

LGA Corporate Peer Challenge

Royal Borough of Kensington and Chelsea

15 – 18 July

Feedback report



Corporate Peer Challenge



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1. Introduction

Corporate Peer Challenge (CPC) is a highly valued improvement and assurance tool that is delivered by the sector, for the sector. It involves a team of senior local government councillors and officers undertaking a comprehensive review of key finance, performance and governance information and then spending four days at a council to provide robust, strategic and credible challenge and support.

CPC forms a key part of the improvement and assurance framework for local government. It is underpinned by the principles of sector-led improvement (SLI) put in place by councils and the Local Government Association (LGA) to support continuous improvement and assurance across the sector. These principles state that local authorities are: responsible for their own performance, accountable locally not nationally and have a collective responsibility for the performance of the sector.

CPC assists councils in meeting part of their Best Value duty, with the UK Government expecting all local authorities to have a CPC at least every five years.

Peers remain at the heart of the peer challenge process and provide a 'practitioner perspective' and 'critical friend' challenge. This report details the key findings of the peer team and the recommendations that the council are required to consider.

2. Executive summary

The Grenfell tragedy is a defining context for the council's work and its relationship with residents. The Royal Borough of Kensington and Chelsea acknowledges its failures and is aiming to meet the challenge set by bereaved families and survivors to become the best council it can be for all residents.

The organisation has made good progress on its improvement journey, but RBKC recognises that it needs to do more – both to improve further and to demonstrate to all residents that the council has genuinely changed. Despite some very high performing services, and significant organisational reform, the council acknowledges a disconnect between its aspirations and some residents' experiences.

RBKC benefits from strong and visible leadership. The council's leader and chief



executive are widely respected and provide effective political and managerial direction. Officers and members typically work constructively together, and the council is increasingly influential in London-wide governance structures.

The council has established good governance, including clear member and officer boards and robust processes. There is now an opportunity to consider where arrangements can be refined to support innovation and more agile working, particularly where current processes may cause delays. The council has made strides in improving internal structures, including strengthening the corporate centre. Nevertheless, the council still needs to be more coordinated – across directorates – in its planning and delivery.

RBKC has some very high-performing services. Children's services were judged as outstanding by Ofsted for the third consecutive time in January 2025, and adult social care has received an outstanding rating from the Care Quality Commission. These achievements reflect strong leadership, investment and a commitment to listening to service users. The council also performs well in areas such as GCSE attainment and planning. However, challenges remain in affordable housing delivery and recycling rates, which are both significantly below London averages. In addition, while the Regulator of Social Housing (RSH) acknowledged that outcomes across most of its consumer standards – including across all health and safety compliance measures – were good, it identified a serious failing in the council's delivery of the Safety and Quality Standard. RSH highlighted that significant improvement is needed, specifically in relation to stock quality and housing decency.

The council has made progress in public participation, with a strong emphasis on co-production and working alongside residents. Engagement to support the redesign of family support pathways and the children and young people's plan demonstrate this commitment. Despite these efforts, the council could be clearer and more consistent on when different approaches – such as consultation, co-design and co-production – will be used. The review of the charter for public participation presents a timely opportunity to improve relationships and deepen trust, especially where it remains low.

The council is commissioning an independent review of its organisational culture,



informed by feedback from some residents – particularly those in social housing – who have raised concerns about discrimination and poor service experiences. This review will assess culture across both staff and elected members and should be followed by a renewed focus on embedding a coherent and accessible set of corporate values and behaviours. Currently, understanding of the council's values varies across the organisation, and some directorates have developed their own versions – contributing to inconsistency.

RBKC currently lacks a clearly articulated long-term vision for the place and growth. While the borough is home to significant economic assets and cultural institutions, there is an opportunity to define ambitions more clearly and shape investment to align with local priorities.

There is also potential to develop a more integrated approach to place-stewardship and locality working. A new model of neighbourhood management has been developed for the Lancaster West Estate, and the council is exploring how learning from this could be sustainably extended to other areas of the borough. There is also a range of other place-based activities, such as the 'locally based services for local people' initiative, while concerns from some ward councillors highlight the need for better member engagement on local issues.

RBKC has a strong financial base, with substantial reserves and a track record of delivering savings. However, it faces a significant financial challenge with a projected budget gap of £84 million by 2029/30. The anticipated impact of the Government's Fair Funding reforms poses a major risk. The council is actively lobbying government for funding formula changes, while exploring measures to address the gap. The council has not previously delivered savings of the scale required.

The council recognises the need for a more strategic and corporate approach to transformation. A new programme has been developed around seven themes, including workforce, simplified processes and property. However, cultural change is required to shift from strong directorate-led approaches to a more unified 'one council' model. Strong political and officer leadership, and a strengthened central function, will be key to driving this change.

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3. Recommendations

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the council:

- 3.1 Recommendation 1:** Develop a long-term future vision for the borough
- 3.2 Recommendation 2:** Consider an integrated approach to place-stewardship and neighbourhood working
- 3.3 Recommendation 3:** Use the review of the Charter for Public Participation to continue to build relationships and trust
- 3.4 Recommendation 4:** Focus on a single set of values and behaviours with an implementation programme and a way to measure that they are being consistently applied
- 3.5 Recommendation 5:** Articulate and deliver a more strategic and corporate approach to transformation
- 3.6 Recommendation 6:** Given the organisation's progress, consider how key council processes can support innovation and the timely delivery of priorities

4. Summary of peer challenge approach

4.1 The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected by the LGA on the basis of their relevant expertise. The peers were:

- Cllr Kevin Bentley, Leader of Essex County Council
- Cllr Anthony Okereke, Leader of Royal Borough of Greenwich
- Sharon Kemp OBE, former Chief Executive of Rotherham Metropolitan



Borough Council

- Sharon Bridglalsingh, Director of Law and Governance, Milton Keynes City Council
- Anisa Darr, Executive Director of Resources, London Borough of Barnet
- Florence Obinna, Head of Insight and Engagement, London Borough of Hackney
- Susmita Sen, Corporate Director of Housing, London Borough of Croydon
- Kevin Kewin, LGA Peer Challenge Manager

4.2 Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to councils' performance and improvement.

1. **Local priorities and outcomes** - are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities? Is there an organisational-wide approach to continuous improvement, with frequent monitoring, reporting on and updating of performance and improvement plans?
2. **Organisational and place leadership** - does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
4. **Financial planning and management** - Does the council have a grip on its current financial position? Does the council have a strategy and a plan to address its financial challenges? What is the relative financial resilience of the council like?
5. **Capacity for improvement** - Is the organisation able to bring about the



improvements it needs, including delivering on locally identified priorities? Does the council have the capacity to improve?

As part of the five core elements outlined above, every Corporate Peer Challenge includes a strong focus on financial sustainability, performance, governance and assurance.

4.3 The peer challenge process

Peer challenges are improvement focused; it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared by reviewing a range of documents and information in order to ensure they were familiar with the council and the challenges it is facing. This included a position statement prepared by the council in advance of the peer team's time on site. This provided a clear steer to the peer team on the local context at the Royal Borough of Kensington and Chelsea and what the peer team should focus on. It also included a comprehensive LGA Finance briefing (prepared using public reports from the council's website) and an LGA performance report outlining benchmarking data for the council across a range of metrics.

The peer team then spent four of days onsite at the Royal Borough of Kensington and Chelsea, during which they:

- Gathered evidence, information and views from more than 50 meetings, in addition to further research and reading.
- Spoke to more than 75 people including a range of council staff together with members and external stakeholders.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members.



5. Feedback

5.1 Local priorities and outcomes

Kensington and Chelsea will always be inextricably linked with the Grenfell fire, which led to the deaths of 72 people and affected many residents, families and communities. Bereaved families, survivors and residents have challenged the council to use the learning from its failures and become the best council for all its residents, whether they were directly affected by Grenfell or not. This report is not about the tragedy nor the council's response to it; those matters are covered by other inquiries and investigations. This report is about RBKC and how it functions today, with the impact of the Grenfell fire ever present in that context.

Kensington and Chelsea is an atypical London borough. It is the smallest by both geography and population size; there are around 147,000 residents within its 4.7 square miles. The borough is home to a range of national institutions such as the Victoria and Albert Museum and Kensington Palace, and is renowned for its cultural heritage, including hosting the Notting Hill Carnival. The area draws in millions of visitors annually and contributes significantly to the UK economy.

Kensington and Chelsea is also an area of huge social and cultural diversity with significant differences in income and social outcomes. RBKC has the highest life expectancy in England; however, it varies considerably between the north and the south of the borough, between people from different ethnic groups and between homeowners, private renters and those in social housing. For example, women in Holland ward (between Notting Hill and South Kensington) live, on average, 18 years longer than those in Notting Dale (North Kensington). While the average house price in the borough is £1.4 million, Golborne ward has been identified by the Office for National Statistics as the most deprived in London.

The council has strong political leadership with members clearly setting the organisation's priorities, including making distinct policy choices. For example, the council has maintained twice-weekly residual waste collections when most authorities have moved to fortnightly or less frequent arrangements. The council has prioritised street enforcement, including providing a dedicated warden officer within each ward.



The council has also continued to prioritise low council tax: RBKC has the fifth lowest level nationally. In 2025/26, the council was one of only three London Boroughs not to raise council tax to the maximum permitted level.

The peer team met with dedicated individuals who are a clear strength to the organisation. The council's leadership has an important role in recognising the significant contributions of its staff. The peer team was pleased to note the council's plans for its new annual awards ceremony to recognise staff achievements. While the council acknowledges it needs to further improve its performance, there is value in celebrating examples of service excellence to inspire, motivate and generate further improvement.

The council has a clear corporate plan which was published in 2023 informed by significant local engagement. An updated two year action plan was published in April 2025. The peer team noted that the corporate plan appeared to be well understood, and have traction, across the organisation. Three strategic pillars underpin the Plan: Greener, Safer and Fairer. These themes sit alongside the mission set by bereaved families and survivors of the Grenfell tragedy: for RBKC to become the best council it can be.

The council is transparent in tracking its progress on delivering its priorities. RBKC has a performance management framework which makes clear the respective roles of officers and members. It also facilitates business planning by aligning the corporate plan with individual performance development reviews for staff. The council reports performance to the Leadership Team (Cabinet) on quarterly basis and Overview and Scrutiny twice a year. In response to feedback from its external auditor, the council has recently updated the framework to make it more streamlined.

The council also has a [public performance dashboard](#) which aims to transparently set out performance on a quarterly basis against corporate plan actions and key performance measures. The existence of the dashboard is good practice; it is not typical for residents to be able to navigate performance data in this way. The peer team noted the council's plans to redesign the dashboard. As part of this, the peer team would recommend the council provide comparative data (i.e. RBKC benchmarked against other London boroughs) where available and make clear the



target level the council is seeking to achieve for each indicator.

RBKC has a range of services that support consistently strong outcomes. In January 2025, RBKC's children's services were judged by Ofsted to be outstanding for the third consecutive time. The most recent inspection found that strong political and partnership support had enabled the council to be an effective champion for children, young people and their families. The report highlighted the council's investment, systemic practice and that leaders listen to children, families and the workforce.

The council has also been rated as outstanding for its adult social care services by the Care Quality Commission (CQC). This top rating follows its inspection in January 2025 and was formally announced in July 2025. The inspection highlighted the council's inclusive services, excellent reablement support and strong community partnerships. Significantly, CQC also pointed to residents receiving an immediate response when they ask for support, with no waiting lists for assessments, safeguarding, occupational therapy or reablement services. RBKC is one of only two councils in England with outstanding judgements for both children's and adult services.

RBKC received its first inspection from the Regulator of Social Housing (RSH) in April 2025; the judgement was published in August 2025 shortly after the peer team's onsite work. The council was awarded a C3 rating, where C1 is the best possible score and C4 the lowest. In its judgement, the regulator identified a serious failing in RBKC's delivery of the Safety and Quality Standard, specifically concerning stock quality and housing decency. The council acknowledges these issues and is working to address them. Since taking back direct control from its Tenant Management Organisation in 2018, RBKC has invested more than £200 million, with a further £382.6 million planned between 2025/26 and 2029/30, aiming to ensure all homes meet the Decent Homes Standard by 2030. The inspection found RBKC to be delivering the other requirements in the Safety and Quality Standard, including in relation to health and safety requirements. The council was found to be delivering the outcomes within RSH's other Standards: Transparency, Influence and Accountability, Neighbourhood and Community, and Tenancy.

In addition to external inspections, [comparative performance information](#) captured in



the LGA's LG Inform data tool provides a sense of the council's performance strengths and weaknesses.

Overall, the council fares at or better than London averages for many indicators. Key Stage 4 (GCSE) attainment is a definite strength. 62% of children in Kensington and Chelsea achieved level 9-5 in English and Maths – the London average is 55%. RBKC performs well above average for council tax collection. Planning performance is also strong with processing performance better than in most boroughs and very few major applications are overturned on appeal.

However, RBKC falls significantly below London average for affordable housing delivery. In addition, the council has a relatively high proportion of households in temporary accommodation. Recycling is also a poor performing area – the second lowest rate in London – and waste disposal costs are comparatively very high. This may reflect both the borough's high density but also its policy decisions: there is evidence that more regular residential waste collections deflates recycling rates.

The peer team noted that it will be a challenge for the council to maintain and improve its performance while finding significant financial savings. In addition, the council recognises that the positive findings of external inspections and good performance metrics does not always reflect the lived experience of residents directly engaging with the council.

The council acknowledges it needs to further improve and that many residents still do not see or feel the change the organisation believes it has made. RBKC recognises that it needs to improve its complaints performance and has committed to an end-to-end review of its process to report in the autumn. The peer team also considered examples of housing cases – including instances relating to rehousing, living conditions and suitability – which were not addressed sufficiently well or promptly. While much work is being undertaken, there is a need for the council to ensure timeliness of its responses and continue developing innovative ways to meet often complex and changing needs. This will help ensure that issues are resolved earlier and that tenants feel heard, respected and valued.

In 2022, resident engagement revealed that a majority (56%) felt the council had not



changed since 2017. The peer team welcome the council's plan to conduct a residents' survey – its first in several years – using a large, representative sample. This survey presents an important opportunity to better understand local views, including differences over time and between places and communities. It will also provide a valuable benchmark for RBKC to compare itself against other councils.

The council has undertaken activity to support equality and diversity in the borough, including the development of a fairer action plan informed by significant community engagement. A corporate equalities group is now chaired by the chief executive. The peer team was impressed by the council's staff network chairs who effectively raised issues and suggested improvements from both workforce and service delivery perspectives. The council also recognises that further progress is needed. A recent audit of equality impact assessments shows that the council needs to do more to understand cumulative impacts. In addition, some staff shared concerns about instances of inappropriate behaviour not always being addressed effectively. Significantly, as part recent engagement undertaken for the council's response to the Grenfell Tower Inquiry, some residents highlighted experiences of racial and social discrimination. In response to the challenging feedback received, the council is commissioning an independent review of its organisational culture.

There is clear value in the council's next corporate plan setting out, in greater detail, how the organisation itself will evolve alongside its policy priorities. Forthcoming financial pressures, the demands of transformation, the council's commitments following the Grenfell tragedy and the findings of the forthcoming culture review all point to further significant change for an organisation that has undergone substantial reform in recent years.

5.2 Organisational and place leadership

The leader and chief executive provide excellent and visible organisational leadership which is widely valued within the council. Staff feedback was positive, including in terms of how the leader and chief executive work well together. However, the peer team noted that some staff based outside the Town Hall felt less connected to this visible leadership, which is an area the council may wish to explore further.



Encouragingly, the council's leadership is also well-regarded by statutory partners, with RBKC seen as a reliable organisation to work with. It was also noted that the council has an increasingly prominent role in London governance. This includes the leader's role as vice chair of London Councils and the chief executive as chair of London Councils' self-improvement board.

The council has made clear progress in supporting more distributed leadership, especially through the council's executive management team (EMT) and the senior management forum (SMF). It is positive that each of the executive directors is leading on a corporate transformation workstream. However, feedback from officers, at various levels, suggests that executive directors could still play a more active role in corporate leadership. This includes challenging siloed behaviours within their own departments and more visibly championing cross-organisational collaboration. It appears, at times, that corporate initiatives are perceived as secondary to directorate-led priorities.

There is value in RBKC further developing its approach to place. Unlike many other London boroughs, the council does not currently have a clearly articulated place strategy that sets out its vision and ambitions for supporting economic growth and renewal. The borough is home to significant economic assets and internationally recognised anchor institutions, which position it well for investment. Given this, the council's focus may not primarily be on attracting investment alone, but rather on clearly defining its medium and long-term ambitions for the borough. This could include shaping the type of investment that aligns with local priorities and ensuring that residents and businesses are well-placed to benefit. A more strategic approach would also provide an opportunity to strengthen partnership working across the borough. The council acknowledges that it could do more to bring partners together around shared priorities and harness collective capacity. Kensington and Chelsea does not, for example, have a boroughwide strategic partnership forum or plan

The council's focus on place and growth would also be strengthened by a clearer and more coordinated approach to neighbourhood working. A new model of neighbourhood management has been developed for the Lancaster West Estate, and the council is exploring how learning from this could be sustainably extended to other





areas of the borough. There is also a range of other place-based activities, such as the 'locally based services for local people' initiative. The peer team also heard concerns from ward councillors – particularly in North Kensington – regarding the council's engagement within their wards, noting a lack of involvement of elected members. There is value in the council developing an agreed approach to locality working that seeks to bring together different parts of the organisation cohesively. This should include consideration of how best to build trust and tailor services to local needs in a financially sustainable way.

RBKC has made progress in its community engagement. The council is using a range of techniques to shape its policy and delivery arrangements, including a citizens' panel, focus groups and deliberative events. A consultation gateway process has introduced greater rigour for new service-led engagement proposals. Unusually, the council has embedded its approach within its constitution through its charter for public participation. The council has also sought to disseminate learning across the organisation, including through a staff network that shares practice from co-production exercises, and has developed an engagement toolkit for services to draw on. RBKC has also sought to improve its relationships with community organisations. This includes strategic engagement through the borough's voluntary organisations advisory group. In addition, the council has a significant direct funding role, allocating over £2 million annually through its voluntary sector support fund.

The council can point to many examples where engagement and participation have directly shaped policy and service delivery. Recent work includes the redesign of family support pathways for disabled children and the development of the children and young people's plan. The council has also participated in innovative approaches, such as 'legislative theatre', to collaboratively explore perspectives of both staff and service users.

Despite both recent progress and positive examples, the council recognises that further work is needed to deepen resident involvement. The peer team also heard this directly from some of the staff, community groups and residents they engaged with. The council could be clearer on when different approaches – such as consultation, co-design and co-production – will be used. Practical suggestions for





improvement also included involving community groups earlier in the process to co-design solutions and adopting a more consistent, council-wide approach to co-production. The peer team highlighted the value of the council increasingly adopting an 'outside-in' perspective i.e. designing services starting from the community's perspective, rather than that of a service provider. The council is now working with residents to conduct a full review of the charter for public participation and the citizens' panel, with a view to further improve practice, building trust and more actively share power.

5.3 Governance and culture

Governance and decision-making processes are clear and well understood across the organisation. The peer team found that officers are confident in providing objective advice, and members are engaged in understanding the implications of their decisions. Councillors are supported in making informed decisions through access to clear, well-structured reports. The peer team observed appropriate oversight and challenge from members, including both scrutiny and executive councillors.

The council benefits from good and respectful relationships between elected members and senior officers. However, the peer team also observed some tensions between opposition members and the executive, particularly – but not exclusively – in relation to ward issues. Some members expressed concerns about not being informed in advance about proposed works in their ward, as well as a lack of meaningful engagement regarding public events and consultations taking place within their area. Some concerns were also raised by some opposition members regarding delays or poor responses from senior officers. The peer team did not investigate these issues but noted the strength of feeling.

The upcoming elections in May 2026 provides an opportunity to reset working arrangements. This should include a review of the support provided to ward members in their roles and clarity on service standards, including for casework. If still required, the council may wish to consider dedicated work to support constructive relationships between executive and opposition members. It is important for RBKC's



organisational journey that all members are committed to constructive working, underpinned by shared ground rules.

There is evidence of effective scrutiny arrangements. The peer team viewed – in person and online – robust but constructive challenge and scrutiny taking place. Peers were impressed with the year-round focus on the budget, including in-year monitoring. The council's structures, including select committees, enable scrutiny to address a broad range of issues affecting residents, extending beyond the council's direct responsibilities. This includes scrutiny of external partners such as Transport for London (TfL), the police and health services. Scrutiny's regular engagement with the council's forward plan supports strategic planning of its work programme throughout the year. Positively, scrutiny appears to be influential with a high-level of executive acceptance of its recommendations.

Members have access to a range of development opportunities, with a focus on enhancing relevant knowledge, skills and personal development. This includes support in areas such as community leadership and fulfilling oversight responsibilities. The peer team observed that, while members can attend external development programmes, there is scope for the council to provide stronger encouragement and assistance for participation. Given the demanding nature of members' roles – and the lack of administrative support for non-executive members – more proactive support to make use of external opportunities would be beneficial. The peer team considered the annual budget for members' development – £21,500 – was relatively modest for 50 councillors.

The peer team also welcomed the council's emerging induction plans for members elected in 2026. The draft plan reflects the council's commitment, made in its response to the Grenfell Tower Inquiry Phase II report, to work with elected members to deepen their understanding of the borough's diverse communities. The induction aims to strengthen training and build a deeper understanding of the lived experiences of residents in North Kensington and other more deprived areas of the borough.

While the monitoring officer is not part of the executive management team and formally reports to the Section 151 officer, the peer team noted a clear line of communication with the chief executive and active involvement in important



decisions. The council's statutory officers meet regularly as part of the 'Golden Triangle' to support good governance. There is potential to build on these sound arrangements by strengthening the statutory officers' meetings to include a broader focus on internal management issues – such as staff grievances – as well as policy decisions.

The council has established a sensible set of internal governance structures, including member and officer board arrangements, underpinned by a clear focus on robust processes. The peer team heard that these arrangements have supported the council's improvement journey – helping to learn from past failures and introducing checks and balances where previously there were none. There would be value in the council capturing and codifying the ways of working that have contributed to these positive developments in governance and culture.

There is also benefit in the council exploring how it can support greater innovation and agile working. Some staff members highlighted that the level of process and governance culture can sometimes inhibit innovation, informed risk management and timely delivery. The peer team also observed that certain delegation thresholds are unusually low; for example, any spend over £100,000 requires executive director approval, which it was suggested can cause delays. A more nuanced approach that reflects risk rather than monetary value may be beneficial. More broadly, there is an opportunity for members to consider where and how governance and processes might be refined to better support agility and innovation.

The council acknowledges that further cultural change is necessary and has committed to an independent review of its organisational culture. This decision was informed by feedback from residents – particularly those living in social housing – during the development of the council's response to the Grenfell Tower Inquiry Phase II. Residents shared concerns about negative experiences with council services, feelings of racial and social discrimination and a belief that the council does not care about them. An independent chair will be appointed to lead the review, which will assess organisational culture across both staff and elected members, identifying strengths and areas for improvement.

Following the review of organisational culture, the council would benefit from further



reflection on its corporate values, behaviours and standards and – most importantly – how they are embedded in day-to-day practice. The peer team observed varying levels of understanding of the council's core values and service standards. In contrast, staff typically demonstrated a clear grasp of the council's external priorities as set out in the corporate plan. Some directorates appeared to have developed their own versions of values and behaviours, which may contribute to inconsistency. The council should aim to establish a single, coherent set of values, behaviours and standards. This can then be supported by a robust implementation programme, including arrangements to ensure consistent application across the organisation.

5.4 Financial planning and management

RBKC has a sound financial base with substantial resources and reserves. As of March 2025, the council held £63.6 million in usable General Fund reserves and maintained a £10 million working balance in line with its policy. RBKC is assessed as low to medium risk across most CIPFA resilience indicators, including debt levels and interest payments relative to net revenue expenditure. The council demonstrates a high capacity for income generation with a forecast of £152.1m for 2025/26, including £14.8m from its commercial property portfolio and £59.2m from parking income.

The peer team noted the council's track-record of delivering financial savings, achieving £10.9 million in 2024/25 and £9.9 million in 2023/24 – 87% and 84% of its respective targets. End-of-year outturns are also generally good: in 2024/25, the council reported a £5.2 million underspend in its General Fund, which was transferred to reserves. The external auditor's most recent review of value for money arrangements found no significant weaknesses.

Despite these underlying strengths, the council now faces an unprecedented financial challenge. The medium-term financial strategy (September 2025) forecasts a cumulative budget gap of £84 million by 2029/30, with more than £40 million required in 2026/27 alone. This gap is driven by inflation, service pressures and, most significantly, the anticipated impact of the government's Fair Funding reforms. By comparison, in July 2024, the council was projecting a 2026/27 gap of up to £16.6 and cumulative gap of £26.4m by 2028/29.



It is also important to note that, due to the government's temporary mitigation measures for councils – such as RBKC – that are facing reductions in grant funding, the impact of Fair Funding reforms is being limited during the three-year period leading up to 2028/29. These transitional arrangements, however, create a potential 'cliff-edge' from year four (2029/30) when the reforms – currently under consultation – are expected to result in a further significant loss of grant income.

The exact impact of the Fair Funding review on specific authorities remains uncertain. Recent forecasts indicate that RBKC will be amongst the London boroughs most negatively impacted. The council has been forward-thinking in responding to challenge. This includes work to understand the potential impacts, engaging with other London boroughs and government on potential funding formula changes and proactive communications. Alongside public affairs activity, the council has begun work to consider pragmatically how a large financial gap can be addressed by its own actions.

The peer team observed that the council's current council tax assumptions within its medium-term financial strategy – specifically, a 0% increase in 2026/27 and only modest rises thereafter, along with the decision not to apply an additional levy on second homes for 2025/26 – diverges with the approach taken by many authorities. The limited annual council tax increases planned are also out of step with current government expectations.

Prior to the initial Fair Funding consultation in June, the council had already begun identifying further financial savings through policy changes, service efficiencies and wider transformation. For example, the peer team noted action to enable future policy changes, subject to agreement by members. This includes providing notice to introduce a 100% council tax premium on second homes from 2026/27; the council estimates that this could generate up to £11.5m of additional income per annum. In order to reach the savings level required, members may also need to actively review some of the existing policy decisions of which the council is proud, such as the frequency of waste collections and its warden in every ward scheme, as well as service reductions.

RBKC is also pursuing some policy approaches not typically considered by other



councils. Most notably, the council's Pensions Committee recently decided to reduce employer pension contributions to zero for 2025-26; the scheme is currently at a 207% funding level. This decision was taken against the advice of the scheme actuary. Other councils will be watching how this decision progresses, including any intervention by the Pensions Regulator, Government Actuary's Department or MHCLG.

The council's ability to deliver savings on the scale required is untested. The organisation recognises this and has developed a transformation programme based around seven themes, including workforce, simplified processes and property. The council is self-aware and acknowledges that it needs to take a more corporate and multi-year approach than previously. The peer team is supportive of the council's strategic intent for transformation but would highlight that this will require a significant cultural change for an organisation where directorates remain strong compared to the centre. The council may also need to strengthen its central transformation function which currently focuses primarily on supporting voluntary coordination and benefits tracking, rather than driving corporate working. Given RBKC's shared services, including bi-borough arrangements with Westminster City Council for adult social care, children's services and public health, it is important that the developing transformation arrangements are managed carefully to ensure both savings are delivered and services remain fit for purpose. Strong political and officer leadership will be needed to deliver the robust one-council approach that is required.

The council benefits from robust financial monitoring with clear oversight from members and officers. RBKC has a well-established framework with internal monitoring undertaken monthly and publicly reported to members on a quarterly basis. There is potential for the council to build on its existing strong arrangements. Some officer and member colleagues within the council highlighted variation in financial grip across directorates. The peer team heard, for example, that financial accountability at the budget-holder level remains inconsistent, and that further cultural change is needed to embed a stronger sense of ownership across the organisation.

External audit has been complimentary of the council's ability to stay on track with



publication and audit of accounts, despite sector-wide challenges. The council continues to provide a robust set of draft financial statements supported by detailed working papers. Positively, the council published draft accounts for 2024/25 in line with the national deadline.

RBKC, like many authorities, tends to underspend on its General Fund capital programme. For example, spend was £80.6m in 2024/25 against a revised budget of £98.4m. The peer team supports the council's work to improve programme management and welcomes the development of a new asset management plan linked to the council's priorities.

Following the Grenfell tragedy, the council took back control of its housing stock from its Tenant Management Organisation in 2018. Since then, the council has committed to address its condition with a focus on safety and improving quality. The council's Housing Revenue Account capital programme is significant: more than £200m had been spent up to March 2025. A further £382.6m is planned over five years (2025/26 to 2029/30) to ensure all homes are decent. Currently only around two thirds of the council's housing stock currently meet the required standard.

The Regulator of Social Housing has recently set out its assessment of the council's performance, including areas for improvement. At the same time, the HRA faces a significant long-term budget gap. External audit, for example, has advised that the HRA will not be financially sustainable unless significant structural issues are addressed. The peer team supports the council's planned efforts in 2025/26 to develop viable options to meet this challenge. Achieving a sustainable HRA may require difficult decisions around borrowing, asset sales, cost recovery and service standards. It is essential that this work is undertaken promptly and in close consultation with residents to avoid a potential financial cliff-edge in future years.

5.5 Capacity for improvement

In recent years, the council has made progress with cross-cutting work supported by an improved organisational structure and additional corporate capacity. Since its last CPC in 2020, RBKC has taken important steps to strengthen its corporate centre, including the establishment of a corporate strategy function with well-respected



leadership. These developments have improved strategic oversight and coordination.

However, the council's leadership recognises both the benefits of adopting a more corporate 'one council' approach and the need for further cultural change to support it. This view was echoed by staff at various levels during the peer team's engagement. Notably, the council's staff survey indicates that only 48% of respondents believe different teams work well together. While the council's relatively strong financial position has enabled directorate-led approaches, the forthcoming savings requirements are likely to create a strong imperative for more coordinated – and, in some cases, centralised – activity across the organisation.

There are significant potential benefits to be gained from the council adopting more joined-up approaches that build on – rather than crowd out – the strengths of individual services. A key focus should be the transformation and redesign of services from a community perspective, taking an 'outside-in' approach. This can draw on pockets of deep expertise within directorates, alongside corporate capabilities in providing strategic support.

More broadly, the peer team identified the need for directorates to consistently support corporate approaches. To enable this, corporate functions must also be responsive to the needs of directorates and actively support transformation. The peer team identified digital, HR and procurement as key areas where stronger collaboration and alignment could help drive more effective working.

Like many local authorities, RBKC operates within a complex landscape of digital platforms and legacy systems. These arrangements are further complicated by shared service agreements with other boroughs. However, unlike many councils, RBKC continues to maintain substantial dedicated ICT and digital resources within individual directorates. While some services value this approach, particularly for its responsiveness to their needs, it can also reinforce siloed working and limit opportunities for more integrated digital transformation.

The council would benefit from agreeing a digital strategy that is informed by organisational requirements – at corporate and directorate levels – that is driven by residents' needs, which often cut across traditional service boundaries. This strategy

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should build on areas of innovative practice, such as the use of Artificial Intelligence in children's services, while also ensuring that basic digital tools (e.g. telephone call back) are responsive to users' requirements. Alongside this, it is important for the council to adopt a corporate approach to improving its use of data – a request raised by several services – which will be essential to underpin and enable the council's wider transformation agenda.

The council has a published People Plan, structured around four strategic pillars: health and wellbeing; equality, diversity and inclusion; skills and development; and teamwork and collaboration. Staff survey results are generally in line with those of comparator councils and have remained stable in recent years. The peer team welcomes the council's intention to involve residents in shaping its future workforce development strategy. The council's HR and OD resources will be central to supporting both the transformation agenda and the outcomes of the organisational culture review. It is important that the council has sufficient capacity to meet these future challenges. One concern raised was the slow pace of job evaluation processes, which could present obstacles as the council undertakes further transformation.

There are opportunities for the council to better coordinate directorate and corporate HR approaches. For example, the adult social care conference was scheduled immediately before the all-staff conference and it was suggested that there was a lack of alignment in terms of content. The peer team also observed that action planning in response to the staff survey has been delegated to individual directorates, each taking different approaches. This increases the risk of uncoordinated responses and missed opportunities for corporate learning and improvement. Overall, there is value in pursuing a more integrated and less fragmented approach to organisational development.

The peer team noted that the council's procurement activity has become more corporate and coordinated. For example, the introduction of a centralised contract register and a two-year procurement pipeline marks clear progress. The team also attended a positive citizens' panel session, which sought residents' views on how and when they would like to be engaged throughout the procurement lifecycle.

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However, further work is needed. The council's procurement strategy remains in development, following an external audit recommendation from 2023/24. Based on feedback the peer team received, this strategy should include a focus on how the procurement function can act as a more enabling and supportive partner to client services, and how it will contribute to the council's transformation agenda. The peer team also noted the council's plans to bring together finance, risk, and performance reporting, and suggests that procurement could be considered as part of this alignment.

The implementation of Oracle Enterprise Resource Planning (ERP) is a major project for the council, with good progress made to date and the potential for significant benefits across procurement, HR and finance. Experience from other authorities highlights the importance of maintaining a strong focus on supporting staff to use the system effectively in order to realise the projected improvements and efficiencies. The rigour applied during the initial rollout will need to be sustained over the coming year to maximise the benefits of the system.

Internal communications would benefit from a sharper focus on a core set of key messages, supported by a stronger feedback loop – such as a 'you said, we did' approach. For instance, staff shared with the peer team that there had been no follow-up after the all-staff conference. More generally, some staff reported feeling inundated with internal communications, highlighting the need to prioritise and streamline messaging. While the corporate communications function has a clear role in leading this work, it will require the executive management team to agree on key priorities and all managers to consistently reinforce core messages through both formal and informal channels.

6. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings.

The council is expected to publish an Action Plan within 5 months of the peer challenge. Following this, a progress review will take place within 12 months of the



CPC. The review will usually be delivered on-site over one day followed by a published report. A progress review provides space for the council's senior leadership to report to peers on the progress made against each of the CPC's recommendations, discuss early impact or learning and receive feedback on the implementation of the CPC action plan.

The date for the progress review at Royal Borough of Kensington and Chelsea is to be confirmed.

In the meantime, Mona Sehgal (mona.sehgal@local.gov.uk), Principal Adviser for London, is the main contact between your authority and the Local Government Association. Mona is available to discuss any further support the council requires.