

Cllr Peray Ahmet, Leader – LB Haringey
Cllr Barry Rawlings, Leader - LB Barnet

Rt Hon Rachel Reeves MP,
Chancellor of the Exchequer

Rt Hon Angela Rayner MP,
Secretary of State for Housing, Communities &
Local Government and Deputy Prime Minister

10 June 2025

Dear Chancellor and Secretary of State

We are **two well-run outer London boroughs** sharing many characteristics and cost pressures with county councils and inner London, yet we **receive 15% less funding** per resident than the England average. Despite generating year on year efficiency savings, we have had no choice but to apply for Exceptional Financial Support (EFS) from the Government, as **demand for services** we have a legal duty to provide **has outstripped the funding** we get.

We are grateful for the new Government's decision to step in and provide this support, however EFS is a short-term reprieve. It does not resolve the structural problems with funding we face. We have come together to **use our collective voice to make the case for fairer funding** and how the spending review can help us protect the critical services our residents rely on.

ROADMAP TO FINANCIAL SUSTAINABILITY

Every one of the six London boroughs receiving EFS for their general fund budget is in outer London, and London has the highest rate of EFS councils of any region in the country. This is no coincidence as **outer London is amongst the lowest funded councils** per resident.

After 15 years of austerity, we know the Government is picking up the pieces and cannot grow the funding pot overnight. To help us reach financial sustainability we urge the Government to **start to address funding shortfalls over the lifetime of the multi-year settlement.**

EFS borrowing adds to public sector debt, and councils must borrow more to fund 'minimum revenue provision'. EFS boroughs are collectively borrowing more than £1m daily from the Government to balance their budgets. **Treasury borrowing would be cheaper for the public purse,** and we ask the Government to consider this in the Spending Review.

FAIRER FUNDING REFORM

For funding reform to be fair, **limited resources must be targeted at the drivers of unavoidable demand and costs.** Social care, homelessness, special education needs and disabilities are unavoidable demand pressures for all councils across the country and prevention is cheaper than cure.



As funding is limited, **investment targeted at reducing demand is crucial**. Effective social work keeps children with their families, funding based on care numbers punishes good practice and prevention. The formula should be rebalanced to avoid this.

ADULT SOCIAL CARE

Demand pressures in Adult Social Care are particularly challenging for us as the outer London 'care home belt' boroughs in North Central London.

Working age disabled adults are the most significant social care cost, the fastest growing pressure, and for profound disability, those with fewest opportunities to promote independence. **Barnet supports the highest number** of working age adults with learning disabilities in London, and in North London, **Haringey is the next highest**. Barnet spends £35.4m on 405 people with LD in supported accommodation. **The funding formula must pay greater attention to this group**.

Most social care services are commissioned from an increasingly fragile provider market, where costs continue to rise above inflation. In 2025/26, **Haringey spent an additional £31m** to manage these higher pressures and higher demand. Additional funding in the past has been to the NHS, **similar increases must be reflected in social care funding**.

HOMELESSNESS IS DEPRIVATION

The housing crisis has a huge impact on our residents. **Housing costs are the single largest household bill for families across the country**, with one in 50 Londoners currently homeless. **Deprivation** is a driver of need, but this **must include housing costs** or at least reflect the outsized importance of housing, as it's a key reason more boroughs need EFS.

Haringey's temporary accommodation net **costs increased by 72%** or £8m from 2023/24 to 2024/25. **Barnet** has almost 3,000 households in temporary accommodation, the 6th lowest social housing stock in London and **homeless applications have almost doubled**.

PARTNERSHIP WITH GOVERNMENT

Without adequate funding and a focus on prevention, [even more councils will be at risk of needing EFS](#). We need a 'total place approach' so that the funding we receive reflects the cost pressures we face and we can invest in prevention in line with the Government's focus.

We want to work with you as partners to get to a sustainable position and are glad to contribute to the Government's mission to get us to fairer funding.

Yours sincerely



Cllr Peray Ahmet,
Leader of Haringey Council



Cllr Barry Rawlings,
Leader of Barnet Council

