

Dear Resident,

You may have heard that the Council is 'bankrupt'. The word is a simplistic description of the fact that the Council has less income than its expenditure plans and cannot fulfil its legal obligation to have a balanced budget. This is why the Council had to issue a S114 Notice. To help balance the books, alongside savings, Councils can request permission from the Government to borrow to cover the unfunded planned expenditure (Capitalisation Directive).

Has this ever happened before? Other London Boroughs have issued S114 in the past and have since fully recovered and flourished. More recently, there was Northamptonshire County Council (Conservative controlled) in 2017 which led to the County Council being disbanded. Last month, a dozen of other Local Authorities (from all political groups) have submitted a similar Capitalisation Directive to government because of Covid overspending and inability to balance their budget. Croydon's request is for 3 years (to cover the period of its Medium-Term Financial Strategy) and is the most consequent considering the size of the challenge. The request was submitted to the government last December alongside the Croydon Renewal Plan (roadmap for improvement over a 3-year period to balance the budget and restore appropriate governance and good practice in the council). The Council was expecting a response in January and we are now advised that this will be anticipated on 4th March (4 days before the Council votes on its budget on 8th March).

We were the first councillors to organise an online community event on the Council situation last December, partnering with LoveNorbury. We were clear that this would be the first of a series of engagements, as we are committed to ensure our constituents are kept fully aware of the situation and have opportunities to ask questions and challenge us. As there is a lot going on and some of you may not attended the previous event, we have prepared a briefing note here attached.

We look forward to meeting you all on 10th March.

Best,

Your councillors, Shafi & Leila