

Jim McMahon OBE MP
Minister for Local Government and English Devolution
2 Marsham St
London
SW1P 4DF

07 August 2025

Subject Line: The Fair Funding Review 2.0 and local needs

Dear Minister,

I am writing to urge you to ensure that the Government's proposed reforms to local authority funding take into account actual local needs and costs.

BusinessLDN is the capital's leading business membership group, representing [over 170 large employers](#) with the mission to make London the best city in the world in which to do business, working with and for the whole UK.

We support the aim of making the local government funding system simpler, more stable and fairer. Such reform is long overdue.

Increasing pressures from core statutory functions, such as social care, are forcing councils to reduce spending on areas that affect investment and growth — such as street cleaning and refuse collection. It is vital that the Government's reforms ensure that local authorities are resourced to do both effectively.

It is also critical that the new formula looks at both local needs and local costs. While London has high average incomes, it also has high housing costs, which means that the capital has the most acute level of poverty in the country. Any new local government funding model needs to take these factors into account.

London Councils' analysis suggests boroughs in the capital will ultimately receive £700m less than they would under current funding arrangements. It would be deeply concerning if local authorities in the city were left without the resources they need to provide the basic services that their residents and businesses rely upon. This would undermine perception of London as an attractive place to live, work and invest – and in turn jeopardising the capital's ability to fire on all cylinders and support the Government's growth mission.

We urge you to ensure that the Fair Funding Review 2.0 takes these factors into account and delivers a reformed system that works for London and the whole UK.

Yours sincerely,

John Dickie
Chief Executive, BusinessLDN