



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

Sir Sadiq Khan  
Mayor of London  
(Sent by email)

27 May 2025

Dear Mr Mayor,

**Re: Climate Budgeting and Green Finance Fund**

In March, the Budget and Performance Committee held a meeting on the London Climate Budget which is now in its third iteration. We also discussed the Green Finance Fund, which had its first *Allocation and Impact Report* published last year. We spoke to GLA officers, and an expert panel comprised of guests from the Oslo Climate Agency, The Tyndall Centre for Climate Change Research at Manchester University, and the Association of Chartered Certified Accountants.

The Committee remains deeply engaged in this issue. As a major global city, London has set a goal of showing leadership in addressing this challenge. As a Budget and Performance Committee, we also note the planned investment in the 2025-26 Climate Budget, which includes £629 million in Level 1 funded measures and over £3 billion in Level 2 funded measures over the next three years,<sup>1</sup> as well as over £218 million in loans issued through the Green Finance Fund (GFF).<sup>2</sup> Given the scale of these figures, we sought to assess whether the GFF investments have delivered demonstrable results and whether improvements can be made in their implementation and communication.<sup>3</sup>

An earlier Committee meeting on this topic in September 2023 showed evidence of promising momentum on the Climate Budget. However, there was little evidence shared at this more recent

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<sup>1</sup> Mayor's Budget for 2025-26, [Climate Budget Measures](#), 25 February 2025

<sup>2</sup> Green Finance Fund, [Allocation and Impact Report](#), July 2024

<sup>3</sup> Level 1 funded measures are funded and reduce the GLA Group's emissions. Level 2 funded measures reduce London's emissions.

meeting to demonstrate that the money spent on the GLA Group's climate actions to date has made sufficient progress towards the net zero goal.<sup>4</sup>

The key issues identified by the Committee are set out below:

### Lack of evidence of progress

During our meeting, GLA officers were unable to provide specific, tangible examples of where the introduction of climate budgeting has led to a demonstrable reduction in carbon emissions.<sup>5</sup> In addition, the published historic and projected emissions charts for TfL, which is responsible for over 90 per cent of the GLA Group emissions, show a reduction in the expected level of progress over the last 12 months. The detail is included in the appendix. The Committee recognise that current Climate Budget plans are anticipated to deliver key reductions to carbon emissions including the decarbonisation of the Transport for London bus fleet which is already being delivered. Also, the Green Finance Fund has seen the allocation of £219 million on projects that are expected to reduce carbon emissions by 27,804 tCO<sub>2</sub>e<sup>6</sup> per annum.

Furthermore, the Climate Budget tables do not include clear and consistent metrics on the impact achieved, including emissions reductions, of the projects covered. These gaps in the information available left us uncertain about any real-world outcome of the GLA's investment in climate action as distinct from the reduction in emissions that would have happened anyway, such as from the decarbonisation of the National Grid.

Given that this is the third year that the London Climate Budget has been produced, the Committee believes the process is now mature enough that – as well as tracking the financial allocations and projected emissions associated with future climate initiatives – it should demonstrate the total benefits and measurable outcomes delivered to date. The level of transparency could also be improved with a clearer link between the excel tables and the emission charts included as figure 1 in the Consultation Budget published in December 2024."<sup>7</sup>

**Recommendation 1: The Mayor should include details on the impact of the London Climate Budget as part of the GLA's budget to enhance transparency and accountability. These details should include measurable outcomes from the specific Climate Budget initiatives, including evidence of emissions reductions.**

### Climate Budget narrative and explanation

Currently, the Climate Budget tables are published in the form of Excel spreadsheets that list actions, funding sources, timelines, co-benefits, and projected emission reductions. These published tables lack direct supporting explanatory commentary. This absence leaves Londoners without context for how resources are allocated between climate initiatives, how these choices reflect the Mayor's priorities, and how value-for-money is assessed.

Professor Carly McLachlan, Director of the Tyndall Centre for Climate Change Research at Manchester University noted:

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<sup>4</sup> P1, Budget and Performance Committee, [Panel 2 Transcript](#), 19 March 2025, exchange between the Chair and Fay Hammond

<sup>5</sup> P1, Budget and Performance Committee, [Panel 2 Transcript](#), 19 March 2025

<sup>6</sup> Tonnes of carbon dioxide equivalent. This is a standard unit used to measure the impact of different greenhouse gases, by converting them into a single metric based on their global warming potential relative to carbon dioxide

<sup>7</sup> P18, [2025-26 GLA Consultation Budget](#), 5 December 2024

*“I would say there is more that could be done for communicating how the decisions have been made. I do not know what the process has been. If the process has been, these are the things we are doing, and we collate it into a climate budget, then I suppose you will end up with just a list, without that process of this is why these ones are in the funded list, this is why these ones are in the could be coming later unfunded list. Being really clear about the point we talked about before around value for money, what are the criteria that we select on [...].”<sup>8</sup>*

The Committee believes that presenting climate tables in a more transparent and accessible way would leave Londoners better informed about how significant sums of public money have been prioritised.

**Recommendation 2: The GLA should improve the clarity and accessibility of the Climate Budget tables for 2026-27 by providing a public-facing summary that explains funding decisions in plain language, including why certain measures are prioritised while others remain unfunded.**

### **The need for clarity on the impacts of Climate Budgeting**

The Committee notes the finding of a recent Talk London survey which indicates a divergence between the Mayor’s climate goals and Londoners’ stated priorities. When survey respondents were asked to prioritise five areas of mayoral budget activity, climate action came in third when looking at the responses of which area was ‘most important’, with 16 per cent of respondents choosing it as the most important area to receive funding.<sup>9</sup> The ranking falls to fifth when all responses are considered. Providing clearer communication on the Mayor’s initiatives contributing to his 2030 net zero goal with more detailed information about the specific impacts and long-term benefits of investing in climate change initiatives should increase awareness and could improve the level of support.

**Recommendation 3: The next Climate Budget and Green Finance Fund reports should include clear, accessible evidence demonstrating the real-world benefits of these investments.**

### **Aviation Emissions**

The Committee considered the potential impact of airport expansions on London’s emissions and the climate budget. In 2019, you shared a projection that if Heathrow was expanded, the share of London’s carbon emissions in 2050 coming from aviation would rise from 17 per cent to 30 per cent.<sup>10</sup> However, the current global protocol for climate budgeting only includes aviation emissions for the element of an aircraft’s flight when it is at an altitude of less than 1,000 metres. Therefore, the climate change impacts of expanding London’s airports would not be clearly reflected in London’s Climate Budget.<sup>11</sup>

The Committee notes the view of Heidi Sørensen, Head of the Oslo’s Climate Agency, who expressed to us that “[...] a new airport will increase climate emissions and that should be a part of the climate budget. It should be shown.”<sup>12</sup> The Committee believes that a climate budget will be most useful for identifying the best value-for-money opportunities to reduce London’s emissions when it is based

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<sup>8</sup> Budget and Performance Committee, [Panel 1 Transcript](#), 19 March 2025

<sup>9</sup> Talk London, [Your priorities for the Mayor’s 2025-26 Budget](#), 3 January 2025. The other areas were Crime and Safety, Housing, Transport and Economic Growth.

<sup>10</sup> Mayor of London, [Heathrow Expansion DCO Consultation Response](#), September 2019

<sup>11</sup> [Environment Committee](#), 6 November 2024

<sup>12</sup> Budget and Performance Committee, [Panel 1 Transcript](#), 19 March 2025

on a comprehensive picture of those emissions, including those from aviation. The global protocol should also be maintained to allow meaningful comparisons with other cities and with the past.

**Recommendation 4: The Mayor should assess the implications of aviation expansion on London's climate goals and consider whether and how these emissions should be incorporated into the city's climate budget reporting.**

### **The Ambitions Gap**

The financial resources required to meet your preferred pathway (Accelerated Green scenario) to net zero are £173 billion of investments by 2030, and £294 billion by 2050. Annual costs were required to peak in the mid-2020s at £20 billion a year before falling to below £10 billion in 2030. This is undeniably ambitious, and we have seen no evidence that current investment is reaching the required levels.<sup>13</sup> These investments, according to your officers, will need to come from both the public and private sectors. GLA officers also noted that there is a cost to inaction. Megan Life, the GLA's Assistant Director for Environment and Energy argued that:

*"not investing in this is not without cost in and of itself because of the impacts of climate change and the cost that that has to individuals, to our city and to the built infrastructure here. When climate disasters happen, we will have no choice but to deal with the costs of responding to those."*<sup>14</sup>

While we acknowledge that the current level of ambition is high, it is unclear exactly where these investments will come from. The Committee believes that showing that there is a realistic route to financing your climate goals will further enhance the GLA's credibility when it engages with the external stakeholders necessary to secure those investments.

**Recommendation 5: The 2026-27 budget should outline how the £20 billion annual investment target will be achieved, including clear steps to leverage private investment and ensure sustained public support. Additionally, in response to this letter the Mayor should provide an update on the extent to which the £173 billion of investment required by 2030 has been secured.**

The Committee would welcome a response to this letter by **27 June 2025**.

Yours,



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

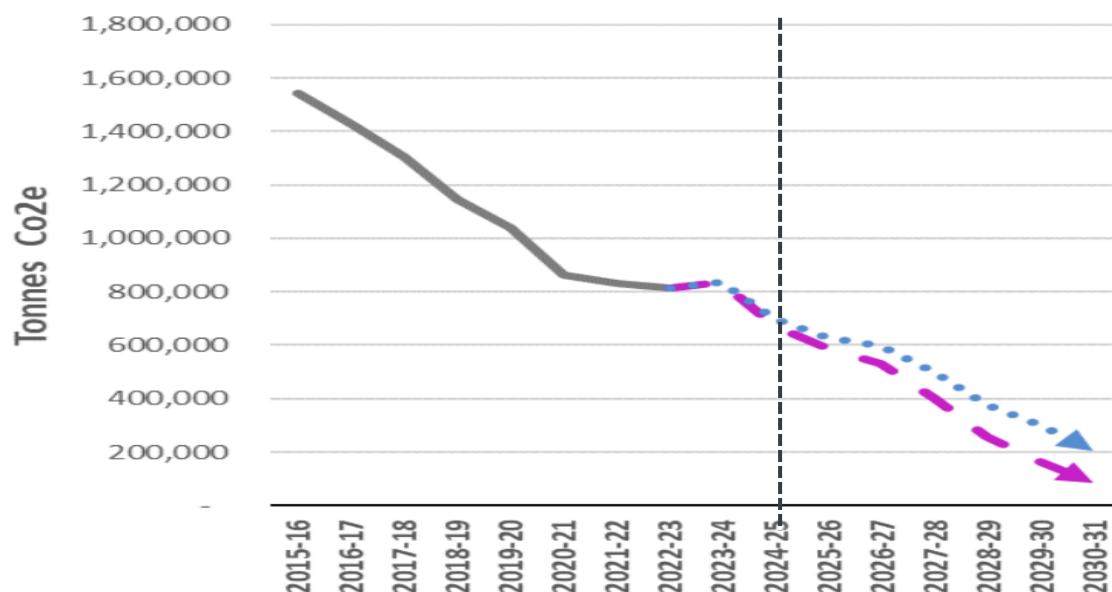
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<sup>13</sup> P.37, [Element Energy, Analysis of a Net Zero 2030 Target for Greater London](#), 18 January 2022

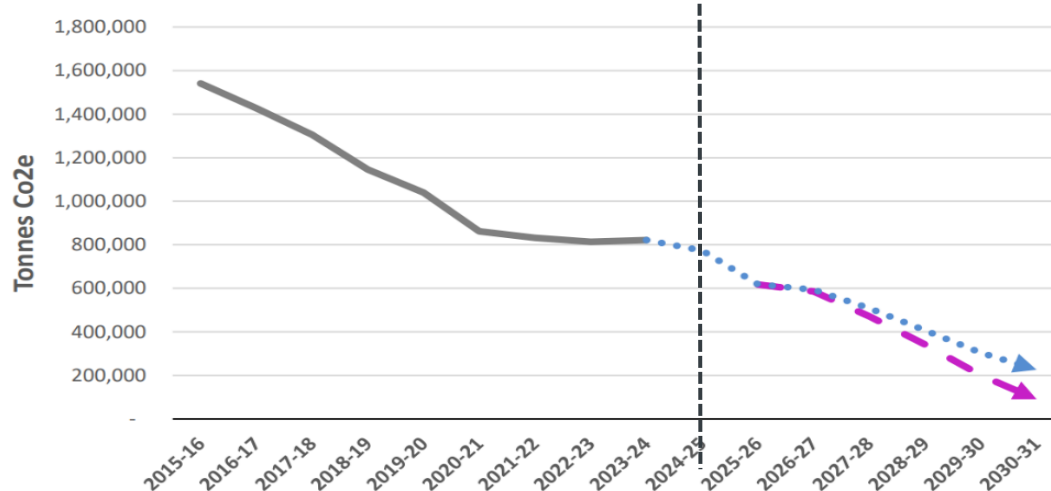
<sup>14</sup> P6, Budget and Performance Committee, [Panel 2 Transcript](#), 19 March 2025

## Comparison of TfL's historic and projected emissions charts over time.

### 2024-25 Budget<sup>15</sup>



### 2025-26 Budget<sup>16</sup>



— Historic Emissions  
 —▶ Projected emissions if all proposed measures agreed  
 ...▶ Projected emissions under current budget

TfL is currently responsible for over 90 per cent of the carbon emissions made by the GLA Group. The charts show a slowdown in progress with the 2024-25 level of emissions in the 2024-25 budget projected to be around 700,000 Tonnes Co2e and in the 2025-26 Budget this is nearer 800,000 Tonnes Co2e.

<sup>15</sup> P70, [Mayor's Consultation Budget 2024-25](#), 19 December 2023

<sup>16</sup> P31, [TfL Mayor's Budget Submission 2025-26](#), 22 November 2024