THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
City of Westminster
LONDON BOROUGH OF RICHMOND UPON THAMES
Wandsworth

Rt Hon. John Healey
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

5th August 2026

Dear Chancellor,

We are writing as council leaders to ask you to rethink the Government's proposed implementation of the High Value Council Tax Surcharge. Together, the London Boroughs of Kensington and Chelsea, Wandsworth, and Richmond upon Thames alongside the City of Westminster estimate that our residents will pay around £270 million through this surcharge, over 50% of everything that it is estimated that the government will raise nationally.[1] Few groups of boroughs are as directly and disproportionately affected by these proposals as we are.

A home is the centre of family life, not an untapped tax stream. Our residents have often lived in the same home for decades. They have raised families there, built communities and lasting connections, and in many cases have seen the value of their homes rise even as their incomes have stayed flat or fallen.

It is simply wrong to assume that everyone living in these homes is wealthy. Many are not, and under this proposal, some will be forced to sell the family home simply to meet the tax. It cannot be an acceptable situation that our residents could lose their home through no fault of their own, to pay a tax that they could not have envisioned when they bought their home. If the Government's intention is to make the wealthy pay more, this is the wrong way to achieve it.

We would like to raise three specific concerns about the Government's proposals.

First, it is disingenuous to call this a Council Tax Surcharge. It is not one. The money raised from our residents will not be spent locally, or fund services in our boroughs. The Government should be honest with residents that this is a national tax and describe it as such.

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[1] The mansion tax map: where the money comes from

Second, the deferral limit is far too low. Indeed, so low, that someone on £35,000 a year with £16,000 in savings would qualify for social housing under many of our allocation schemes. It is far below the average salary for London and would mean that a couple on London Living Wage would face paying the tax. The deferral limit needs to be reviewed, and a more appropriate limit considered for London. It is also vital that any interest charged on deferred payments is kept minimal, or our residents risk seeing a family's inheritance eroded simply to meet a tax bill.

Third, the Government needs to provide clear guidance to councils on how they plan to implement the policy, including the burdens funding we would receive. The current proposal, a desktop valuation exercise carried out by the Valuation Office Agency, falls far short of what is required. Given how significant the financial difference is between bands, our residents need certainty that valuations will be correct, and that is simply not something a computer screen can deliver.

This is a badly thought-out policy: one with limited revenue-raising ability, high implementation costs, and a hugely disproportionate impact on our residents. We would welcome the opportunity to discuss these concerns with you directly, and we urge the Government to pause implementation until they have been properly addressed.

Best wishes,

Cllr Elizabeth Campbell
Leader of Kensington and Chelsea Council

Cllr Paul Swaddle
Leader of Westminster City Council

Cllr Gareth Roberts
Leader of Richmond Council

Cllr Robert Morritt
Leader of Wandsworth Council