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18th February 2026

## **Commissioners' progress report on the intervention at the London Borough of Croydon**

### **Summary**

1. Over the 6 months since the appointment of Commissioners to the London Borough of Croydon in July 2025, Croydon has engaged well with the Commissioners and has taken some significant actions. It has appointed a new interim Chief Executive, s151 officer and Assistant Chief Executive. Croydon has also changed the perception that the Council believes that it has done all it can to improve its financial position. The Council continues to carry a high level of debt and to run a deficit and has identified a number of steps it can take to improve its position in addition to its Transformation Programme. The Transformation Programme has the potential to contribute to the savings needed, but delivery is at risk due to a lack of focus, prioritisation and robust, agreed delivery plans. Urgent action by the Council is needed to address this if the Transformation Programme is to deliver the projected savings. Further risks to delivery include the lack of a consistent performance management culture which would enable the Council to make the best use of its limited resources. A significant number of interim managers and in some areas high staffing churn within the Council makes this long term cultural change harder to establish. Despite these challenges, Commissioners are hopeful that the Council will be able to make significant savings and improvements. We look forward to working with the Council to drive this work forward with pace, rigour and a focus on delivering savings.

## Introduction

2. On 17<sup>th</sup> July 2025, the Secretary of State for Housing, Communities and Local Government appointed me and my colleagues Jackie Belton, Councillor Abi Brown OBE and Debbie Warren as Commissioners to the London Borough of Croydon. This followed the final report of the Improvement and Assurance Panel (IAP), which had worked with Croydon since January 2021. Whilst the IAP's work supporting the Council had seen positive features and improvements, such as improvements in the managing of service demand and delivery of services such as Housing and Children's Services, the IAP raised significant concerns on the deterioration of the Council's financial position.
3. The Secretary of State's directions to Croydon asked it to continue to develop and implement its Stabilisation Plan and Transformation Programme to the satisfaction of Commissioners, and to report to the Secretary of State on the delivery of the Stabilisation Plan and Transformation Programme after a six-month period. Croydon submitted its report to you on 20th January 2026. This letter follows that report and provides the Commissioners' assessment of the Council's position.
4. Despite the Council's understandable disappointment at the appointment of Commissioners, Croydon's officers and Members have made us feel welcome and have positively cooperated with our work which has necessarily included some challenging conversations. Since our appointment in July the Council has made some changes in key officer posts, appointing a new interim Chief Executive, s151 officer and Assistant Chief Executive. Croydon has also changed the perception that the Council believes that it has done all it can to improve its financial position which Commissioners welcome.
5. We have found much that works well within the Council, for example that senior politicians all recognise the importance of their role in the governance of the organisation. Debate is considered and respectful, with a shared commitment to improving the lives of residents. Adults' Social Care achieved a 'Good' rating in the Care Quality Commission's inspection report published in October 2025. This followed Ofsted's assessment of Croydon's Children's Services as 'Good' in their report published in October 2024, and the lifting of the Voluntary Undertaking by the Social Housing Regulator in April 2025. However, whilst these service improvements are very positive and good for the morale of the organisation, there is still work for the Council to do to put Croydon on a stable financial footing and meet the Mayor's goal to become the most cost-efficient and effective council in London.

## Finances

6. Croydon continues to carry a high level of debt and to require Exceptional Financial Support. To address this, the council has progressed the delivery of £167 million of savings and £210 million of capital receipts since 2021/22 through the Stabilisation Plan and other programmes and has the opportunity to conclude the Stabilisation Plan by the end of the 2025/26 financial year. The additional £59.6 million of base government funding over 3 years that Croydon will receive as a result of the Fair Funding Review 2.0 will also have a positive impact.
  
7. Commissioners have found the finance function's systems and processes to be fit for purpose. 2024/25 is the first full audit since the government implemented backstop date was established to clear the national backlog of audits and the audit of the 2024/25 accounts is progressing well. They also strongly welcome the fact the Council accepts it can do more to improve its financial position and therefore is prepared and open to challenging itself. The Council helpfully describes what it will do to achieve that improvement as follows:
  - Lower operating costs;
  - Establish and consistently apply a corporate benefits realisation methodology, and monitor and report on benefit realisation of all projects within the transformation plan;
  - Ensure that existing savings targets are delivered and the necessary and timely actions are taken to deliver future years' savings;
  - Carry out further work to find savings in Adults' Services; Children, Young People and Education (CYPE); Temporary Accommodation and Sustainable Communities, Regeneration and Economic Recovery (SCRER);
  - Identify Business As Usual efficiencies and income opportunities in addition to the Transformation Programme, accepting that the Transformation Programme alone will not deliver the savings required to address the deficit;
  - Review all budget growth assumptions alongside work to strengthen the understanding and management of demand in order to maximise the potential interventions available to manage this additional cost;
  - Review the capital programme and the cost of borrowing. This should include a review of any remaining asset disposals, and;
  - Move away from an excessively centralised approach to financial accountability to a more devolved approach with oversight from the Corporate Management Team (CMT).
  
8. Commissioners support this ambition and recommend that the Council also reviews its Council Tax Support scheme in the next financial year. The Council should also put in place a clear, resourced recruitment plan for all services to reduce use of agency staff and ensure they have a suitably qualified, predominantly permanent workforce in place that can deliver on corporate priorities and drive projects and programmes that deliver savings. The CYPE

directorate has made good progress on this already, which can be built on and provide a learning opportunity for the wider organisation.

9. Commissioners also welcome the Council's intention to review the 2026/27 budget to be set on 25th February 2026 after pursuing the actions listed above. It is recognised that the new s151 officer has had limited time to influence the numbers since his arrival. Therefore, commissioners support the proposal to view this 2026/27 budget as presented to full Council on 25th February as a transitional budget, with a revised financial strategy to be available by May 2026. This constitutes a reset moment for Croydon and will require much detailed and focused work to deliver but would provide a firm basis on which to move forward in pursuit of the clear objective for the Council to balance its budget.

### **Transformation**

10. While the Council acknowledges that its Transformation Programme will not deliver sufficient savings to close Croydon's deficit by itself, it has the potential to make a significant contribution to this. The strategic intent of the Programme is clear, but Commissioners have found that transformation activity is not yet sufficiently focused, prioritised, or supported by robust, agreed delivery plans, a validated data baseline, or the digital and workforce enablers required to drive change at pace. This risks the failure to deliver at the necessary scale during 2026/27 to achieve the projected savings within the agreed timescales and budgets, and to provide effective oversight, challenge and assurance. There are already examples of significant slippage on projects and programmes.
11. Urgent action is required to address this. We therefore welcome the Council's work to revise and reprioritise its plans and programmes, set out in its report to you of 20<sup>th</sup> January. The Executive Mayor, Cabinet, Members, the Corporate Management Team (CMT), and Corporate Directors working through their directorate teams, must continue playing an explicit, active and sustained role in setting direction, driving delivery, and managing risk. This must be underpinned by high-quality, accurate, timely and reliable data; fit-for-purpose digital tools and meaningful workforce engagement.
12. Recent due diligence has highlighted risks to the planning assumptions underpinning transformation business cases. This suggests that data used to inform earlier decisions was not consistently up to date, complete, or accurate, and that enabling systems and tools are not always sufficiently mature or embedded. This undermines confidence in the scale, timing, and deliverability of transformation benefits. There is therefore a need for explicit corporate challenge as to whether previously agreed approaches and opportunities remain deliverable, can be accelerated or the value can be increased. Croydon also needs to identify any risks of where benefits might be overstated, insufficiently tested, or are no longer achievable. Substitute savings will need to be confirmed to offset any saving slippage or under delivery.
13. Corporate Directors must urgently establish, sponsor and be accountable for robust and realistic delivery plans, grounded in a refreshed and validated data

baseline and supported by appropriate digital tools and systems. These need to be in place by the beginning of April 2026. These plans must clearly articulate what transformation can be delivered, by when, and with what impact on services, residents, staff, and the Medium-Term Financial Strategy. They must also demonstrate how savings will be delivered, how investment decisions are prioritised and aligned to outcomes, how benefits realisation will be tracked and evidenced, and how workforce engagement will be used to shape, test, and embed change.

14. Monitoring should take place first within directorates, with clear accountability for delivery, performance, and risk management, supported by agreed escalation routes for delay, non-delivery, or emerging risks. This must include explicit management of delivery pace through 2026/27 and assurance that data quality, digital reporting tools, and workforce feedback mechanisms are sufficient to support informed decision-making and sustained delivery.
15. Directorate-level monitoring must be complemented by streamlined programme management and regular structured oversight through CMT, enabling cross-cutting issues, interdependencies, capacity constraints, data and digital risks and systemic workforce issues to be identified and managed collectively. CMT should ensure consistency of approach, challenge progress and assumptions, and escalate issues requiring strategic intervention or Member decision-making. CMT should clearly articulate and implement a recognised and agreed role of Members in transformation. This should mean that Members are engaged throughout, using delivery plans, performance dashboards, and benefits reporting as the primary basis for scrutiny, challenge, and informed decision-making.
16. Where due diligence indicates that the level of transformation and savings may be different than previously identified, Members and CMT must have clear sight of the resulting financial impact, associated service implications and risk exposure, and have clear change control arrangements in place. There must be a disciplined, data-led process, supported by reliable systems and tools for identifying, testing, and agreeing alternative transformation and savings options, with transparent assessment of deliverability, impact, affordability, and trade-offs.
17. Programme management and assurance arrangements should be strengthened to support joined-up monitoring and assurance across directorates, CMT and Members. This should include standardised reporting on milestones, co-dependencies and wider organisational implications, savings delivery, investment decisions, and benefits realisation; routine validation of underlying data; effective use of digital reporting and performance management tools; and timely escalation where delivery is off-track or assumptions are no longer valid. Agreed delivery plans must act as the single source of truth for monitoring progress and providing assurance.
18. Transformation activity must be reprioritised and sequenced to focus on areas of greatest organisational, service, financial, and regulatory risk or opportunity. Initiatives reliant on weak, unverified, or incomplete data, or unsupported by appropriate digital tools and workforce capacity should be paused, reset, or stopped until a sound evidence base and enabling capability are established.

Performance indicators, complaints intelligence, audit findings, and external regulatory feedback, including from the Local Government Ombudsman, Housing Ombudsman, Regulator of Social Housing and Ofsted should be routinely triangulated to test delivery, validate data quality, and evidence sustained improvement.

19. There must also be explicit management of risks associated with delivery capacity and capability. This includes over-reliance on interim and short-term additional capacity, the creation of single points of failure, misalignment between transformation support, workforce planning, and front-line service delivery and insufficient engagement with staff delivering services. Failure to embed knowledge transfer, digital capability and organisational learning risks loss of critical expertise and undermines the development of a sustainable Target Operating Model. Delivery plans must therefore demonstrate how capability is built, knowledge is retained and transferred, digital tools are embedded, and workforce engagement informs and sustains long-term service resilience.
20. Finally, successful delivery of the Transformation Plan will depend on a clear, consistent, and honest organisational narrative aligned to Croydon's values and communications plan. Staff, Members and partners must have a shared understanding of the purpose, priorities and expected outcomes of transformation, supported by open and transparent communication about progress, challenges and trade-offs. Consistent messaging, combined with genuine opportunities for open and honest feedback will be critical to building trust, supporting culture change, and ensuring the whole organisation is aligned and working collectively to deliver transformation at pace and with impact. The appointment of a new Assistant Chief Executive to oversee this work offers a good opportunity to reset, refocus and drive forward this work at pace.
21. Commissioners are hopeful that the Council can effectively plan and deliver its Transformation Programme. The Adults Living Independently (ALI) programme is working well, in particular by enabling the ownership of transformation delivery by the staff of the Adults' Social Care and Health directorate. This experience can offer an excellent source of learning for the wider organisation. The Children's, Young People and Education directorate has recently appointed a transformation partner which is also a positive step that needs to be rapidly driven forward. Other parts of the organisation need to solidify their plans and carry this work forward as a priority.

## **Risks**

22. But there are further risks to the Council making good progress. Some of these risks are outside of the Council's immediate control, such as the potential for May's local elections to result in a more fragmented and complex political makeup of the Council. But others can be managed effectively with strong leadership and focus.

23. The current disconnect between delivery by the organization, and managerial and political ambitions is one such risk which needs to be addressed and where the current approach is inadequate. The Council's leadership needs to instigate a high performance culture that is able to ruthlessly prioritise to make the best use of the limited resources available. The number of interim managers in the organisation makes driving that cultural change more challenging. A sharp focus on filling key posts with permanent staff is required to provide a solid base to build the necessary performance levels.
24. Financial instability means the Council is vulnerable to unexpected external financial shocks. Work is underway to repair the finances but whilst that work is happening the risks remain. The Council will need to sustain its approach to risk management and be swift to respond to additional financial challenges if they arise.
25. In recent years, Croydon has significantly tightened its governance arrangements, however at times this impedes good decision making. Many, though not all politicians only have experience of their own council, so it is important that officers and Members work together to understand the sticking points and address them together in a thoughtful manner.

### **Conclusions**

26. Commissioners have enjoyed working with the Council, whose officers and Members show a clear commitment to Croydon and are working hard to resolve the challenging problems it faces. In the period we have worked in Croydon, the Council has taken some significant steps forward, in particular in clarifying its belief that it can do more to tackle its financial situation, its intention to take this forward and the identification of steps to do this. The clear recognition that the Transformation Programme is necessary but not sufficient to close the Council's deficit, and that delivery plans should be reviewed and reprioritised is also an important step forward. But there is more to do, in particular to take forward work to deliver savings beyond those to be made through the Transformation Programme, to create a robust governance framework to ensure the timely delivery of the Transformation Programme and to develop a high performance culture within the organisation. Commissioners look forward to working with the Council to progress this work and ensure its delivery at pace.

**Next steps**

27. In their directions of 17<sup>th</sup> July 2025, the Secretary of State for Housing, Communities and Local Government required the Council to submit a second report before summer 2026, or at such intervals as Commissioners may direct. We will ensure that the Council submits reporting in line with this requirement and will also submit our own opinion on the Council's progress at this time. In the meantime, we look forward to continuing to support and challenge the Council in its improvement journey.

Yours sincerely,



Ged Curran,  
Lead Commissioner



Jackie Belton,  
Commissioner (Transformation)



Abi Brown  
Commissioner (Political Adviser)



Debbie Warren  
Commissioner (Finance)