

MAYOR OF LONDON

Bassam Mahfouz AM

Deputy Chair of the GLA Oversight Committee
C/o James.Cotter@london.gov.uk

Our ref: MGLA131025-6268
and MGLA240826-6544

Date: 28 August 2026

Dear Bassam,

Thank you to you and the Committee for your helpful recommendations and report on London's role in the Government's devolution agenda. I apologise for the delay in responding to you.

I agree with you that London's experience over the 25 years demonstrates how devolution delivers for our residents, and I agree that securing greater fiscal autonomy is a key priority to improve our devolved settlement.

My response to each recommendation outlined within your report can be found in the appendix, and I look forward to working with the GLA Oversight Committee and London Assembly as we advance our ambitions for greater devolution to London.

I would also like to thank you for your letter summarising the conclusions from the recent Economy, Culture and Skills Committee meeting held on 20 July 2026 to discuss the Overnight Visitor Levy and am keen to continue discussions with the Assembly as the policy develops.

Yours sincerely,



Sir Sadiq Khan

Mayor of London

MAYOR OF LONDON

Annex

Mayor of London's response to the recommendations of the London Assembly GLA Oversight Committee Report: Trusting London to deliver: our place in the Government's devolution reforms

Recommendation 1

We call on the Government to amend the English Devolution and Community Empowerment Bill as it passes through Parliament to include a provision enabling the Secretary of State to devolve revenue-raising powers to the GLA in future. Any future devolution of fiscal powers to the GLA should follow formal consultation with the Mayor of London and the London Assembly.

Though the English Devolution and Community Empowerment Act did not include a specific provision to devolve revenue-raising powers, there have been positive developments in the push for greater fiscal devolution. The Mayor welcomes the commitment in May's King's Speech to bring forward legislation enabling Mayoral Strategic Authorities to introduce visitor levies in their regions. The Mayor also welcomes the government's announcement of the devolution blueprint through its Rewiring the State document in July, with a number of proposals for devolving powers to Mayors, including further fiscal devolution.

The GLA will work with HM Treasury and Ministers to ensure that any fiscal devolution is designed fairly, brings real benefits to London, and is genuinely meaningful. The newly introduced 'Right to Request' mechanism within the English Devolution Act also provides further opportunities to lobby for forms of fiscal autonomy that the GLA can utilise.

Recommendation 2

We call on the Government to amend the English Devolution and Community Empowerment Bill as it passes through Parliament or, if necessary, introduce a specific finance bill during the next parliamentary session, to enable the GLA to implement a tourism levy on overnight accommodation, with revenues ringfenced for investing in infrastructure and services that enhance London's appeal as a place to live and visit. This should take place in time for the levy to be operational by the beginning of the 2027-28 financial year.

The Mayor is pleased that the Government has announced legislation enabling Mayoral Strategic Authorities to introduce visitor levies in their regions. The Mayor has long called for the powers to introduce a visitor levy in London, like many other international cities, and for the revenue to be reinvested into improving London's infrastructure, supporting our world-leading visitor economy, and driving economic growth in the capital. He is keen that the powers for Mayors to introduce a levy are introduced at the first opportunity.

Recommendation 3

We call on the Mayor to launch a formal engagement process with the London Assembly, London Councils, business representatives, and tourism sector stakeholders to build consensus around a proposal to introduce a tourism levy on overnight accommodation and ensure smooth implementation. This process should be launched by the end of 2025. By the end of 2026, the Mayor should finalise and submit a detailed proposal to HM Treasury, the Ministry of Housing, Communities and Local Government, and the Department for Culture, Media and Sport, demonstrating London's readiness to implement the levy by the beginning of the 2027-28 financial year.

MAYOR OF LONDON

The Government launched its consultation on devolving powers to Mayoral Strategic Authorities in December 2025. The GLA responded to that consultation, with an emphasis on the importance of shaping the design of the levy locally in consultation with Londoners and local government, the hospitality sector, and business stakeholders.

The GLA will study the results of the consultation once published by the Government, including any national requirements for consultation, the proposed timeline for legislation and the broad national policy framework. This will influence any proposals for London-specific consultation.

Recommendation 4

We call on the Government to work with the Mayor of London to explore and develop a standardised model for tax increment financing (TIF). This model should enable the GLA to fund critical infrastructure by capturing new revenue streams – such as business rates or VAT – generated by the development that the infrastructure unlocks. This standardised model for TIF should be developed by the end of 2026.

Tax Increment Financing (TIF) is an important funding tool for the capital. There are currently five TIF ‘designated areas’ in London at Battersea Power Station/Nine Elms, the Royal Docks, the Thames Freeport, Croydon Town Centre and Brent Cross. In addition, the Crossrail Business Rate Supplement is charged on certain properties across Greater London to finance and repay the GLA’s Elizabeth line-related debt.

GLA officers are working closely with central government to explore numerous different models and mechanisms for capturing new funding and revenue schemes.

Recommendation 5

We call on the Government to ensure that any additional fiscal powers devolved to the Mayor of London are accompanied by commensurate powers for the London Assembly to scrutinise them. Before any new fiscal powers are enacted, these should include a requirement that the London Assembly be consulted on decisions to introduce new taxes or amend tax rates, either through the annual budget scrutiny process or other comparable mechanisms.

Following the announcement of the roadmap to greater fiscal devolution from the Chancellor in March and the government’s Rewiring the State announcement in July the GLA are engaging with central government to understand the full range of options for greater fiscal autonomy. The Mayor continues to believe constructive scrutiny helps effective policy making and, as these discussions progress, will continue to champion the role of the Assembly as the primary vehicle for scrutiny of the Mayor’s actions.

Recommendation 6

Given the established strengths of London’s strong mayoral model, we call on the Government to ensure the English Devolution and Community Empowerment Bill does not create new formal joint decision-making structures between the GLA and London boroughs. Instead, the Mayor should proactively seek to create further opportunities to coordinate and cooperate closely with London boroughs to deliver vital services for Londoners.

The Mayor agrees that the governance structure in London, established 25 years ago by referendum, is a strong and resilient model and continues to grow through close co-operation with London’s boroughs (and the City of London Corporation). The English Devolution and Community Empowerment Act 2026 did not include formal joint-decision-making structures between the GLA

MAYOR OF LONDON

and boroughs, and the GLA will continue to work in a co-operative and collegiate manner with London's local authorities to deliver for Londoners.

Recommendation 7

We call on the Government to agree by March 2026 an outcomes framework for London's Integrated Settlement in close consultation with the Mayor of London. The outcomes framework should be designed to provide the GLA with flexibility in deciding how funding should be spent to achieve the agreed outcomes and be finalised in time for implementation in the 2026-27 financial year.

The GLA Integrated Settlement Outcomes Framework was agreed with central government in April 2026. As stipulated in the Integrated Settlement Policy document, Mayoral Strategic Authorities are given some flexibility to move funding between themes and to plan and sequence programmes as they judge appropriate, within a single spending-controls framework that still ensures value for money, adherence to Managing Public Money guidance, and transparent reporting of how that flexibility is used. However, the Mayor believes that the amount of flexibility provided in the Integrated Settlement is insufficient, and the GLA will work with central government to ensure that future funding rounds have greater devolution and flexibility embedded in the settlement.

Recommendation 8

We welcome the confirmation by the Government that the London Assembly will be responsible for local scrutiny of the Integrated Settlement in London. We call on the Mayor of London to commit to providing the London Assembly with the same monitoring reports, performance data, and information that will be submitted to the Government for assessing progress against the Integrated Settlement outcomes framework. These should be provided on a concurrent basis and at least six-monthly to facilitate transparency and effective scrutiny of the Integrated Settlement. We expect that this commitment will be included in the written agreement between the Government and the GLA on the outcomes framework prior to its implementation from the beginning of the 2026-27 financial year.

To facilitate both the management of the Integrated Settlement within the GLA and the oversight of the Assembly, we have sought to integrate the outcomes framework into the GLA's performance reporting system and processes. This means that the GLA's quarterly performance report, received by the Assembly, will include the Integrated Settlement outcomes. Likewise, when the GLA reports to MHCLG, we will do so based on our own integrated reporting, albeit a subset focused on the Integrated Settlement.

Recommendation 9

We call on the Government to amend the GLA Act to require that the Mayor of London provides the London Assembly with a forward plan of key mayoral decisions to aid transparency, effective pre-decision scrutiny, and the best use of resources, in line with the Scrutiny Protocol. This amendment should be in place by the beginning of the next London Assembly term in 2028.

The Mayor is grateful for the role the Assembly plays as a vital part of the GLA's democratic accountability arrangements. The existing provisions of the GLA Act already provide the London Assembly with significant powers to scrutinise mayoral activity, including the ability to review and comment on all mayoral strategies, examine decisions and actions through its committees, and conduct scrutiny meetings. These mechanisms ensure that the Assembly can hold the GLA to account and provide challenge across the full range of mayoral responsibilities.

MAYOR OF LONDON

The Mayor notes the Committee's recommendation regarding a statutory forward plan of key mayoral decisions. The Mayor's view is that we should not seek to amend the GLA Act, as the current legislative framework already provides sufficient transparency and accountability, reflecting the respective roles of the Mayor and Assembly. However, the Mayor will continue to engage with and consult the Assembly as we drive forward the delivery of our London strategies and other Mayoral priorities.

Recommendation 10

We call on the Government to amend Section 61 of the GLA Act to give the London Assembly broader powers to summons representatives and information from key service providers in London, including the Mayor and bodies outside the GLA Group, such as privatised utility providers. This would strengthen the London Assembly's ability to investigate issues of broader importance to Greater London beyond the statutory functions of the Mayor. These powers should be in place by the beginning of the next London Assembly term in 2028.

The Government chose to not take this recommendation forward in the English Devolution and Community Empowerment Bill (now Act). It should be recognised that the GLA Act already provides wide-ranging powers of summons of the Mayor and officers, and that any proposal to extend this to bodies outside the GLA Group would need to be considered and defined carefully.

Recommendation 11

In the context of the proposed examination of the GLA Act, we call on the Mayor of London to work together with the London Assembly to agree on how the budget scrutiny process could be most appropriately designed to ensure it makes best use of resources while maintaining high quality, robust scrutiny of the GLA Group budget. Consultation on potential changes should begin by December 2025, with a view to changes being introduced by the beginning of the next London Assembly term in 2028.

The GLA Act provides a clear structure as to how our budget process must be conducted, and while this may not be perfect, it is not expected to change in the near future. The Mayor is happy for officers and his office to continue to engage with the Assembly on practical ways to improve the budget process within the existing legislative framework, building on the progress made in recent years. This may help to achieve a consensus on what changes we would wish to see should an opportunity arise in future to make changes.

Recommendation 12

We call on the Government to amend the English Devolution and Community Empowerment Bill as it passes through Parliament to include a requirement for any new proposals for devolved powers to include explicit consideration of the scrutiny function and resources that would be required alongside the powers.

The details of the functions for requesting new powers will be set out by the Government in forthcoming regulations. The GLA continues to work with the Government to ensure that the process for requesting new powers works for the London model and ultimately to the benefit of Londoners.

MAYOR OF LONDON

Recommendation 13

We call on the Government to amend Section 49 of the English Devolution and Community Empowerment Bill (as introduced) as it passes through Parliament to specify the London Assembly as a required consultee when the Mayor of London requests a change to the law relating to the GLA as an Established Mayoral Strategic Authority, including requests for new devolved powers. The Government should commit to ensure that any consultation it conducts on new requested devolved functions will be timely, clear, specific, and give the Assembly sufficient time to respond.

As above, we understand the details of the functions for requesting new powers will be set out by the Government in forthcoming regulations.

Recommendation 14

In the context of the examination of the GLA Act proposed by the Government, we call on the Mayor of London to work with the London Assembly to establish a Joint Commission to review the GLA Act in detail, propose amendments to remove unnecessary or dated provisions, and identify additional powers to be requested by the Mayor of London for inclusion in the Devolution Framework. The Joint Commission should be established by December 2025.

The Mayor's view is that we do not seek to amend the GLA Act or establish a Joint Commission to conduct a review at this time. While some legislative tidying-up is doubtless possible, the current legislative framework is effective for the powers the GLA has and it therefore would not seem to be a priority from either a London or national perspective. We understand there is limited appetite in government to review the GLA Act, and the Mayor believes the GLA's limited resources are better deployed lobbying to secure more powers and investment for London. The Mayor will continue to work constructively and collaboratively with the Assembly as we navigate the Government's devolution agenda and secure more powers for the capital.