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Council Warns Housing Costs Ignored in Funding Reform

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A west London borough is raising alarm over proposed government funding changes that it claims fail to reflect the reality of high housing costs, risking further hardship for low-income families despite the area's wealthy image.

The Royal Borough of Kensington and Chelsea (RBKC), one of the most expensive areas in the country, has criticised the government's plan to overhaul how it allocates funds to local

authorities. The council argues the proposed formula used in the Fair Funding Review, a national assessment of financial needs, ignores the crippling impact of housing expenses on struggling households. While the borough includes some of the UK's wealthiest neighbourhoods, a third of children in RBKC live in poverty once housing costs are taken into account.

Conservative council leader Elizabeth Campbell stated the changes could strip £82.7 million in funding from the borough over the next three years. "If the formula was fair, we'd agree with that," she said while touring North Kensington. "What we don't agree to is selective defunding of certain London boroughs." She added that areas like Golborne ward, among the most deprived in the capital, stand to suffer despite being surrounded by visible affluence.

London Councils, a cross-party organisation representing the city's local authorities, warned that up to £700 million could be redirected from the capital under the current formula, which fails to account for regional cost disparities. Without factoring in housing costs, London, despite its high poverty rates, appears less in need of support, skewing the allocation toward less expensive regions.

Residents expressed concern about the long-term implications. George Hencken, a resident of Golborne ward, said high rents are pushing out families who have lived in the area for generations. "For my daughter, who was born and bred here, it's a massive issue," she said. "None of them can afford to stay where they live."

Others, like area worker Ishmael Palmer, acknowledged the challenge in balancing funding nationwide. "I live in London, so I'm going to go with the option of London being given the most money," he said. "But that's just the selfish me speaking."

As the consultation on the Fair Funding Review continues, RBKC and other London boroughs are urging the government to revise its approach. They argue that a funding model blind to regional housing realities risks compounding deprivation in the very communities most in need.