

LONDON BOROUGH OF CROYDON

REPORT:	CABINET	
DATE OF DECISION:	19 November 2025	
REPORT TITLE:	2026-30 Medium Term Financial Strategy Update	
CORPORATE DIRECTOR:	Jane West Corporate Director of Resources (Section 151 Officer)	
LEAD OFFICER:	Jane West Corporate Director of Resources (Section 151 Officer)	
LEAD MEMBER:	Cllr Jason Cummings, Cabinet Member for Finance	
REPORT FOR: (Noting or Decision/Approval):	Decision / Approval	
KEY DECISION? 2925CAB	Yes	Reason: Decision incurs expenditure, or makes savings, of more than £1,000,000 or such smaller sum which the decision-taker considers is significant having regard to the Council's budget for the service or function to which the decision relates; AND Decision significantly impacts on communities living or working in an area comprising two or more wards.
CONTAINS EXEMPT INFORMATION?	No	Public Grounds for the exemption: N/A
WARDS AFFECTED:	All	

1 EXECUTIVE SUMMARY

- 1.1** This report provides an update in relation to the Council's Medium Term Financial Strategy (MTFS) for the General Fund for the four financial years 2026-30 including current assumptions about funding, potential growth pressures and savings plans. Work will continue to refine the modelling over the next three months and a final budget for 2026-27 will be presented to the Executive Mayor and Cabinet in February 2026 and Full Council in February/March 2026.

2 RECOMMENDATIONS

For the reasons set out in the report and its appendices, the Executive Mayor and Cabinet are recommended:

- 2.1** To note the updated financial forecast and medium-term financial strategy assumptions set out in this report.
- 2.2** To note the dialogue with Government, via the team of Commissioners appointed by Government, to find solutions to restore financial and operational sustainability for the Council. This fulfils the requirements of the Statutory Recommendation raised by the External Auditor, Grant Thornton, at Council on 22 October 2025.
- 2.3** To consider the outcome of the review of the Council Tax Support scheme at paragraphs 5.63 to 5.72 of this report.
- 2.4** To approve the recommendation to Full Council that the Council Tax Support scheme is not changed from that agreed by Full Council resolution on 6 March 2024 and endorsed without change by Full Council resolution on 26 February 2025.
- 2.5** To approve the recommendation to Full Council to review the Council Tax Support scheme during 2026-27.
- 2.6** To note the budget timetable set out in Appendix E.
- 2.7** To note Croydon Council's response to the Government's Fair Funding Reform 2.0 consultation, attached as Appendix F.

2 REASONS FOR RECOMMENDATIONS

- 3.1** The Council is obliged to set a balanced budget and Council Tax charge annually in accordance with the Local Government Finance Act 1992.

4 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.
✓	✓	✓	✓	✓

5 BACKGROUND AND DETAILS

The 2026-30 Medium Term Financial Strategy

- 4.1 As detailed in the 2025-26 Budget Report in February 2025, for the four years from 2025-26 to 2028-29, the MTFS had assumed that Exceptional Financial Support of £136m would be needed from Government in 2025-26, rising to £203m by 2028-29, to bridge the estimated annual budget gap. This scale of budget deficit had built up owing to:
- The Council's level of borrowing – discussions have continued with Government since 2022 about the pressures on the MTFS from the level of General Fund borrowing which currently stands at £1.4 billion and which for 2025-26 is budgeted to cost £71m to service.
 - The exceptional demand experienced in the local government sector and increases in inflation during 2024.
 - Following the successful sale of assets between 2021 and 2024 to release capital receipts to offset the cost of the Council's Exceptional Financial Support, it was predicted that there would be insufficient assets coming through for sale from 2025-26 to fully fund future capitalisation directions.
- 4.2 The Council is aiming to reduce its Exceptional Financial Support requirement for 2025-26 by £27.3m to £108.7m by the end of the year through the implementation of the Stabilisation Plan which was approved at Cabinet in June 2025. Further details of the Council's in-year forecast position against the Stabilisation Plan are detailed in the 2025-26 Period 5 Financial Performance Report elsewhere on this Cabinet agenda.
- 4.3 Appendix A sets out the updated MTFS for the period 2026-27 to 2029-30. It is positive that the updated MTFS model reduces the forecast budget deficits for the next three years with an in-year budget deficit of £126m forecast for 2026-27 (previously £153m assumed capitalisation directions and a further budget deficit of £4.1m) which then reduces each year to a gap of £102m for 2028-29 (previously £203m assumed capitalisation directions and a further budget deficit of £1.8m), before rising again to £108m in 2029-30. These updated figures include the estimated extra funding from the Fair Funding Reforms. However, they are before any allowance is made for a request for further Exceptional Financial Support from Government.
- 4.4 The table below shows the movement in estimates for the 2026-27 budget from the MTFS presented to Full Council in February 2025 to the current updated modelling.

Table showing changes to 2026-27 Budget Forecast

	2026-27 Budget Forecast at February 2025	2026-27 Updated Budget Forecast	2026-27 Change in Forecast
	£m	£m	£m
2026-27 Exceptional Financial Support (EFS) estimate at February 2025			153.000
2026-27 Budget gap estimate above EFS at February 2025			4.059
<i>2026-27 Pay inflation</i>	3.900	6.500	
<i>2026-27 Non-pay inflation</i>	10.100	16.500	
<i>2026-27 Adjustment for pay inflation (£3.686m) and non-pay inflation (£9.000m) not required in 2025-26</i>	-	(12.686)	
Total pay and non-pay inflation	14.000	10.314	(3.686)
<i>Growth identified including demand and demographic pressures</i>	20.769	28.253	
<i>Provision for future demand and demographic growth</i>	10.000	-	
Total growth	30.769	28.253	(2.516)
Corporate risk budget	5.000	5.000	-
Economic demand and pressures contingency budget	5.000	5.000	-
<i>Savings identified</i>	(30.253)	(35.904)	
<i>Savings to be identified</i>	(5.000)	-	
Total savings	(35.253)	(35.904)	(0.651)
Borrowing Costs	84.898	84.904	0.006
Total core grant and Business Rates income (includes assumed £17m extra Revenue Support Grant from Fair Funding Reform)	(171.843)	(193.769)	(21.926)
Council Tax income	(286.538)	(289.305)	(2.767)
New EFS forecast requirement			125.518

Further work on the Medium Term Financial Strategy

- 4.5 This report provides an update on the current modelling of the MTFS. However, this continues to show a financially unsustainable position for the Council over the medium term. The Council recognises that, as well as working collaboratively with Government (through its appointed Commissioners) to develop a package of measures for the affordable and sustainable treatment of debt, the Council must also continue to deliver further savings, including through the transformation programme, whilst maintaining appropriate quality standards within services to meet its statutory duties.
- 4.6 The Council has a stated aim to become the most efficient and cost-effective council in London. In order to achieve this, the Council will leave no stone unturned in identifying and delivering appropriate measures which enable the Council's operating costs to be reduced, affordable and sustainable.
- 4.7 Further work that will be carried out before the production of the final Budget Report includes:
- Review of current growth for expenditure budgets, based on the most recent activity numbers and trends and approaches to demand management;
 - Consideration of whether growth should be held corporately (like the treatment of non-pay inflation) and only allocated out in-year when pressures are evidenced;
 - Review the budgetary allowances for economic demand pressures and unallocated provision for future demand and demography;
 - Review, and separately detail, current business as usual and transformation savings to check if any can be increased in value;
 - Identify any new business as usual savings which could be introduced into the MTFS, recognising that the Council's financial position requires consideration of stopping/reducing activities (on top of delivering services in a different/more efficient way) and that transformation alone will not identify a sufficient level of savings;
 - Allocation of the corporate transformation savings to directorates;
 - Review the impact of the Fees and Charges Report which will be presented to Cabinet in December, to identify if any extra income generation savings can be included in the MTFS;
 - Update the Council Tax base estimate based on the most recent information on property growth, the number of claims for local Council Tax Support and the collection rate;
 - Update the borrowing costs estimate based on the most recent revenue and capital performance monitoring for 2025-26 and to take account of the proposed capital programme and strategy 2025-31; and
 - Update the Government grant and Business Rates income assumptions in the MTFS based on the Chancellor's Budget announced on 26 November 2025,

and the provisional Local Government Finance Settlement (LGFS) in December.

Current Medium Term Financial Strategy modelling

- 4.8 This report sets out how the MTFS has been updated to reflect estimates relating to:
- Inflation impacts;
 - Growth pressures facing the Council;
 - Savings proposals in development;
 - Borrowing costs; and
 - Funding.
- 4.9 The Council continues to develop and deliver the programmes within its Transformation Plan. It also continues to identify further opportunities for savings in its business as usual activity. However, despite these initiatives, the current update of the MTFS model does not come back into balance within the next four years.
- 4.10 Following the end of the four-year term of the Government appointed Improvement and Assurance Panel, the Council remains engaged with Government, through the team of Commissioners appointed in July 2025, primarily to identify potential solutions to restore the Council's financial sustainability.
- 4.11 A Council Tax increase of 4.99% is modelled for all years. This is the referendum limit for London boroughs for 2026-27 as confirmed by the Spending Review in June 2025. Decisions regarding Council Tax levels are reserved to Full Council as part of the budget setting Council meeting in February/March.
- 4.12 The updated financial forecast identifies proposed savings of £35.9m for 2026-27. Work is continuing before Budget Council to develop further options to reduce the amount of Exceptional Financial Support required.
- 4.13 Future year savings targets have been developed in line with the Council's aim to be the most efficient and cost-effective council in London. Further savings would be required for the authority to become the most efficient and cost-effective council in London, but this trajectory is considered to be deliverable. The targets each year would be:
- £30m for 2027-28;
 - £30m for 2028-29; and
 - £30m for 2029-30.

Inflation impacts

- 4.14 Inflationary pressures have eased since the Consumer Price Index (CPI) peaked at 11.1% in October 2022 with CPI increasing by 3.8% in the year to September 2025. The latest Office for Budget Responsibility (OBR) and private sector forecasts for the future movement of CPI are shown in the table below. The OBR forecasts were

published in the March 2025 [Economic and fiscal outlook](#) and the latest private sector forecasts were published in February 2025 on the [HM Treasury website](#).

Table showing Consumer Price Index Forecast

	2026	2027	2028	2029
Office for Budget Responsibility	2.0%	2.0%	2.0%	2.0%
Independent average	3.0%	2.2%	2.0%	2.0%
Highest independent forecast	3.2%	2.5%	2.2%	2.1%
Lowest independent forecast	2.6%	2.0%	1.9%	1.8%

- 4.15 The OBR and private sector forecasts indicate that inflationary pressures are expected to remain at the same level or ease respectively over the next two years. There is uncertainty over the pace and extent to which inflation may fall owing to the potential impact of geopolitical events on all forecasts. Some of this year's higher inflation, such as the increase in the London Living Wage, may also feed through to future council costs with a time lag.
- 4.16 The 2025-26 inflation budget agreed by Full Council was £57.5m for 2025-26 pay and non-pay inflation, and £4.3m to correct under-provision for inflation in 2024-25. Service directorates have calculated the General Fund non-pay inflation experienced on contracts for 2025-26 at £38.6m. The 2025-26 pay award has been finalised by the National Joint Council (NJC) at 3.2%, which costs the General Fund £7.1m.
- 4.17 For 2026-30, the MTFs allows for an easing in inflationary pressures. The 2026-27 inflation budget is £10.3m, being £23.0m reduced by a one-off adjustment of £12.7m for inflation budget not required in 2025-26. The net impact is a favourable change of £3.7m in the 2026-27 inflation allowance since the February 2025 estimate (reduction from £14.0m to £10.3m).
- 4.18 Provision of £23m per annum is then made from 2027-28 to 2029-30. This could be seen to fund £16.5m non-pay inflation each year (based on historic experience of contract inflation) and £6.5m pay inflation (allowing for a pay award of circa 3%).

Table showing inflation estimates

	2025-26 £m	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m
Estimate for the year	57.5	23.0	23.0	23.0	23.0
2024-25 under-provision correction	4.3				
2025-26 inflation not required		(12.7)			
Inflation budget requirement	61.8	10.3	23.0	23.0	23.0

Growth pressures

- 4.19 The updated MTFs provides £28.3m for growth in 2026-27 including service demand, demographic pressures and market price pressures. This is a favourable

change of £2.5m in 2026-27 from the February 2025 estimate (a reduction from £30.8m to £28.3m owing to only allocating £7.5m of the original £10.0m allowance for future demand and demographic growth).

- 4.20 The growth includes £9m for Children's Social Care placements, £8m for Adult Social Care placements, £4m for homelessness accommodation and £2m for Special Educational Needs & Disabilities (SEND) travel assistance. Growth proposals, including adjustments as part of this update, are detailed in Appendix B.
- 4.21 There is a risk that inflationary and market price pressures will be greater than the provision made for growth and inflation for 2026-27 and subsequent years. As potential mitigation, the MTFS allows for an economic demand pressures allowance of £5m (this was already built into the MTFS estimate for 2026-27 at February 2025). This was reduced to nil in the 2024-25 Budget. However, market price pressures identified in the 2024-25 and 2025-26 financial performance reporting have demonstrated the need for such a budgetary allowance in order to set a sustainable budget.
- 4.22 The MTFS also includes an unallocated provision for future demand and demography of £5m in 2027-28 and 2028-29, and £10m in 2029-30.
- 4.23 Given the Council's aim to become the most efficient and cost-effective council in London, the level of growth in the MTFS will remain under review for the February budget.

Savings proposals in development

- 4.24 Croydon Council must significantly reduce its expenditure and its unit operating costs over the medium term if it is to have financial sustainability. Future Croydon, the Council's 2024-29 transformation plan, was agreed by Cabinet in March 2024. It set out the intent and commitment of the Council to radically transform the way that it operates, how it delivers services to the people of Croydon and how it connects with and supports residents across the borough.
- 4.25 On 25 June 2025, at the request of Government, the Council approved the Stabilisation Plan 2025, which set out immediate actions designed to further manage demand, reduce costs and increase income in 2025-26. Both plans build on the foundations of the improvement work undertaken to date. The plans support the Council in delivering the Executive Mayor's Business Plan priorities and identifying a significant level of savings in future years.
- 4.26 The Council's 2025-29 MTFS agreed by Full Council in February 2025 included savings totalling £21.8m for 2025-26. Appendix B lists all previously agreed savings for 2026-29, adjusted as necessary as part of this update, plus several new additional savings emerging from the Stabilisation Plan work. The 2026-27 savings have increased by £0.7m from the £35.2m estimate at February 2025 to the updated

£35.9m (demonstrating a net increase of £5.7m savings identified compared to the February target of £5.0m savings to be identified).

4.27 The proposed savings for 2026-27 are:

Saving	2026-27 £m	Saving Type
Adults Living Independently	6.156	Transformation
CYPE - Helping Families Thrive	3.400	Transformation
Digital Operating Model	3.700	Transformation
Unified Front Door	2.800	Transformation
Improving Payments	1.150	Transformation
Predictive Analytics and Prevention	1.000	Transformation
Information, Advice and Guidance (IAG): Website Interventions	0.800	Transformation
Simpler Organisation	0.500	Transformation
Integrated Shared Services	0.300	Transformation
Commercial Excellence	0.700	Transformation
Oracle Improvement Programme	0.550	Transformation
Recommissioning contracts with a local focus	0.100	Transformation
Total Transformation Savings	21.156	
Temporary Accommodation Stabilisation Plan Efficiencies	3.940	Stabilisation Plan
Improved Collection of Parking Income	1.000	Stabilisation Plan
Accelerate Adults Living Independently	0.400	Stabilisation Plan
Access Croydon	0.111	Stabilisation Plan
Total Stabilisation Plan Savings	5.451	
Pension Fund Revaluation	3.800	Business As Usual
Better Use of Council Assets (in total)	1.450	Business As Usual
Emergency and Temporary Accommodation - Demand Management	0.893	Business As Usual
Increase in Place-based Fees and Charges	0.918	Business As Usual
Street Lighting LED lightbulbs	0.507	Business As Usual
External funding of the District Centre Regeneration Team	0.369	Business As Usual
Corporate disposals programme - reduced Facilities Management costs	0.300	Business As Usual
Leisure services contract saving	0.200	Business As Usual
Other Identified Savings (as set out in Appendix B)	0.860	Business As Usual
Business As Usual Savings	9.297	
Total Savings	35.904	

- 4.28 The proposals for growth and savings have been developed following guidance from the Corporate Director of Resources and S151 Officer and have been through a robust process of development and challenge with the Executive Mayor, Cabinet Members, the Chief Executive, the Corporate Management Team, service directors and managers. They have also been subject to an initial review by the team of Commissioners.
- 4.29 Further due diligence in relation to the delivery of the savings is underway with the Commissioners. An update will be provided in the final Council Budget and Council Tax Setting report in February 2026.
- 4.30 Owing to the financial unsustainability of the Council's MTFS, the Council will also seek to identify further savings for 2026-27 and future years, to supplement the currently identified business as usual and transformation savings. These proposals will be brought forward in the February 2026 report.
- 4.31 Appendix G sets out the net change to each directorate's budget from 2026-27 to 2029-30. Corporate savings have yet to be allocated to directorates. This will be completed for the Council Tax setting Cabinet report in February 2026.
- 4.32 Appendix H is a Guide to the Future Croydon Transformation Programme and sets out a description of each project.

Borrowing costs

- 4.33 The net cost of borrowing forecast is based on the approved Capital Programme and Strategy 2024-30. For financial planning purposes, it is assumed that further capitalisation directions will be required of £126m in 2026-27, £114m in 2027-28, £102m in 2028-29 and £108m in 2029-30 to reflect the currently illustrated budget deficits.
- 4.34 Given the Council's debt level, the capital programme has been reduced in recent years. However, it is expected that essential capital expenditure will need to be considered when updating the capital programme and strategy. The resulting increase in borrowing costs from any agreed capital growth will need to be reflected in the updated 2026-30 MTFS proposed to Cabinet and Full Council in February 2026.
- 4.35 The MTFS takes account of the Council's asset disposal programme. The Council's asset base is under continual review to identify surplus assets that can be sold to generate capital receipts and minimise further borrowing. However, the current projected value of the capital receipts from the asset disposal programme will not be sufficient to fund the Council's capitalisation directions on top of the Transformation Programme.

Table showing forecast capital receipts 2026-30

	2026-27 £m	2027-28 £m	2028-29 £m	2029-30 £m	Total £m
Capital receipts	58.8	4.7	-	-	63.5
Flexible use for Transformation	(12.6)	(6.3)	(3.7)	-	(22.6)
Available to fund capitalisation directions	46.2	(1.6)	(3.7)	-	40.9

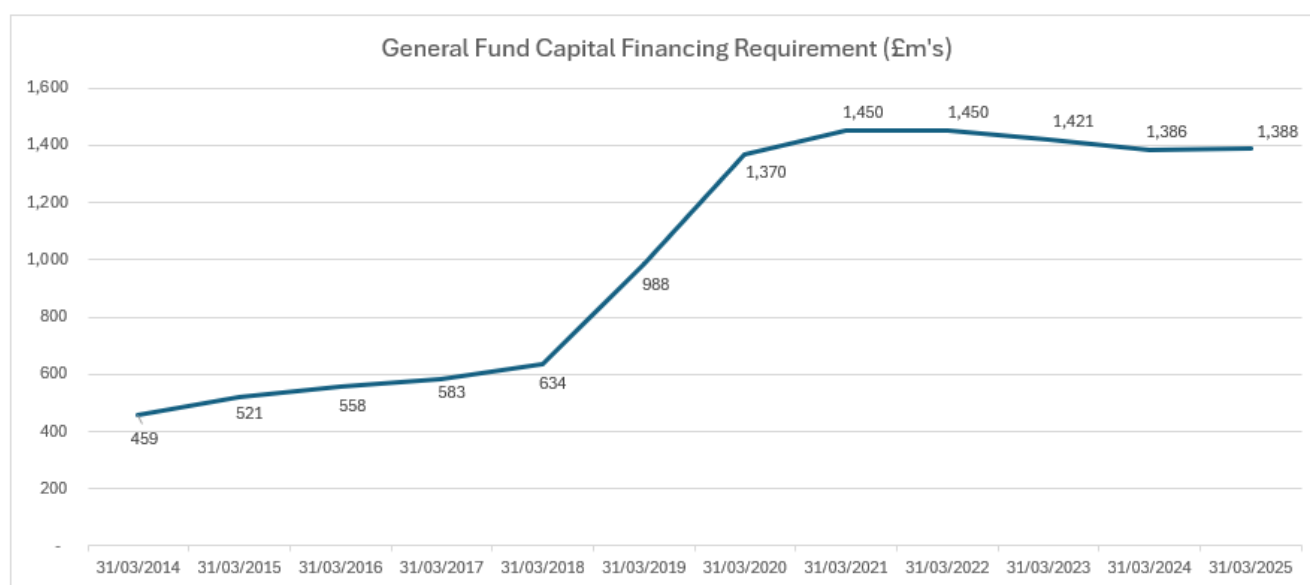
- 4.36 It is projected that the Council will have generated capital receipts of £319.4m by 31 March 2030, making a contribution to savings of £84.3m by reducing the net cost of borrowing as shown on the table below:

Impact of asset sales	Capital Receipts including BBB £m	Annual Contribution to Savings by Reducing Net Cost of Borrowing £m
Actual asset sales from 1 April 2021 to 31 March 2025	227.69	(27.7)
2025-26 Assumed asset sales	28.24	(11.9)
2026-27 Assumed asset sales	58.77	(14.0)
2027-28 Assumed asset sales	4.71	(15.3)
2028-29 Assumed asset sales	-	(15.4)
2029-30 Assumed asset sales	-	0.0
Total Asset sales projected from 1 April 2021 to 31 March 2030	319.40	(84.3)

- 4.37 The current 2026-27 forecast for the net cost of borrowing is £85m. The 2026-27 forecast has changed by a net increase of £6k since February 2025, owing to the net impact of revenue and capital updates coming from the closing of the 2024-25 accounts, the current forecasts for 2025-26 and interest rate assumptions. This includes the favourable impact by the expected £27.3m decrease in EFS usage in 2025-26 owing to the Stabilisation Plan actions.
- 4.38 The net cost of borrowing includes interest payments on external debt and the annual charge to revenue for debt repayment (minimum revenue provision), partially reduced by investment income. The debt servicing cost is forecast to be circa 16% of the 2026-27 net budget requirement. The forecast net cost of borrowing includes the savings from the asset sales set out in the table above.
- 4.39 Dialogue with Government continues through the Government appointed Commissioners. The Council submitted its second Financial Sustainability Plan on 22 May 2024 providing different options for Government support to address its level of structural indebtedness.

- 4.40 The forecast for the net cost of borrowing will continue to be reviewed in line with the development of the Council's capital programme, delivery of the asset disposal strategy, discussions with Government and movement in interest rates.
- 4.41 The graph below shows the Capital Financing Requirement (underlying need to borrow) for the General Fund over the last decade. This demonstrates the containment of General Fund debt at £1.4 billion from 2020 to 2025, despite the required use of Exceptional Financial Support (capitalisation directions). This has been achieved through the application of capital receipts (from the asset disposal programme), maximising the use of financing (such as the Community Infrastructure Levy and capital grants) and restricting the level of new capital expenditure (in line with the Council's capital strategy). However, capital receipts from the asset disposal programme are no longer sufficient to cover the capitalisation directions and, therefore, the Council's debt will increase at an ever-faster pace.

Graph showing Capital Financing Requirement (CFR) for the General Fund



Continuing budgets

- 4.42 Hardship funding of £0.5m was approved in the 2025-26 Budget to provide additional support for low-income households that cannot afford to pay their full Council Tax increase. The MTFS assumes that this level of funding continues. It is treated as a decrease in Council Tax income in accounting terms since the hardship funding is delivered through the provision of Council Tax discounts.
- 4.43 The 2025-26 Budget included a corporate risk budget held corporately to offset potential overspend pressures across services and the MTFS assumes that this

budget continues at £5m in future years (this was already in the MTFS estimates at February 2025).

Funding

Local Government Funding Reform

- 4.44 The Chancellor presented the Spending Review, for the period 2026-27 to 2028-29, to Parliament on 11 June 2025. The local government Core Spending Power (CSP) real terms (above inflation) increase is 2.6% per annum over the Spending Review period, compared with the minimum of 4% that London Councils asked for. The CSP increase assumes annual Council Tax increases of 2.99% and an extra 2% for the Adult Social Care precept.
- 4.45 London Councils estimates the Government grant funding portion of CSP (i.e. excluding Council Tax) will only increase by an average of 1.5% in real terms over the next three years. Based on current trends, London Councils expect the demand and costs for services to continue to outpace the funding announced for local government. For example, homelessness spending by boroughs increased by 50% in 2023-24, and there has been a 50% increase in special educational needs transport spending since 2021. Ultimately, the 1.5% average real-terms growth in CSP grant funding is unlikely to be sufficient to stabilise borough finances.
- 4.46 Subsequently, the Government has consulted on various local government funding reforms including the Fair Funding Review 2.0 which they consider to be a simplification of the funding system. The Government has said that it is committed to multi-year allocations and moving to a more up-to-date assessment of each council's needs and resources. The outcome of these consultations will be reflected in the 2026-27 Local Government Finance Settlement (LGFS), which is expected to be consulted on before Christmas 2025.
- 4.47 The Fair Funding Review 2.0 consultation paper from Government stated that "Our up-to-date approach will use the best available evidence to take account of the different needs and costs faced by local authorities in urban and rural areas, and the ability of individual local authorities to raise Council Tax. The consultation also builds on proposals to reset the Business Rates retention system, and proposals to move away from restrictive grants with burdensome reporting requirements." The consultation closed on 15 August 2025 and the Council's response to the consultation is attached as Appendix F.
- 4.48 The consultation covered:
- determining local authority funding allocations;
 - the approach to consolidating funding;
 - measuring differences in demand for services and the cost of delivering them;
 - measuring differences in locally available resources;
 - the New Homes Bonus;

- transitional arrangements and keeping allocations up to date;
- the long-term approach to the Business Rates retention system;
- devolution and wider reforms, including how the Government can bring Strategic Authorities closer to the Local Government Finance Settlement;
- ways the Government can reduce demands on local government to empower them to deliver for communities; and sales, fees and charges reform.

4.49 The Fair Funding Review 2.0 and changes to the Business Rates retention system will impact on the allocation between local authorities of the total national local government Departmental Expenditure Limit (DEL). Both changes are expected to include transitional arrangements to move to the new funding levels, potentially over a period of three years.

Government Grant Funding

4.50 Appendix C shows the forecast for Government grants which generally assumes a below inflation increase of 1% per annum on existing grants up to 2028-29, and an inflation increase of 3.1% for 2029-30. The Council has updated its future years' forecasts for the Extended Producer Responsibility Grant (linked to packaging waste reforms and introduced from 2025-26) from £2.9m/annum to £4.0m/annum based on activity modelling in 2025-26.

4.51 The MTFS also includes an assumption that Croydon Council will receive extra funding in future years as a result of the Government's funding reforms. This is included as £17m in 2026-27, £34m in 2027-28 and £51m in 2028-29, based on current modelling by London Councils. Please note that this is a broad assumption. The allocations will depend on the final formulas, weighting of different formulas and the demographic data used by Government following consideration of the consultation responses. These increases are very much welcomed.

4.52 As part of the Fair Funding Reform 2.0 consultation, the Government is consulting on the length of time that should be taken for funding levels to change to the new levels. This is known as the transition period, and it is likely that this could be over three years (which the Council's MTFS assumes).

4.53 This helps local authorities whose funding levels are reducing to have time to make necessary changes to their budgets to offset the loss in grant (e.g. by making expenditure savings or increasing income from fees and charges). However, for local authorities which are expecting increases in funding levels, such as Croydon, this is seen as a continuation of under-funding the local authority for its levels of population and service need.

4.54 As the Council's response to the consultation stated "There is currently a postcode lottery around the country. There is disparity in the level of services and support for

residents, since funding levels no longer match population, deprivation and required service levels. A continuation of current funding allocations would continue to punish residents and local businesses who are currently not receiving their fair share of national funding.”

- 4.55 Based on the current MTFS forecast of an extra £51m by 2028-29, if there were no transition period, the Gross Budget Deficit would decrease by £34m in 2026-27 and by £17m in 2027-28.
- 4.56 A multi-year settlement, once received, will support financial planning for the MTFS. However, as the Chancellor will present her Budget on 26 November 2025, the Council may not receive the provisional Local Government Finance Settlement (LGFS) until late December. The significant uncertainties around Government grant and Business Rates funding levels makes the updating of the MTFS challenging.

Business Rates

- 4.57 The Business Rates income forecast (including compensation grant for under indexing the Business Rates multiplier) is detailed in Appendix D. The forecast currently assumes an annual increase for inflation of 2.1% per annum for 2027-28 onwards. Business Rates baselines are likely to be reset, and the retention system updated as part of the Government’s funding reforms. As a result, funding could change significantly.
- 4.58 As well as the level of Government grant funding, there are several other variables, such as inflation and interest rates, which impact the MTFS but are beyond the Council’s control. These reinforce the need for the Council to undertake measures, such as holding reserves or maintaining an adequate contingency, to provide sufficient financial resilience.

Council Tax

- 4.59 The MTFS assumes an increase of 4.99% on bills for 2026-27 and future years, following the Government’s indication of this referendum cap level in the Spending Review. This includes any further increases in the Adult Social Care Levy. Each 1% increase in the Council’s element of the Council Tax is estimated to generate additional income of £2.7m.
- 4.60 An underlying increase in the tax base of 0.59% is assumed for each year. This is half the trend of Croydon’s growth of 1.18% over the past 5 years. Below-trend growth is modelled given the continuing increase in claims for local Council Tax Support, particularly in the disabled not working category. An unchanged collection rate of 98.0% is modelled.
- 4.61 The Council Tax income estimate for 2026-27 has increased by a net £2.8m from the £286.5m estimate at February 2025 to the current estimate of £289.3m. The Council Tax base calculation will be refreshed for the final Budget Report forecast based on the most recent information on property growth, the number of claims for local Council Tax Support and the collection rate.

- 4.62 The Levelling-up and Regeneration Act 2023 enabled local authorities to change the timeframe for applying empty property Council Tax premiums and to introduce Council Tax premiums on second homes. These changes were approved for Croydon by Full Council in February 2025 and, as a result, allowance is made in the 2026-27 forecast for additional income of £0.35m.

Council Tax Support Review

- 4.63 In accordance with the requirements of Schedule 1A of the Local Government Finance Act 1992, the Council is required each financial year to consider whether to revise its local Council Tax Support (CTS) scheme or to replace it with another scheme. The scheme should be reviewed each year to ensure that it is an effective local CTS scheme which will provide continued support to Croydon's most vulnerable residents and residents who are most in need of support. The Council must make this decision no later than 11th March in the financial year preceding that for which the scheme is to have effect.
- 4.64 The CTS scheme operates by offering a discount to residents who need help paying their Council Tax. The cost of the scheme is shared between the Council and the Greater London Authority, based on respective Council Tax charges. The 2024-25 cost and current claimant numbers are shown in the tables below:

Council Tax Scheme Cost	
	2024-25 (£m)
Pensioner Scheme	13.3
Working Age Scheme	23.4
Total	36.7

Council Tax Scheme Claimants	
	Numbers as at 31/08/2025
Pensioner Claimants	8,061
Working Age Claimants	19,454
Total Number of Claimants	27,515

The 2024-25 cost of the CTS scheme was £36.7m with £13.3m being the cost of the pensioner scheme and £23.4m being the cost of the working age scheme.

- 4.65 As at 31 August 2025, there were 27,515 CTS claimants, of which 8,061 were pensioner and 19,454 were working age claimants. The current CTS scheme created by the Council is divided into two schemes, with pension age claimants receiving support under the rules prescribed by central Government, and the scheme for working age claimants being determined by the Council. Pensioners, subject to their income, can receive up to 100% support towards their Council Tax. The

Council has no powers to change the level of support provided to pensioners and, therefore, any changes to the level of CTS can only be made to working age claimants.

- 4.66 The Council reviewed and changed the CTS scheme to an income banded scheme for working age claimants on 1 April 2022. The previous CTS scheme was based mainly on an “old fashioned” means tested benefit scheme which was difficult for residents to understand as it was based on a complex calculation of entitlement. The scheme was also complex for staff to administer, with significant amounts of information and evidence needed from residents. It took longer to process claims owing to the complexity and evidence required to support claims. There was a need to simplify the scheme to mitigate the effects of Universal Credit and to make it easier for residents to make a claim and reduce the costs of administration.
- 4.67 An income banded scheme takes into consideration the net combined household income of a claimant and partner only. A Council Tax discount is applied incrementally; for example, residents on the lowest income would receive the highest discount from their Council Tax liability, and residents on a higher income would receive a lower discount from their Council Tax liability. This means that support is targeted at households with the lowest incomes and in the greatest need. An income banded scheme is fairer and easier to administer and understand.
- 4.68 On 1 March 2023, following a review of the CTS scheme, and taking due regard of the feedback received from the subsequent consultation, Full Council agreed recommendations to change the scheme which took effect from 1 April 2023:
- Remove the application of the minimum income floor to households where the claimant or partner are disabled.
 - For 2023-24 only, the rate at which the income bands were increased was 15%, equivalent to the increase in Council Tax that year. For 2024-25 onwards the scheme reverted to one where the income bands are increased annually by the level of CPI.
 - Introduce non-dependent deductions (NDD) to disabled not working households, except where the non-dependent is in receipt of Employment Support Allowance or Limited Capability to Work, or in receipt of Carers Allowance for the claimant or partner.
- 4.69 It should be noted that the Council introduced a new Council Tax Hardship Scheme from 1 April 2023 to provide additional support for low-income households that cannot afford to pay their full increase in Council Tax.
- 4.70 The principles of the CTS scheme (as locally adopted) for working age claimants are detailed below:
- **Council Tax Support should be paid to those with minimal savings** – residents who have capital of more than £8,000 cannot claim (excluding pensioners and disabled not working households with capital up to £16,000);

- **Council Tax Support should be property related** – Residents can only receive Council Tax Support to a maximum of band D;
- **Everyone should pay something** - all residents will be asked to contribute something towards Council Tax, unless they are in one of the protected groups (pensioners and disabled not working households);
- **Everyone in the household should pay something** – Other adults living in a household who are not the main taxpayer, or their partner will contribute to meeting the cost of Council Tax for the property;
- **Make Work pay** – £50 of the income of disabled working residents is disregarded; and
- **Protecting the vulnerable** – working age residents who receive Disability Living Allowance, Personal Independence Payments or Employment and Support Allowance and are not working receive 100% Council Tax Support.

4.71 The Council has reviewed the current Council Tax Support Scheme and is recommending to the Executive Mayor and Cabinet to approve the recommendation to Full Council that the Council Tax Support scheme is not changed from that agreed by Full Council resolution on 6 March 2024 and endorsed without change by Full Council resolution on 26 February 2025.

4.72 However, it is recognised that other councils facing financial difficulties are making radical changes to their Council Tax Support Schemes. A further review is planned for next year with consultation on the review's findings in time for a decision on any changes to be implemented from April 2027.

Restoring financial sustainability

4.73 Given Croydon's financial challenges, and the size of the forecast future budget deficits, the Council must reduce its activity, its unit operating costs and its overall expenditure significantly over the medium-term. Difficult decisions are required on the services the Council provides and, as set out in the Executive Mayor's Business Plan, the Council will need to do less and spend less in the future. However, the Council is committed to doing what it does do, well.

4.74 The Council's External Auditor has recently issued a Section 24 Statutory Recommendation to Full Council stating:

The Council should seek to work with Government (through its newly appointed Commissioners) to develop an appropriate package of measures, which enable the Council's operating costs to be reduced, affordable and sustainable. A solution to the debt issue is vital to ensure a transparent assessment of the capability and capacity of the Council in reducing its operating costs and returning to self-sufficiency in the medium to long term, with an affordable and sustainable debt burden. An effective solution to deal with the cost of the debt would facilitate a return to financial stability at the same time as the Council is held to account for delivering further savings and efficiencies, delivering the transformation

programme, and maintaining appropriate quality standards within services to meet its statutory duties.

4.75 The Council has responded:

Agreed. The Council will work collaboratively with Government (through its appointed Commissioners) to develop a package of measures for the affordable and sustainable treatment of debt. The Council will also continue to deliver further savings, including through the transformation programme, while maintaining appropriate quality standards within services to meet its statutory duties.

4.76 The Council will continue in its dialogue with the Ministry of Housing, Communities and Local Government (MHCLG), through the Council's Commissioners, to find solutions to restore the authority's financial and operational sustainability.

4.77 The Council currently remains financially unsustainable. It, therefore, continues to apply further restrictions on its finances to mitigate this deficit:

- Continuing to operate spend control arrangements to independently review every penny spent;
- Strengthening the culture of financial management through improved systems and processes and the day to day behaviour of staff. This includes emphasising to staff the need to be thrifty, frugal and financially ruthless in day-to-day decision making;
- Minimising the need for additional future capital borrowing by realising additional capital receipts and tightly controlling spend on the General Fund funded element of the capital programme. A separate suite of reports will be provided through the budget process on the capital programme and Treasury Management Strategy;
- Constraining as far as possible new requests for service demand and demographic growth within the assumed MTFS funding envelope, and/or identifying alternative funding streams;
- Undertaking an annual review of the reserves policy to ensure that it robustly mitigates against key financial risks whilst supporting necessary investment;
- Reviewing the resource forecast as it evolves over the forthcoming months. It will be updated in line with new Government announcements and actual data on Business Rates and Council Tax collection;
- Dialogue with central Government, through the Government appointed Commissioners, on the options available to manage the Council's financial burden; and
- Any comments made by residents, local businesses, partners, staff and councillors (and Committees) in respect of this report will be considered.

Budget Risk and Reserves

- 4.78 The Council has recently finalised its accounts from 2020-21 to 2023-24. The accounts were signed off by the External Auditor, Grant Thornton, without an audit under the Government's backstop arrangements. The draft accounts for 2024-25 have been published and are currently being audited. The Council currently holds a General Fund Balance of £27.5m. In the Section 151 Officer's view this is the minimum that the Council needs to hold, given the scale and complexity of services provided by Croydon as a Unitary Authority and the Council's historic high-risk profile. The MTFS assumes that the General Balance remains at this level.
- 4.79 Reserves play a crucial role in good public financial management. They enable investment in service transformation and provide resilience against unexpected events or emergent needs. As one-off resources they can only be spent once. The Council has a well-documented history, in the years before 2020, of the imprudent use of reserves to balance its budget. It is the view of the Corporate Director of Resources and Section 151 Officer that next year's budget proposals should only include the prudent and appropriate use of reserves to meet one-off costs.
- 4.80 Croydon Council faces a range of substantial financial risks that may require the use of reserves. These include:
- The outcome of discussions with central Government on the Council's need for support, including Exceptional Financial Support;
 - Any further upturn in inflation and impact of the rising cost of living;
 - Hospital discharge delays and pressures in the adult social care sector regarding social care waiting times, fee rates and workforce capacity;
 - There is a risk that the number of children in care or the number of homeless families in the borough increases beyond what can be accommodated within existing budgets;
 - The risk of recession and impact on demand for council services and income streams, such as Business Rates, Council Tax or parking charges;
 - Additional financial issues coming to light as part of the external audit of the Council's 2024-25 annual accounts given that no audit has taken place since 2019-20;
 - The impact of the wider economy on major Council development projects and future capital receipts;
 - The future impact of the Government's local government finance reforms.
 - A significant upturn in interest rates will impact the Council's debt charges in relation to past and future borrowing;
 - The impact of, and costs of tackling, climate change;
 - The challenge of identifying further significant future savings that balance the budget over the longer term;
 - A financial risk from children being moved into the borough from other councils and the Council becoming liable for their needs and costs; and

- The financial risk of other councils and government agencies placing homeless families and single people in Croydon and the Council having to fund new service needs, for example through adult social care support.

4.81 Croydon Council holds reserves for the following main purposes:

- The Council's £27.5m General Fund Balance is held as a contingency to cushion the impact of unexpected events or emergencies;
- A specific Business Risk Reserve is held to provide in-year flexibility to fund unexpected business needs. This stood at £8.5m at 31 March 2025 (unaudited);
- Earmarked reserves are held to build up funds for known or predicted requirements. The General Fund's revenue earmarked reserves were £119.9m as at 31 March 2025, excluding the Business Risk Reserve; and
- This figure of £119.9m includes restricted earmarked reserves where there are more constraints on how the Council can use such funding, for example grant terms and conditions. The largest restricted reserve is £30m relating to Business Rates income ringfenced for use in the Croydon Growth Zone.

4.82 The level of financial risk and reserves will continue to be reviewed as part of the process of setting the 2026-27 budget and updating the 2026-30 MTFS.

Budget Timetable

4.83 The budget proposals will continue to be reviewed and developed in the lead up to Budget Council in February/March 2026. A proposed budget timetable is attached as Appendix E.

6 ALTERNATIVE OPTIONS CONSIDERED

6.1 None.

7 CONSULTATION

7.1 The majority of the 2026-27 budget proposals were included in last year's budget engagement exercise and then agreed by Full Council in February 2025. The Council will carry out statutory consultation with local businesses in February 2026 on the 2026-27 budget, in line with legal requirements. As always, all new service changes will be individually subject to any Equalities Impact Assessment and consultation, as legally required.

7.2 Should residents, local businesses, partners, staff or councillors (and Committees) wish to comment on this report, submissions can be made to communications@croydon.gov.uk.

8. COMMISSIONER REVIEW

- 7.3** The Council has managed to produce a balanced budget for the next 4 years but only with the use of Exceptional Financial Support (EFS). The financial challenge remains a difficult one and officers are working hard to rise to it and build a financially sustainable position for Croydon and the future.
- 7.4** The Council has also been greatly assisted by a more generous forecast financial settlement as a result of the Fair Funding Review and without that it would have been facing a larger budget gap.
- 7.5** The financial position has improved, but it is still a long road to financial sustainability.

Budget Deficit and Debt

- 7.6** The position in the budget paper exemplifies an on-going budget deficit and a continuing need for EFS although this need has reduced since the position was last reported to Council in February 2025. However, this reduced requirement exceeds the forecast total cost of borrowing in each of the 4 years and is detailed below.

	Original EFS £m	Updated EFS £m	Forecast Cost of Borrowing £m
2026/27	153	126	85
2027/28	168	115	95
2028/29	203	102	104
2029/30		108	112

- 7.7** The position remains extremely fragile and leaves the Council vulnerable to any future financial shocks.
- 7.8** Section 5.36 of the report demonstrates that past EFS requirements have been largely met by capital receipts, keeping the revenue impact on the cost of borrowing as low as possible. However, the note at 5.35 indicates that future capitals receipts will be significantly less, and much less relative to the forecast deficits. £22.6m or 36% of the forecast total receipts of £63.5m will be utilised to finance the cost of the transformation programme. Whilst £40.9m of residual receipts will be left to support the EFS requirement of £451m for the same period. This has resulted in the cost of borrowing increasing by approximately £10m in each year, rising to £112m by 2029/30 as more than 90% of the EFS requirement will be met by borrowing.
- 7.9** This position is also reflected in the external auditor's recent Section 24 Statutory Recommendation to the Council and detailed in 5.74 of the report. Commissioners also recognise a return to financial stability will require the delivery of further savings and efficiencies as well as the delivery of the transformation programme. This is recognised by the Council itself in section 5.7 of the report.

The Budget

7.10 The savings contained in Croydon's budget to reduce its operating deficit are almost wholly dependent on the delivery of a corporate Transformation programme. This programme has been subject to a delay of approximately 9 months, is currently lacking a delivery plan and has not been subject to a prioritisation process whilst also ensuring that sufficient resources are in place to support its delivery. There is, therefore, significant risk attached to the delivery of the savings included in the budget forecast.

7.11 This position is also complicated and confused as this is also the vehicle used to create and deliver savings that do not deliver transformation but instead represent business as usual matters e.g. efficiencies. This is confusing the organisation and is a function of a very centralised approach to budget setting and it is the commissioners' view that service efficiencies have not been maximised through service transformation. In 5.7 of the report the Council accepts that

'the Council's financial position requires stopping/reducing activities (on top of delivering services in a different/more efficient way) and that transformation alone will not identify a sufficient level of savings'.

7.12 Commissioners have concerns that accountability at a corporate director level to ensure the delivery of savings according to plan is not completely in place due to the centralised approach. This needs to be underpinned by personal accountability across the organisation. Commissioners remain concerned that the Council will struggle to fully deliver the planned savings proposals not least because the Council still lacks the corporate capacity and capability and basic working practices to support such a large programme of work. The savings also carry a high delivery risk as many savings are either complex or require significant investment to deliver. This is an area that Commissioners would like to work closely with the Authority on. The risk of savings non-delivery is one of many risks set out in the report.

7.13 There are some aspects where there have been real improvements such as the due diligence process and prudence of planning assumptions. It is notable that Adult Services is underspending its budget in the current year and is an area where the commissioners can see that there is management grip. This is not the case in Children's Services. These improvements need to be consolidated and built upon and a plan agreed for both Children's and Housing services urgently.

7.14 **Finally, Commissioners again remind Budget holders that delegation to spend outside approved budgets does not exist and requires specific authority.**

Key Areas for the Council to Consider

7.15 The Council is currently reviewing the Transformation Programme, which is essential and should focus on the following:

- Creation of well-defined delivery plans, including the sequencing and grouping of projects;
- Prioritise the activity according to financial impact and adopt the 80/20 rule;
- Ensure that the necessary resources are in place to support delivery and at pace e.g. HR, finance, legal, procurement and digital;
- Review the current overhead and investment requirement attached to the programme;
- Separate true transformation savings from 'business as usual' savings and include a budget efficiency workstream, challenging budget holders to increase the level of savings; and
- Review the growth provision alongside financial performance in the current year, and to ensure that growth is not utilised to compensate for the under achievement of savings.

7.16 In relation to disposals:

- Ensure that all agreed disposals are progressed utilising a cross-Council approach, recognising options for existing tenants and service delivery alongside the asset itself; and
- Ensure that future disposals are agreed and that there is a clear justification for the retention of assets.

7.17 In conclusion, it is welcomed that the Council accepts that it needs to and can do more to address the forecast revenue budget deficits. Officers are working hard to address this and meet the challenge. This is essential as the early repayment of Croydon's total general fund debt, even if it were possible, would not resolve their financial position alone.

7.18 Commissioners will continue to work with Croydon in support of this work ahead of the publication of the final Budget Report in February 2026.

9. IMPLICATIONS

9.1 FINANCIAL IMPLICATIONS

9.1.1 As this report is primarily financial in nature, financial implications are covered throughout the report.

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

9.2 LEGAL IMPLICATIONS

- 9.2.1** The forecast in the updated MTFS on funding, growth pressures and savings plans provides the context to the 2026/27 budget setting process. 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').
- 9.2.2** Section 65 ('Duty to consult ratepayers') of the LGFA 1992 requires the Council to consult with representatives of non-domestic ratepayers about the proposed revenue and capital expenditure before the budget requirement is calculated.
- 9.2.3** Section 3 ('Best value duty') of the Local Government Act 1999, requires the Council as a best value authority, to make arrangements to secure continuous improvements in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 9.2.4** The Best value standards and intervention: a statutory guide for best value authorities (May 2024) provides that in practice the best value duty "*..covers issues such as how authorities exercise their functions to deliver a balanced budget (Part 1 of the Local Government Finance Act 1992), provide statutory services, and secure value for money in all spending decisions.*". The Council must consult taxpayers and service users and their representatives and other interested persons when deciding how to fulfil their best value duty. The Guidance provides that "*The annual process of setting the authority's budget, and the medium-term financial plan provides a key opportunity to conduct such consultation. This is the stage at which consultation will best assist the authority in deciding how to make arrangements to secure continuous improvement.*" (Paragraph 3).
- 9.2.5** Any consultation undertaken pursuant to the above provisions, must comply with the following requirements: a) it should be at a time when proposals are still at a formative stage; b) the Council must give sufficient reasons for any proposal to permit intelligent consideration and response; c) adequate time must be given for consideration and response; and d) the product of consultation must be conscientiously taken into account before a decision is made.
- 9.2.6** In exercising its functions under various statutory requirements detailed within this report, the Council must have due regard to the public sector equality duty (PSED) contained within section 149 of the Equality Act 2010 which requires the Council to have due regard in its decision-making processes 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 don't. The protected characteristics include age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation. The equalities considerations are detailed more fully in section 9.4 below.
- 9.2.7** On 17th July 2025 the Secretary of State (SoS) issued new Directions to the Council to work with SoS appointed Commissioners and to meet the best value

duty. The Directions at Annex A, requires the Council, amongst others, to continue to develop and implement the stabilisation and transformation plans and to improve on key aspects of the culture of financial management. The Directions at Annex B provides for certain functions of the Council to be exercised by the Commissioners. This includes a) all functions associated with the governance, scrutiny and transparency of strategic decision making and strategic financial decision making; b) the arrangement for the administration of the Council's financial affairs and all functions associated with strategic financial management; and c) functions associated with the Council's operating model and redesign of services. The Council must comply with any instructions of the Commissioners in relation to the exercise of these functions (Directions Paragraph 4 (c)).

Comments approved by the Director of Legal Services and Monitoring Officer, 11/11/25.

9.3 HUMAN RESOURCES IMPLICATIONS

- 9.3.1** Implementation of the recommendations in this report may impact some members of the existing workforce, as the Council seeks to implement measures to reduce its operating costs. The Council will need to ensure careful and consistent communications to all staff, especially staff who will be directly impacted upon. The Council should seek to keep vacant as many posts as possible, either to review and delete (to contribute to cost savings) or to provide opportunities for staff redeployment. The Council should also ensure, where appropriate, staff at risk of redundancy are redeployed and retrained into new work. This approach has the benefit of avoiding redundancy costs, as well as the wider impact of ensuring staff are employed, avoiding the local economic and community costs of worklessness.
- 9.3.2** All staff at potential risk of redundancy must be consulted, along with their trade union representatives, in accordance with the Council's restructure and redundancy policies and procedures. If more than 99 staff in any three-month period are at risk of redundancy the Council is required to hold a 45-day statutory consultation. If the number of staff at risk of redundancy is between 20 and 99 in any three-month period, the statutory redundancy consultation time frame is 30 days. The Council has a legal duty to find suitable alternative employment, where possible, and to take all reasonable measures to prevent compulsory redundancy. The Council could also seek voluntary redundancies through each planned staff restructure to reduce the impact of compulsory redundancies and selection for redundancy exercises.
- 9.3.3** The Council has established a comprehensive support network for staff including an employee assistance programme, a Guardians' network, Staff Network groups for different protected characteristics, and mental health first aiders. The trade unions can also provide support as well as representation.

Comments approved by Dean Shoesmith, Chief People Officer, 10/11/2025.

9.4 EQUALITIES IMPLICATIONS

- 9.4.1** The Council has a statutory duty under Section 149 of the Equality Act 2010 to have due regard to the need to:
- Eliminate unlawful discrimination, harassment, and victimisation.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not; and
 - Foster good relations between different groups.
- 9.4.2** The Medium-Term Financial Strategy (MTFS) outlines the Council's financial planning assumptions, savings requirements, and service investment priorities for 2026–2030. The economic decisions arising from the MTFS will have varying impacts on residents and staff across Croydon. In fulfilling the Public Sector Equality Duty (PSED), the Council is committed to ensuring that equality and anti-racism considerations are central to the formulation, prioritisation, and implementation of all budget proposals.
- 9.4.3** The Council is also committed to embedding anti-racist practice and ensuring that budget decisions contribute to tackling structural inequality. This includes assessing how resource allocation supports fair access to services, equitable workforce representation, and inclusive economic participation for Croydon's diverse communities.
- 9.4.4** A proactive and evidence-based approach ensures that the Council meets its statutory duties under the Equality Act 2010, strengthens accountability, and promotes fair, transparent, and inclusive decision-making in line with the Croydon Equality Strategy 2023–2027.
- 9.4.5** In relation to staffing implications, equality analysis will be undertaken to identify and mitigate any disproportionate impacts of workforce reductions or restructures. Support measures, such as redeployment opportunities and targeted employability support, will be offered where appropriate.
- 9.4.6** This report sets out several proposals that will result in changes to council services and provision for residents across Croydon. These proposals are subject to further work, and the budget decisions are reserved for Full Council.
- 9.4.7** The Council has an established Equality Impact Assessment [EQIA] process, with clear guidance, templates and training for managers to use whenever new policies or changes to services are being considered. This approach ensures that proposals are assessed concerning the impact on people with protected characteristics under the Equality Act 2010.

9.4.8 The Council's approach is to ensure the equality impact assessments are data-led, informed by user information, demographic data and forecasts, as well as service-specific data and national evidence to understand the impact of each savings proposal fully. This enables the Council to have proper regard to its statutory equality duties.

9.4.9 Where consultations take place, the Council will ensure that they are accessible and inclusive, adopting plain language and alternative formats where required. Engagement will actively seek the views of groups most likely to be affected by proposed changes, including those with disabilities, carers, older people, and ethnic minority communities.

Comments reviewed by Philip Conteh, Senior Equalities Officer, 10/11/2025.

10. APPENDICES

- A 2026-30 Medium Term Financial Strategy Forecast
- B 2026-30 Draft Savings and Growth Proposals
- C 2026-30 Government Grant Forecast
- D 2026-30 Business Rates Forecast
- E Budget Setting Timetable 2026-27
- F Croydon Council response to Fair Funding Reform 2.0 consultation
- G Net incremental changes to Directorate budgets 2026-27 to 2029-30
- H Guide to the Future Croydon Transformation Programme

11. BACKGROUND DOCUMENTS

11.1 None.