

# MDA No.: 1673

## Title: Letter to the Mayor re Reflections on the 2025-26 Budget Process

### 1. Executive Summary

- 1.1 At the Budget and Performance meeting on 8 January 2025 the Assembly resolved:

*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 Reflections on the 2025-26 Budget Process, as attached at Appendix 1.

### 2. Decision

**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 Reflections on the 2025-26 Budget Process, 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:** 09.04.2025

### **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: 8 April 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.

#### **Legal Implications:**

The Chair of the London Assembly has the power to make the decision set out in this report.

Signature: 

Printed Name: Rory McKenna, Monitoring Officer

Date: 9 April 2025

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

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## Lead Officer / Author

Signature: Gino Brand

Printed Name: Gino Brand, Senior Policy Officer

Date: 8 April 2025

## Countersigned by Assistant Director:

Signature:



Printed Name: Rebecca Arnold

Date: 9 April 2025



**Neil Garratt AM**  
**Chairman of the Budget and Performance Committee**

Sir Sadiq Khan  
Mayor of London  
(Sent by email)

10 April 2025

Dear Mr Mayor,

## **Reflections on the 2025-26 Budget Process**

I am writing to you on behalf of the Budget and Performance Committee, following our budget scrutiny process this year. The Committee has identified eight recommendations arising from our annual budget scrutiny process, which we are writing to share ahead of your preparation for next year. The recommendations are set out in context below and compiled at the end of the letter.

### **Housing**

London has a housing crisis. Many Londoners cannot afford a safe and comfortable home for themselves and their families. The Government's Autumn Budget introduced measures that could support housing delivery, including a consultation on long-term social rent settlements.<sup>1</sup> However, significant housing delivery challenges remain. At our meeting on 11 December 2024, the Committee heard concerns about inflation, rising construction costs, and financial pressures on delivery partners.<sup>2</sup> The Committee will follow with interest how the Comprehensive Spending Review develops in support of this critical area of GLA delivery.

The Affordable Homes Programme is, of course, a key part of the GLA's response to this housing shortage. During our meetings, we heard that it might be possible for developers to 'flip' their unsold shared ownership units to intermediate rental tenures. We understand that intermediate rent units can be more attractive to registered providers because there is greater certainty that there are people who can afford to rent them.<sup>3</sup> If developers shift from shared ownership to intermediate rent, there needs to be understanding around the scale, impact, and rationale of these conversions in addressing the housing crisis. **In response to this letter, the Mayor should set out whether**

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<sup>1</sup> [Future social housing rent policy - GOV.UK](#), 30 October 2024

<sup>2</sup> P2, Budget and Performance Committee, [Transcript](#), 11 December 2024

<sup>3</sup> P19, Budget and Performance Committee, [Transcript](#), 11 December 2024

any homes funded by his Affordable Housing Programme have been ‘flipped’, and what the tenure change has been, and whether the scale and impact of these conversions requires the GLA to take further action.

### Transport for London

The Transport for London (TfL) operating surplus has become a key indicator of its financial health that is valued by this Committee and is frequently referred to by you and TfL. This indicator captures in a single figure TfL’s ability to raise income and control operating costs. This figure is important to our scrutiny of the sustainability of the TfL’s finances because if TfL is unable to generate an operating surplus in 2025-26, it will be required to either further reduce costs or generate additional funding. However, the operating surplus is not set out at any stage of the GLA budget process. **TfL should present its projected operating surplus in its budget submissions from 2026-27 onwards.**

As part of your 2024 manifesto, you pledged a "public transport revolution in outer London" with the launch of Superloop 2, doubling the number of express bus routes.<sup>4</sup> Evidence submitted to us indicates that passenger usage is growing on the Superloop bus corridors, at a time when the overall bus network in London is showing a downward trend. This Committee would expect the value for money assessment from the existing Superloop services to be considered when exploring the expansion of these services into new routes. **TfL should share with this Committee details of ridership on the Superloop routes compared with the average for the rest of the bus network. TfL should advise the Committee how passenger demand data for Superloop services is being used to assess its performance and inform development of future Superloop services.**

### London Fire Brigade

Spending on London Fire Brigade (LFB) staff totals £503 million in the London Fire Commissioner (LFC) 2025-26 Budget Submission. This makes up 83 per cent of the LFB’s total gross expenditure.<sup>5</sup> During this year’s budget process, we discussed how difficult it is that such a large proportion of LFB’s budget is based on assumptions, because the national negotiations that lead to the annual pay award are rarely concluded before the budget is finalised.<sup>6</sup> If the annual pay award increases LFB staff salaries to higher than expected levels, this would have substantial in-year impacts on LFB’s budget. **The Mayor should confirm to this Committee how he expects any greater-than-expected LFB salary increase in 2025-26 would be met: whether by additional financial support from the GLA or by in-year savings at the LFB.**

The passage of the Building Safety Act 2022 created new regulations regarding higher-risk buildings.<sup>7</sup> As many of these buildings are in London, the burden of enforcing these regulations has in large part fallen on the LFB.<sup>8</sup> During our meeting this year, we heard that the LFB is finding it difficult to secure experts to train staff and implement these new regulations.<sup>9</sup> **The Mayor should use his convening powers to encourage the Department for Education and London’s further and higher education institutions to better co-ordinate with the LFB to collectively deliver the fire safety skills London needs.**

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<sup>4</sup> Sadiq Khan, [Sadiq Khan on X](#), 19 April 2024.

<sup>5</sup> P77, Table 1, Appendix 13, LFC [Budget submission](#), 22 November 2024

<sup>6</sup> P2-5, [Budget and Performance Committee](#), 8 January 2024 AM

<sup>7</sup> P32, the Rt Hon Sir Martin Moore-Bick, [Grenfell Tower Inquiry: Phase 2 Report Overview](#), September 2024

<sup>8</sup> P5, [Budget and Performance Committee](#), 7 January 2025 (PM)

<sup>9</sup> P5, [Budget and Performance Committee](#), 7 January 2025 (PM)

**In response to this letter, the GLA should set out what (if any) plans it has to use the Adults Skills Fund in 2025-26 to support the training of additional fire safety professionals on the new Building Safety Regulations.**

### **GLA Group**

The Government has a “*hugely ambitious*” target for the delivery of 1.5 million new homes in the UK by 2029. The Government recognises that this will require work to “*diversify the housebuilding system so that it has the necessary range of providers, business models, workforce, technology and innovation.*”<sup>10</sup> The GLA has a responsibility for delivering homes in London. We consider that this includes both making funding available directly for house building and contributing to providing sufficient training to the workforce. **During the 2025-26 financial year, the GLA should commission a review of the labour force required to deliver the Mayor’s housing commitments in London over the next five years. The review should contain recommendations on the steps necessary to give London’s workforce the skills it needs for the city to deliver on its housing budget. It should publish the findings of this review, alongside an assessment of how an increase in construction skills can be supported through the Adult Skills Fund in London.**

Robust population forecasts are vital to the GLA for accurate budget setting. These forecasts impact key financial assumptions underpinning the GLA’s budgets, such as: how much fares income TfL will receive; what housing demand London will experience; and how much council tax income the GLA can expect. Getting these population forecasts wrong can result in significant variations in the GLA’s annual funding. We heard from Professor Tony Travers at our meeting with external experts in January that one of the challenges that TfL planners and the Mayor have is that the projections for population and gross domestic product for London from the Office for National Statistics are not robust.<sup>11</sup> **The Mayor should set out in his Budget Guidance for 2026-27 how the GLA Group and functional bodies should plan their budget and service delivery, given the lack of reliable ONS population data for London.**

The Committee looks forward to your response before we consider next year’s budget process and would appreciate receiving this by **16 May 2025**. We thank you and all your officials for their participation in the budget scrutiny process this year, and hope that the recommendations outlined in this letter will contribute to a robust and sustainable budget process for the GLA Group going forward.

Yours sincerely,



**Neil Garratt AM**  
**Chairman of the Budget and Performance Committee**

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<sup>10</sup> Prime Minister’s Office, [Kickstarting Economic Growth](#), 5 December 2024

<sup>11</sup> P3, [Budget and Performance Committee](#), 8 January 2025

## **Appendix 1 - Budget and Performance Committee recommendations:**

### **Housing**

- In response to this letter, the Mayor should set out whether any homes funded by his Affordable Housing Programme have been ‘flipped’, and what the tenure change has been.

### **Transport for London**

- TfL should present its projected operating surplus in its budget submissions from 2026-27 onwards.
- TfL should share with this Committee details of ridership on the Superloop routes compared with the average for the rest of the bus network. TfL should advise the Committee how passenger demand data for Superloop services is being used to assess its performance and inform development of future Superloop services.

### **London Fire Brigade**

- The Mayor should confirm to this Committee how he expects that any greater-than-expected LFB salary increase in 2025-26 would be met: whether by additional financial support from the GLA, or by in-year savings at the LFB.
- The Mayor should use his convening powers to encourage the Department for Education and London’s further and higher education institutions to better co-ordinate with the LFB to collectively deliver the fire safety skills London needs.
- In response to this letter, the GLA should set out what (if any) plans it has to use the Adults Skills Fund in 2025-26 to support training of additional fire safety professionals on the new Building Safety Regulations.

### **GLA Group**

- During the 2025-26 financial year, the GLA should commission a review of the labour force required to deliver the Mayor’s housing commitments in London over the next five years. The review should contain recommendations on the steps necessary to give London’s workforce the skills it needs for the city to deliver on its housing budget. It should publish the findings of this review, alongside an assessment of how an increase in construction skills can be supported through the Adult Skills Fund in London.
- The Mayor should set out in his Budget Guidance for 2026-27, how the GLA Group and functional bodies should plan their budget and service delivery given the lack of reliable ONS population data for London.