

MAYOR OF LONDON

Neil Garratt AM

Chairman of the Budget and Performance
Committee
C/o Gino.Brand@london.gov.uk

Our ref: MGLA020226-3287

Date: 24 February 2026

Dear Neil,

Thank you for your letter following the Budget and Performance Committee's meeting with GLA Group officers on the Draft GLA Group 2026-27 Budget. I am grateful for the Committee's engagement and recommendations, my response to which is attached.

I note that in your opening remarks in the Draft Budget Assembly Plenary on 29 January, you stated that I had not replied to your letter of 7 November. This is incorrect. My reply was issued on 23 January. I would be grateful if the record could be corrected at the 26 February meeting of the Assembly.

Yours sincerely,



Sir Sadiq Khan

Mayor of London

Cc: David Bellamy – Chief of Staff
Fay Hammond – Chief Finance Officer
Elliott Ball – Director, Group Finance and Performance
Gino Brand – Senior Policy Adviser, Scrutiny and Investigation (London Assembly)
Paul Goodchild – Principal Committee Manager, Secretariat (London Assembly)

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Annex

Mayor of London's response to the recommendations of the London Assembly Budget and Performance Committee on the draft GLA Group 2026-27 Budgets

Recommendation 1

The Mayor should keep this Committee informed, in a response to this letter provided before the Mayor's final budget is considered by the Assembly, of risks relating to business rate funding, including NNDR1 returns, potential shortfalls in borough collections, and the impact of Government business rates revaluation.

The Mayor's Final Draft Budget for 2026-27 ('Final Draft Budget'), published on 18 February 2026, confirms details of the GLA Group's business rates funding, any collection fund forecast shortfall or surplus, and any remaining risks following publication of the Government's final Local Government Finance Settlement (LGFS).

Recommendation 2

In the Final Draft Consolidated Budget the Mayor should address how the additional certainty and flexibility arising from recent settlements, and the savings expected from reduced expenditure on Universal Free School Meals, inform decisions on priorities and resourcing across the GLA Group.

The Mayor's Draft Budget for 2026-27 ('Draft Budget') described changes to GLA funding as a result of the integrated settlement, and the savings in the Universal Free School Meals programme following the change in the Government scheme eligibility criteria. These were then discussed with members at the meetings on 26 and 29 January. Any changes from the position set out in the Draft Budget were detailed in the Final Draft Budget.

Recommendation 3

The Budget Guidance for the 2027-28 GLA Group Budget should be informed by a review of the operation of the budget consultation process, with a view to strengthening how key uncertainties and unresolved financial assumptions are identified and communicated in the consultation process.

The GLA Group budget process is managed in accordance with requirements set out in statute. As the Committee is aware, the timeline for the GLA Group budget process is dictated by the GLA Act 1999 ('the Act'), which requires the Draft Budget to be presented to the Assembly before 1 February. Prior to presenting the Draft Budget, the Mayor is required to consult the Assembly on the GLA and functional bodies' component budgets and capital spending plans (the latter for a period of at least 21 days).

The key indicators of movements in income and costs for the GLA Group are the provisional LGFS and Police Settlements (historically published in mid-late December), London's billing authority returns (due at the end of January) and the UK's CPI forecast. The timing of these publications (which is often uncertain until the day they are issued) and the statutory timeline mean that some uncertainty in the control totals set out in the Budget Guidance and Consultation Budget is unavoidable. The Budget Guidance 2026-27 clearly presented the

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potential financial uncertainty in relation to business rates in paragraph 7.6, and the table that followed. Changes in budgets and the underlying assumptions are reported clearly at each stage of the Budget publication process, and through separate briefing papers issued by GLA officers following finance settlements publications where appropriate and where timing allows.

GLA Group Finance officers will engage with Assembly representatives during 2026 to review any proposed changes to the information provided during the budget process consistent with the requirements of the Act.

Recommendation 4

The Committee welcomes the Government's backing for the DLR extension to Thamesmead and recommends that the Mayor provide this Committee with further detail as the scheme develops, including clarification on how the full estimated cost of the project will be funded, how the GLA will raise its share of the cost, and what financial support the Government intends to offer.

The Mayor provided an update on the DLR extension to Thamesmead in his response to the Committee's recommendations on TfL's draft budget 2026-27. The Committee will be provided with further details once a formal agreement has been reached with the Government.

Recommendation 5

The GLA Group Collaboration team should report progress in the GLA's quarterly monitoring reports, with specific updates on take-up and outcomes from workforce collaboration projects such as the Mentoring Hub and Talent Hub, along with any associated financial impacts, efficiencies or cost avoidance realised.

The Mayor appreciates the Committee's continued interest in the work of the GLA Group Collaboration team, but it would not be appropriate to include Group items in the GLA's quarterly monitoring reports. The Group Collaboration team will provide the Committee with a full update on its projects annually, including any associated financial impacts, efficiencies or cost avoidance realised.

Recommendation 6

In the Mayor's Budget Guidance for 2027-28, the Mayor should strengthen expectations on functional bodies to apply his equality objectives consistently and meaningfully in their budget submissions, demonstrating how those objectives have informed priorities and resource decisions.

The Budget Guidance for 2026-27 clearly laid out the expectations on the functional bodies for demonstrating how their budgets promote fairness and inclusion, take action to maximise positive outcomes and strengthen activities to address inequalities in London. Further specific guidance and templates are developed by and published by a collaborative budget working group of the GLA and functional bodies' equalities teams.

As is routine, GLA Group officers will review the current guidance, and any future measures to strengthen compliance with the Mayor's equalities objectives will be contained in the Budget Guidance for 2027-28, to be published this summer.