

MDA No.: 1700

Title: Climate Budgeting and Green Finance Fund

1. Executive Summary

- 1.1 At the Budget and Performance Committee meeting on 17 March 2025 the Committee resolved that:

That authority be delegated to the Chair, in consultation with party Group Lead Members, to any output arising from the discussion.

- 1.2 Following consultation with party Group Lead Members, the Chair agreed the Committee's letter to Sir Sadiq Khan, Mayor of London on the London Climate Budget, as attached at **Appendix 1**.

2. Decision

- 2.1 **That the Budget and Performance Committee's letter to the Mayor of London on the concerns raised about climate budgeting be agreed.**

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: 23 May 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 Chair, in consultation with relevant party Lead Group Members and Deputy Chairs, on date 17 March 2025 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 will be formally noted at the Budget and 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: 23 May 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:

Legal Implications:

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

Signature (Legal):



Printed Name: Rebecca Arnold, Assistant Director

Date: 23 May 2025

Email: rebecca.arnold @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 Advisor

Date: 23 May 2025

Countersigned by Executive Director:

Signature:



Printed Name: Helen Ewen, Executive Director, Assembly Secretariat

Date: 27 May 2025

LONDONASSEMBLY

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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,¹ as well as over £218 million in loans issued through the Green Finance Fund (GFF).² Given the scale

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

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

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.³

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 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.⁴

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.⁵ 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 tCO₂e⁶ 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."⁷

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

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

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

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

⁶ 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

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

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:

*"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 [...]."*⁸

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.⁹ 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. This suggests that there may be a gap between the Mayor's goal and either Londoners' view of the importance of that goal, or Londoners' understanding of what the goal involves. One way to address this gap would be clearer communication from the Mayor on what benefits his 2030 net zero goal is delivering for Londoners.

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.

¹⁰ 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

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

⁹ 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.

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

climate change impacts of expanding London's airports would not be clearly reflected in London's Climate Budget.¹¹

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."¹² 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 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.¹³ 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."*¹⁴

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.

¹¹ [Environment Committee](#), 6 November 2024

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

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

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

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

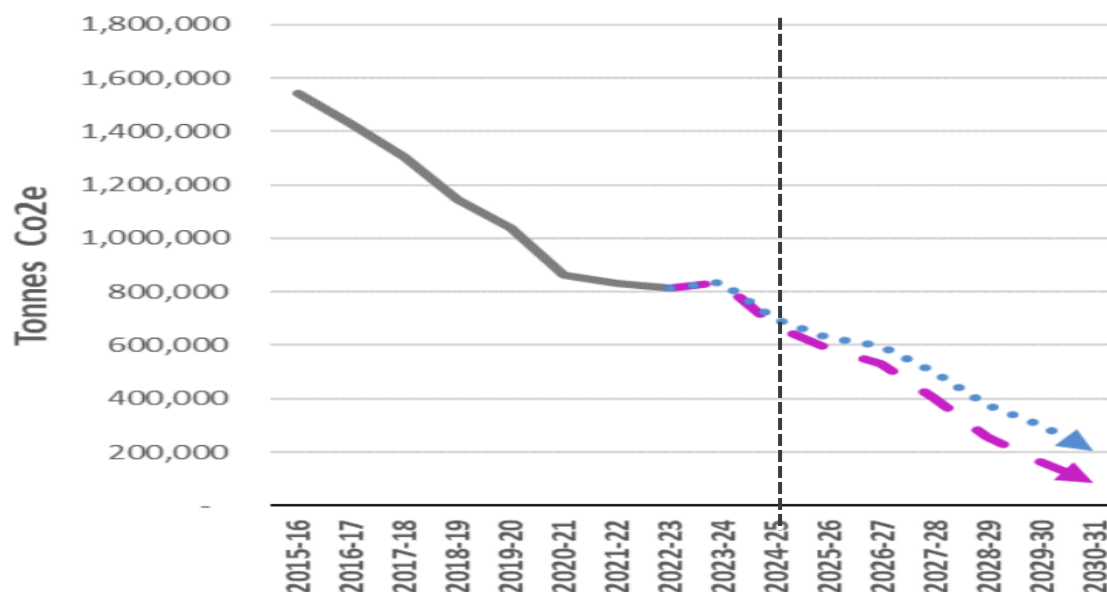
Yours,

A handwritten signature in black ink, appearing to read 'Neil Garratt', is centered within a light gray rectangular box.

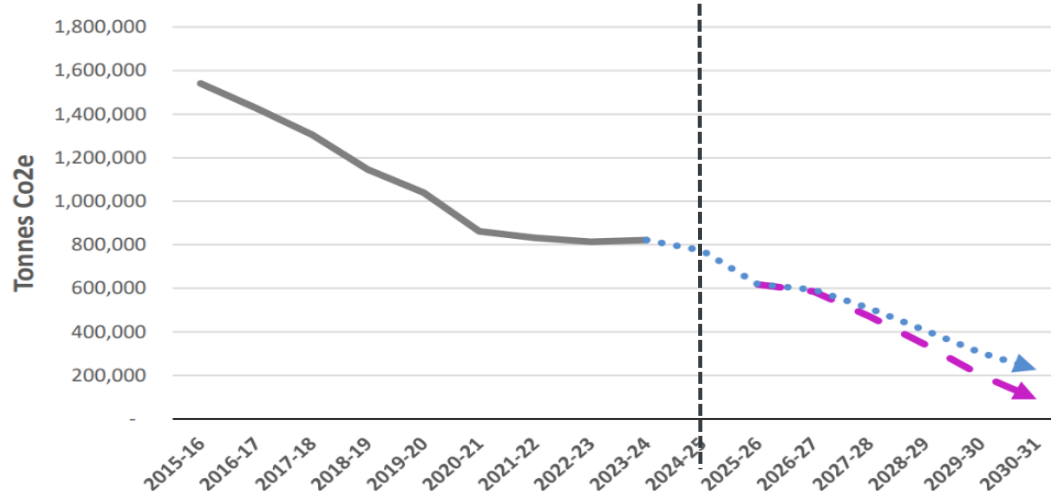
Neil Garratt AM
Chairman of the Budget and Performance Committee

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

2024-25 Budget¹⁵



2025-26 Budget¹⁶



— 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 750,000 Tonnes Co2e and in the 2025-26 Budget this is nearer 800,000 Tonnes Co2e.

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

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