Ministry of Housing, Communities & Local Government

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By Email

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Dear Commissioners,

Thank you very much for your progress report of 9 October. I am writing to inform you that I have today published your second report alongside the progress letter from the Mayor of Croydon, together with my response. I would like to thank you for your continued work and support to the London Borough of Croydon.

Your report is clear that you have maintained a constructive working relationship with the Council, and I am pleased that there is recognition of a need to deliver savings, improve services and make difficult decisions to secure a more sustainable financial footing for the Council. The appropriate foundations must be put in place to give the Council a strong position from which to deliver the necessary improvement. It is essential that the Council can deliver their new proposals, and that they recognise that the priority must be to translate these plans into actionable savings.

It is clear that Croydon's financial position remains extremely challenging. Whilst the Council recognise that their reliance on Exceptional Financial Support to balance their revenue budget is unsustainable, I am concerned that there has not yet been consistent delivery demonstrated to reduce costs at scale and at pace. As you know, this is particularly important given that the Council is funding its Exceptional Financial Support through increased external borrowing, and it is important that the Council considers the wider impact of this on taxpayers and the public purse. It is also important given the diagnosis of the Council's Financial Strategy, that unit costs for many services in Croydon are noticeably higher than most London councils.

A sharp focus is now required on cost reduction and demand management, and I will look to you for assurance on delivery. It will also be important for the Council to assess how far it can reasonably finance any financial support through capital receipts.

I would also welcome your assessment of how far the Council's 2027/28 budget process and any associated changes to the MTFP support the Council's longer-term path to financial sustainability. I will consider your next report in February/March carefully in order to inform my view on the future of the intervention at Croydon.

I thank you again for your continued commitment to the Council and its residents.

Yours sincerely,

Baroness Taylor of Stevenage OBE

Parliamentary Under-Secretary of State for Housing and Local Government