveness to further change. This risk requires proactive engagement, clear communication and robust support mechanisms.
- 5.3.3 The 2026 mayoral election may result in shifts in strategic priorities, governance structures or budget allocations.

## 6 **Conclusion**

- 6.1 The scale of the challenge facing the Council remains significant. Foundations to make significant change have been put in place but this needs to be built upon to deliver results.
- 6.2 The Council is continuing to review its financial strategy, embedding financial stewardship across directorates and identifying additional medium-term efficiency savings.
- 6.3 Over the next six months, the Council's priority will be to increase the pace of delivery of a smaller number of priorities that provide greater return on investment. This will involve significantly increasing the ownership of the work and strengthening accountability for delivery across the leadership team. This will be done by improving performance and financial management. Enabling services and change management capacity and capability will need to be developed to support this.
- 6.4 The Council will continue to work constructively with Commissioners and the Department to agree and implement a focused action plan, with progress subject to regular monitoring. This action plan will include areas for focussed improvement identified from the Council's Best Value self-assessment.

- 6.5 The Council remains fully committed to working with Commissioners and the Department to meet the requirements set out in the Directions. Building on the progress achieved to date, Croydon aims to deliver sustainable improvements in services and outcomes for residents, while improving financial stability and public confidence.