

Appendix A: 2025-29 Medium Term Financial Strategy Forecast

	Cumulative			
	2025-26	2026-27	2027-28	2028-29
	£m	£m	£m	£m
Departmental and Corporate Base Budget	390.427	390.427	390.427	390.427
Growth including demand and demographic pressures	52.088	68.687	76.552	83.936
Provision for future demand and demographic growth	-	10.000	20.000	30.000
Core saving in borrowing costs from asset disposals	(6.684)	(6.684)	(6.684)	(6.684)
Provision for pay and contract inflation	25.532	39.532	53.532	67.532
Net cost of borrowing (interest, MRP & investment income)	69.006	69.536	69.956	70.256
Corporate risk budget	5.000	5.000	5.000	5.000
Economic demand and pressures contingency budget	5.000	10.000	15.000	20.000
Gross Budget Requirement	540.369	586.498	623.783	660.467
Core grant funding	(44.368)	(44.812)	(45.260)	(45.713)
Business Rates - compensation grant for under indexing the business rates multiplier	(16.384)	(16.712)	(17.046)	(17.387)
Net Budget Requirement (as per the budget book)	479.616	524.974	561.477	597.367
Financing				
<i>Government Grants:</i>				
Revenue Support Grant	(17.996)	(18.176)	(18.358)	(18.541)
<i>Croydon Resources</i>				
Business rates top-up grant	(38.909)	(39.687)	(40.481)	(41.291)
Business rates income	(42.885)	(43.743)	(44.617)	(45.510)
Council tax (4.99% increase modelled for 2025-26 then 2.99% per annum for future years)	(274.934)	(284.615)	(294.646)	(305.028)
Total Financing	(374.724)	(386.221)	(398.102)	(410.369)
Gross Budget deficit	104.893	138.753	163.374	186.998
Incremental borrowing cost saving from asset disposals	(2.483)	(3.263)	(3.263)	(3.263)
Proposed savings to date	(14.114)	(31.832)	(39.528)	(41.217)
Further savings to be identified	(5.000)	(10.000)	(15.000)	(20.000)
Total Savings	(21.597)	(45.095)	(57.791)	(64.480)
Assumed Capitalisation Directions	(38.000)	(38.000)	(38.000)	(38.000)
Net Budget (surplus)/ deficit	45.296	55.658	67.583	84.518
Adjustment to best case model (under-written by capitalisation directions)		(39.500)		
Cumulative (surplus) / deficit (best case model)		5.796		