



Southwark Councillors
Southwark Council
160 Tooley Street
London SE1P 5LX

16th October 2025

**Steve Reed MP, Secretary of State
For Housing, Communities and
Local Government**
2 Marsham Street
London SW1P 4DF

Dear Secretary of State,

IMPACT OF THE FAIRER FUNDING REVIEW ON SOUTHWARK COUNCIL

We are writing to you as Leader of Southwark Council and Leader of the Opposition on Southwark Council, and the leaders of the only two groups on the council, to express our shock and dismay over the Government's proposed "Fairer Funding" plan.

Your Government's proposals will strike a devastating blow to Councils across London, and we in Southwark will be one of the worst affected. Research conducted by London Councils suggests that Southwark is set to lose 21% of its grant funding and 14% of overall Core Spending Power. This will be catastrophic for Southwark Council's ability to provide core services to our residents.

Research by our internal Finance team shows that following this review; to balance our books we will be required to make savings in excess of £90 million. That is £90 million that now won't be spent on our roads, our libraries, our parks, our council houses, or our social care obligations. Cuts at this scale are nothing short of a return to the Conservative austerity of the last decade, and it is shameful that this is being proposed by a Labour Government which promised Change. It is especially disappointing that this is despite all 5 of Southwark's MPs being your colleagues in the Labour Party, and even more so when one recalls that our Peckham MP is your Parliamentary Under-Secretary at the Ministry of Housing, Communities and Local Government. This is a total breach of trust of our residents who put their faith in you last summer.

Nobody would disagree that councils in the North of England and the Midlands are in need of more funding from Central Government, but this should not and must not come at the expense of local people in London. Deprivation levels in Southwark are high; both compared to the national average and compared to other London boroughs. Over 1 in 5 people in Southwark live in poverty, rising to 2 in every 5 children. The average house price in Southwark is £582,000, and the average monthly rent is over £2300. These numbers are double the national average. If the goal of the "Fairer Funding" model is to redistribute wealth based on need, how can a model which excludes our housing crisis be seen as anything other than a political decision to level down London?

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For our residents in Southwark, this is about much more than just numbers on a spreadsheet. These proposed cuts will mean drastic changes to our services. This imposed austerity will lead to the possibility of vital jobs being cut, residents not being housed, older people struggling for care, the closure of libraries and leisure centres, and rising council tax in the middle of a Cost of Living Crisis. When residents ask us why the Council's services have suddenly worsened so dramatically, we will have to tell them that it is because of Labour's new programme of austerity for London.

As you know though, this proposal has not yet been implemented. There is still time to save Southwark and other Inner London boroughs. As Leader of the Council and Leader of the Opposition, we don't always agree, but we are jointly calling on you to take the "Fairer Funding" regime back to the drawing board. Take this opportunity to not leave us with a £90 million financial black hole. Any proposed changes to local authority funding must, at a minimum, take into account housing costs when calculating need. Housing costs in Southwark are twice the national average, but salaries are not – people in our borough have less money in their pocket after paying their rent or mortgage than everywhere else, and this "Fairer Funding" proposal will shake Londoners down for whatever they have left. The proposal as it stands is a betrayal of Londoners who put their trust in Labour last year to stand up for them. If this new funding regime is implemented it will confirm what many already fear – that Labour has abandoned London.

We would like to request a meeting with you to discuss this issue further. We hope that you will reflect and create a truly Fair Funding model for London, and the whole country.

Yours sincerely,

Councillor Victor Chamberlain

Leader of the Opposition, Southwark Council
Liberal Democrat Group
Borough & Bankside Ward

[Awaiting signature from Leader of the Council]