



Update on RBKC Local Government Funding Settlement

17 December 2025

Dear all,

I know many of you were concerned to receive communications from the Royal Borough of Kensington & Chelsea suggesting that the council's spending power was being reduced by up to 40% – a total of £82M over three years - and that services would have to be cut as a result. I'm writing to you to provide some reassurance that this is not the case.

Today, the Government has confirmed the funding settlement for RBKC will be a modest reduction of 5% - or £16.8 million - over three years. This is an entirely different financial reality to the one initially presented.

I have been intensively engaging with Ministers, officials and residents for many months on this issue as part of the Fair Funding review – and I'm pleased that the Government has listened to our community.

In addition to the funding settlement, the Government has made major changes to help local councils deal with demands on their services – in particular homelessness (including temporary accommodation) and Special Educational Needs. On homelessness, the multi-year nature of this funding settlement will help councils to make more efficient decisions about procuring long-term accommodation rather than expensive night-by-night costs. There will also be a new fund to help councils buy their own temporary accommodation, which will also help with long-term costs.

On Special Educational Needs, further reforms to the system will be announced in the new year to support all our children to learn close to where they live.

What this package means for our community, is that many of the consultations on cuts to services that RBKC launched several weeks ago were not only premature – but should now be scrapped entirely.

There is one exception.



Joe Powell MP
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Almost all London Councils have now implemented a second homes Council Tax premium. RBKC has not. I've always thought this was an unfair choice for the borough, and I believe it's time that this tax break is ended.

It is estimated this would raise £12 million per year which would be more than enough to both cover the modest reduction in grant money, and to cover other demands the council expects it will need to cover over the next three years.

This should be a simple choice to protect our lowest income households, our voluntary and community sector, and other proposed RBKC cuts to services.

In the coming months I will therefore be asking RBKC to:

- End the Second Homes tax break, in line with the vast majority of London councils, generating up to £12 million per year for vital local services
- Scrap their proposal to reduce vital council tax support for up to 8,000 of the lowest income households in the borough
- Reverse all proposed cuts to Voluntary and Community Sector funding

I welcome your – or your organisation's – feedback on this fairer plan for our community.

Yours sincerely,

Joe Powell MP
Member of Parliament for Kensington & Bayswater