

MDA No.: 1676

Title: The 2025-26 GLA Group Budget

1. Executive Summary

1.1 At the Budget & Performance meeting on 12 December 2024 the Committee resolved that:

Authority be delegated to the Chairman, in consultation with the Deputy Chair and party Group Lead Members, to agree any output arising from the discussion.

1.2 Following consultation with party Group Lead Members, the Chairman agreed the Committee's letter to the Mayor of London regarding the 2025-26 GLA Group Budget, as attached at **Appendix 1**.

2. Decision

2.1 **That the Chairman, in consultation with the Deputy Chair and party Group Lead Members, agrees the Committee's letter to the Mayor of London regarding the 2025-26 GLA Group Budget, as attached at Appendix 1.**

Assembly Member

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Printed Name: Neil Garratt AM, Chairman of the Budget & Performance Committee

Date: 21 January 2025

3. Decision by an Assembly Member under Delegated Authority

Background and proposed next steps:

- 3.1 The terms of reference for this investigation were agreed by the Chairman, in consultation with party Lead Group Members and the Deputy Chair, under the standing authority granted to Chairs of Committees and Sub-Committees. Officers confirm that the letter and its recommendations fall within these terms of reference.
- 3.2 The exercise of delegated authority approving the letter will be formally noted at the Budget & Performance Committee's next appropriate meeting.

Confirmation that appropriate delegated authority exists for this decision:

Signature (Committee Services): Hannah Barlow, Principal Committee Manager

Printed Name: Hannah Barlow

Date: 13 January 2025

Financial Implications: NOT REQUIRED

Note: Finance comments and signature are required only where there are financial implications arising or the potential for financial implications.

Signature (Finance): Not Required

Printed Name:

Date:

Telephone Number:

Legal Implications:

The Chairman of the Budget & Performance Committee has the power to make the decision set out in this report.

Signature (Legal): 

Printed Name: Rory McKenna, Monitoring Officer

Date: 21.01.25

Email: rory.mckenna@london.gov.uk

Supporting Detail / List of Consultees:

- Krupesh Hirani AM;
- Zack Polanski AM;
- Gareth Roberts AM.

4. Public Access to Information

- 4.1 Information in this form (Part 1) is subject to the FoIA, or the EIR and will be made available on the GLA Website, usually within one working day of approval.
- 4.2 If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.
- 4.3 **Note:** this form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, until what date:

Part 2 – Sensitive Information:

Only the facts or advice that would be exempt from disclosure under FoIA or EIR should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form? NO

Lead Officer / Author

Signature: Gino Brand

Printed Name: Gino Brand, Senior Policy Adviser

Date: 13 January 2025

Countersigned by Executive Director:

Signature: 

Printed Name: Helen Ewen, Executive Director, Assembly Secretariat

Date:



Neil Garratt AM

Chairman of the Budget and Performance Committee

Sir Sadiq Khan
Mayor of London
(Sent by email)

22 January 2025

Dear Mr Mayor,

Re: GLA Group 2025-26 Budget

I am writing to you on behalf of the Budget and Performance Committee, following its meeting on 12 December 2024. This is the second of a series of letters on your 2025-26 Budget proposals.

The Committee heard from GLA officers responsible for compiling the Consultation Budget published on 5 December 2024, as well as officers responsible for the GLA Group Collaboration process and from the GLA Equalities team. The meeting considered the draft 2025-26 budgets for Transport for London (TfL), the Mayor's Office for Policing and Crime (MOPAC) the London Fire Commissioner (LFC) and the GLA:Mayor.

These draft budgets were still in an early stage, with several key issues yet to be resolved, including the impact of the Government's Autumn Budget, the provisional local government and policing settlements, and the level of business rate and council tax income for 2025-26. The Committee notes uncertainties around funding for essential services, such as those managed by MOPAC and the London Fire Brigade (LFB), particularly considering ongoing financial pressures and the need for reform. It is crucial that, as the budget develops, any modifications are communicated clearly and transparently to enable effective oversight.

The key issues and recommendations made by the Committee resulting from this meeting are set out below:

1. Integrated Settlements

The Government's Autumn Statement included the commitment to explore "how an integrated settlement could apply to the Greater London Authority from 2026-27".¹

Greater Manchester and the West Midlands will be the first mayoral authorities to receive integrated funding settlements from 2025-26. This gives these mayoral authorities greater flexibility over how they use Government funding.

The GLA:Mayor 2025-26 Budget of £2,546 million includes ringfenced Government funding of £2,057 million.² The introduction of an integrated settlement could give the Mayor new flexibilities over how this funding is used. This will be dependent on the details behind any agreement with Government. The agreement should allow the Mayor to decide how to use Government funding in the best interests of Londoners. Any changes to the Mayor's remit and impacts on his budget should be scrutinised by this Committee.

It can be seen from the arrangements for Greater Manchester and the West Midlands that an integrated settlement for London will have significant implications for the GLA. This was recognised by the GLA's Chief Finance Officer, Fay Hammond, who told the 12 December 2024 Budget and Performance Committee that,

*"What the document [Autumn Statement] articulated was that they the Government wants to explore with London from 2026. We feel that is probably more of a firmer position than "explore", and we are working forward on that basis. We are having conversations, quite early conversations with the Government around that settlement. What we have been doing as officers is having a look about what is already out there in the public domain. For example, there is quite a lot of information on the memorandum of understanding (MoU) in relation to - and I appreciate we are different from them - mayoral corporations, there is good information there for us. There is MoUs out there and just to give you a flavour of the things that are in there, what those documents talk about is the fact that those bodies at the moment have 40-50 grants, and they will in fact be merged into five or six pillars. Within those pillars you will have an opportunity to transfer between those pillars by up to 10 per cent."*³

Recommendation

1. The Mayor and his officials should keep this Committee informed of any development of the terms of any integrated settlement, including regular updates on the GLA's progress and engagement with the Government.

2. Mandates to Mayoral Decisions

The GLA has introduced a new governance process in 2024 for the delivery of the Mayor's 2024 election manifesto. The GLA "aims to reach a clear sense of what it sees as Londoners' aspirations for their city. This process has identified specific areas of focus to progress towards London-level

¹ [Integrated settlements for Mayoral Combined Authorities](#), 30 October 2024

² P58 [Appendix 1 – GLA Mayor Draft Budget 2025-26 – Updated.pdf \(london.gov.uk\)](#) £1,564.3m and P15 [2025-26 Consultation Budget](#) £492.3m

³ P2 Transcript, [Budget and Performance Committee](#), 12 December 2024

outcomes. These areas of focus are expressed as a relatively small set of programmes, which the Mayor will commission his organisations to deliver through a series of published Mandates.”⁴

The Environment Committee heard from the GLA’s Assistant Director of Strategy, Insight and Intelligence on the extent of the impact of the new governance process on 16 October that:

“the GLA has been reviewing the way in which it develops its programmes from top to bottom, essentially reconfiguring the way that we work around a series of outcomes that the Mayor is interested in achieving through mandates to senior responsible owners (SROs) and then a series of programmes that will deliver against those outcomes. This is quite a revolutionary approach within the GLA. I have been at the GLA quite a long time and it is the first time that we have seen a root-and-branch review of the fundamental purposes of the GLA and how it wants to go about its business.”⁵

The Mayor’s Deputy Chief of Staff confirmed the extent of the potentially far-reaching changes that this will have on the GLA’s budget setting and delivery at the 18 December GLA Oversight Committee when he said:

“when I came from being a Borough Leader, my overall reflection on the GLA was that for London’s strategic authority we did a lot of small things. We do not often, I think, live up to that role of being the shaper and strategic convener of what we do. The GLA Mayor Budget, as I have made the point to all of you before, is quite small, but our power as an authority to bring people together to convene change to make strategic impact across London is much bigger. I think we have been overly focused in the past on delivering small projects. We have had staff expertise that has gone into project delivery. Many of those, I think, have not had the strategic impact that we need across London.”⁶

The Budget and Performance Committee on 12 December 2024 examined the status and implementation challenges surrounding the introduction of mandates within the GLA. Elliott Ball, Interim Director of Group Finance and Performance, GLA, noted:

“Mandates are extremely close to completion, and we are hopeful they will be with you very soon. They will come, we hope, as a batch, and will come in advance of the delivery plans. Delivery plans are still being worked up. Mandates are a fixed document that are the Mayor’s description to the GLA as an output of what he would like us to deliver on his behalf. Delivery plans are a live document and they will adjust over time and they describe how the organisation will react to that mandate and make it a reality. Because they are a live document, because they will contain lots of important but relatively tedious delivery information, it is not determined yet whether they will be published. What will be published, associated with delivery plans, is a mayoral decision (MD). That is important because the MD for each delivery plan – and remember there is one delivery plan for each mandate, therefore theoretically there should be an MD attached to each mandate as well – but the MD relates to the delivery plan and that, crucially, will set out the overall budget that is attached to the delivery of each of those mandates. That is what the Assembly will see and we hope that those MDs for each delivery plan start coming through in around January.”⁷

⁴ Briefing note on the new governance arrangements from Michelle Wells, Head of Performance & Governance, GLA, 15 November 2024

⁵ [London Assembly Environment Committee](#), 16 October 2024

⁶ P4 Transcript, [GLA Oversight Committee](#), 18 December 2024

⁷ P9 Transcript, [Budget and Performance Committee](#), 12 December 2024

The Mayor's Chief of Staff explained at the 18 December GLA Oversight Committee why mandates were not being published as a formal Mayoral Decision. He stated: "We are not intending to publish them [mandates] as MDs because they do not commit expenditure, and so in that sense there is no requirement to publish as an MD."⁸

Fay Hammond, Chief Finance Officer, explained the transitional challenges this process presents for the organisation:

*"I have been here 10-11 weeks and what I feel is I have come into an organisation that is in the process of change at the moment in terms of the mandates and how we are reorientating the organisation around operating, our governance processes, I have got to be thinking about the budget in terms of how do we do the budget in terms of the mandate processes. For us, in a more operational element of that conversation, that is quite a challenging position to be in because you are reorientating or changing the overall organisation. That is how I feel in terms of how I have come in. You have got these mandates, but how do we operate in practice for us as officers sorting that thing out? That is what I am experiencing or seeing as someone new coming in to the organisation. In terms of the funding of those, those bits have happened a little bit before I have come to this role, but my understanding is there has not been much growth in the GLA's budget in terms of putting those together."*⁹

The Committee raised concerns about having adequate information to scrutinise the mandates and their associated delivery plans, especially given the live and evolving nature of the delivery plans. Additionally, the Committee stressed the need for delivery plans to ensure projects that are not explicitly covered by mandates, like food growing projects, are not overlooked.¹⁰

Recommendation

2. In response to this letter, the Mayor commits to sharing the mandates and publishing the related delivery plans MDs in advance of the London Assembly's final consideration of the 2025-26 Budget on 25 February 2025 to allow for comprehensive scrutiny of your 2025-26 Budget proposals.

3. Power Purchase Agreement (PPA)

The Collaboration Programme was established in October 2018 by the GLA Group Collaboration Board, which consisted of the Mayor's Chief of Staff and Senior Executives from across the GLA Group and other bodies including the Metropolitan Police Service, London Ambulance Service and London Councils.¹¹

The Group Collaboration portfolio includes a Group Renewable Energy Procurement Strategy which it describes as:

*"Procurement of GLA Group energy from renewable sources via a ground-breaking multi-party public sector Power Purchase Agreement (PPA) to decarbonise electricity consumption. To identify commercial/ joint venture investment models that generate and provide clean energy to the GLA Group and potentially other public bodies in pursuit of securing energy from newly built renewable energy sources."*¹²

⁸ P1 Transcript, [GLA Oversight Committee](#), 18 December 2024

⁹ P8 Transcript, [Budget and Performance Committee](#), 12 December 2024

¹⁰ P10 [Budget and Performance Committee](#), 12 December 2024

¹¹ P18-21 Agenda, [Budget and Performance Committee](#), 12 December 2024

¹² P18 Transcript, [Budget and Performance Committee](#), 12 December 2024

This is reflected in the 2025-26 GLA:Mayor budget as a key measure in its Climate Budget that is anticipated to save 48,625 million tonnes of CO₂ emissions.¹³ This initiative involves the GLA working with the London Fire Commissioner, the London Legacy Development Corporation, the Mayor's Office for Policing and Crime, and Transport for London on a programme to progress the decarbonisation of their electricity supply, including through potential Power Purchase Agreements (PPA).¹⁴ However, no budget has been allocated to this project. This initiative has an estimated cost of £50 million but is anticipated to generate cash savings of £41 million. This could be seen as a small net cost for a significant reduction in carbon emissions and that the non-cost benefits around the security of supply could make this a financially positive project, while being expected to deliver significant carbon savings and improving security of supply.

TfL stated in its 2024-25 Climate Budget that its own PPA arrangement would be cost neutral to its existing purchasing strategy.¹⁵ At the Budget and Performance Committee on 19 November, Philip Graham the GLA's Executive Director of Good Growth stated:

*"essentially the calculation around the PPA is that by switching from variable energy provision provided through the market over a significant period of time, they are often let for 20 to 30 years, to an agreed price over that period, you are taking yourself away from market fluctuations, you would generate a saving over the longer term. While you would seek to purchase the energy that you are purchasing over that period for £50 million, the calculation which inevitably will have some uncertainty around it, I would imagine, would be that if you bought that on the open market over a similar period of time, it would be closer to £90 million. That would be the central estimate within a range, but that gives us some idea of the potential savings that might be generated through that route. There is a cost in terms of the PPA, but we think that cost would be lower than the cost of purchasing that energy through other routes if you get the structures right."*¹⁶

In its 12 December meeting, the Committee asked about progress towards a Power Purchase Agreement (PPA) and any anticipated savings from this project. The Committee heard from Charly Hutson, the Director of GLA Group Collaboration:

*"In terms of the workstreams, the group PPA has the project team, which is led by the Head of Energy at the GLA, actually, that one. They have completed a strategic outline business case and they are currently undertaking pre-procurement and procurement activities because they are hoping that they will be able to use the Crown Commercial Services PPA framework and that is expected to be awarded in April [2025]. There is there is a raft of work that they are doing now in preparation for that so that they can be ready to ensure that we are oriented to make sure that meet our needs.[...]Then, on the Renewable Energy Assets Investment Strategy work, the team is currently undertaking an options appraisal, which is, as you can imagine, very complicated and technical. That is due for review in the New Year. By spring, we should be in a clearer position in terms of the timelines and delivery for taking those forward."*¹⁷

The Committee noted that it expects to receive a briefing note from the Head of Energy, including timeline details, and figures relating to possible savings.

¹³ Table B, [GLA Mayor Draft Budget 2025-2026 Climate Budget Tables](#), 11 November 2024

¹⁴ Table B, [GLA Mayor Draft Budget 2025-2026 Climate Budget Tables](#), 11 November 2024

¹⁵ Table A row 20, [2024-25 GLA Budget - Climate budget measures](#)

¹⁶ P11 Transcript, [Budget and Performance Committee](#), 19 November

¹⁷ P5 Transcript, [Budget and Performance Committee](#), 12 December 2024

Recommendation

3. In response to this letter, the Mayor should provide an update to the Committee on the timeline for the PPA framework award and progress on the Renewable Energy Assets Investment Strategy and allocate budget towards it.

4. Equalities Impact Assessments

The GLA is subject to equality obligations set out in the Equality Act 2010, which includes the Public Sector Equality Duty, and the GLA Act 1999. The Equality Act 2010 introduced a Public Sector Equality Duty (PSED) on public authorities and other bodies carrying out public functions. This is a statutory duty to have due regard to equality considerations. The PSED is a general duty, which is supported by specific duties set out in regulations.

The Mayor's 2025-26 Budget Guidance states that:

*"Fulfilling the duty requires due regard that is appropriate in all relevant circumstances. This includes the budget development, preparation and approval process involving the GLA and its functional bodies and the subsequent expenditure involved in implementing their individual budget proposals.... Each member of the GLA Group is directed by the Mayor to assess their budget proposals against the broad question of how they will affect poverty and economic inequality in London, as well as the impact of proposals on the specific protected characteristic groups."*¹⁸

At its 12 December 2024 meeting, the Budget and Performance Committee discussed the role of Equalities Impact Assessments (EqIAs) in ensuring policies meet public sector equality duties. The Committee questioned whether EqIAs are conducted at the right stage to influence decision-making, particularly in the budget-setting process. Rupinder Parhar the Head of Equalities at the GLA, noted:

*"There was some initial guidance that was produced around the budget and that included some headlines around how to think about equalities impact in the submissions that functional bodies were making. For instance, we mentioned the equality objectives for the GLA and MOPAC. We talk about the previous strategies that are relevant to the work that is being delivered and provided guidance to teams to provide the top lines around equalities within the budget. What we are trying to do until the final publication of the budget is make sure that any additional equalities impact and any additional insights and data that might be relevant are being fully integrated into that and that is using an EqIA framework, yes."*¹⁹

Responding to Committee questions about preparing an EqIA later in the budget process and having to reverse engineer changes, Navprit Rai the GLA's Interim Assistant Director of Communities and Social Policy stated:

*"One of the things that we do to bring in continual equalities insights is we have the EDI advisory group where we invite GLA teams to talk to their work and have the insights of representatives of various stakeholder groups. We also have equality stakeholder forums, which cover different diversity characteristics, which again talk to teams about the impact that projects either will have or are having. Then we do ask teams to report back on how they would be mitigating some of those impacts. The community engagement team, again, brings in insights from London's diverse communities. We do engage in a continual process where we are highlighting where things may need to be addressed."*²⁰

¹⁸ P32 [2025-26 Mayor's Budget Guidance](#), 31 July 2024

¹⁹ P2 Transcript, [Budget and Performance Committee](#), 12 December 2024

²⁰ P8 Transcript, [Budget and Performance Committee](#), 12 December 2024

We are concerned about whether EqlAs are introduced at the right stage and whether they have the intended results.

Recommendations:

4. The Mayor should ensure Equality Impact Assessments are conducted at a point that maximises their positive impact on decision-making and mitigates negative effects on protected characteristics in the 2026-27 budget-setting process. This requirement should be included in the 2026-27 Mayor's Budget Guidance.

We appreciate the GLA officers' attendance and engagement with the Budget and Performance Committee. I look forward to your response to this letter by **24 February 2025**.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Neil Garratt', written in a cursive style.

Neil Garratt AM

Chairman of the Budget and Performance Committee