

14<sup>th</sup> January 2026

Dear VCS partners,

Let me first take this opportunity to say a huge thank you for everything you do to support the residents of this borough. I want you to know how important it is to this Council.

I am writing to you today to update on this Council's financial position.

Most of you will probably be aware of the Government's Fairer Funding reforms, which proposed big changes to the way local authorities are funded. As a reminder, the Government had proposed in their consultation that this Council would see its budget cut by £82 million, equivalent to 40% of our controllable budget.

The depth of the cuts proposed by the Government were existential for this Council. We hoped that they would recognise that budget cuts of this magnitude were unfair, disproportionate, and frankly impossible to deliver while maintaining services to residents.

As such, we pursued extensive lobbying of the Government and our Members of Parliament, working with partners across London, making the real consequences of their proposals clear. I did not see this as a political issue, but as a fundamental question of how the government supported local people and local government.

Just before Christmas, we received our Funding Settlement. I am deeply disappointed to report that, rather than improving, our settlement was worse than expected.

The Government confirmed that our total loss as a result of Fairer Funding would be £108.5m, and that £61million of this would be removed within the next three years.

I fully understand that this news will be concerning, and that you will rightly have questions about what this means for you and for the communities you support. The reality is that this settlement will force the Council into some very difficult decisions in the years ahead.

We will do everything we can to lessen the impact on our residents, protecting the services which are most important to them. However, I am afraid that residents will feel the consequences of the Government's decision. Even when accounting for new revenue measures, such as the Second Homes Levy, the scale of the reductions required is simply too great to protect all the services and support we currently provide.

Finally, some of you have raised with me the figures provided by the Member of Parliament for Kensington and Bayswater, who has suggested that the loss of Government funding is only £16 million. This figure is incorrect, and he has been sent a detailed briefing. I have been in contact with him and asked him to correct the record.

I will continue to engage with you as we assess the impact of this settlement and consider our next steps. Your voices have already made a difference, and your continued engagement will remain vital in the months ahead.

Best wishes

A handwritten signature in dark ink, appearing to read 'Elizabeth Campbell', is centered below the text 'Best wishes'.

**Cllr Elizabeth Campbell**

Leader of Kensington and Chelsea Council