LONDONASSEMBLY

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Neil Garratt AM
Chairman of the Budget and Performance Committee

Sir Sadiq Khan
Mayor of London
(Sent by email)

15 October 2025

Dear Sir Sadiq,

The Q1 2025-26 Greater London Authority Group performance reports

I am writing to you on behalf of the Budget and Performance Committee, following its review of the published results of the GLA Group for the first quarter of 2025-26.

The Committee see these monitoring reports as a vital part of its scrutiny process and recognise the value of them as a key publication for Londoners to understand how the GLA Group is delivering on its objectives through the use of its £20 billion annual budget, which is largely publicly funded. This Committee would like to take this opportunity to recognise the improvements made to the format and content of the MOPAC quarterly performance report.

13 period reporting

The GLA:Mayor budget is the GLA's specific component budget focusing on the Mayor's strategic priorities expressed through the eight themes of housing, social justice, environment, health, skills, children and young people, economy and global city and culture.[1] The 2025-26 budget totals over £2.5 billion.

The Q1 2025-26 GLA:Mayor finance report noted that the *"year-to-date data presented in this report is based on Period 3 of the 2025-26 financial year (which ended on 21 June 2025)."*[2] This was the first indication this Committee received that the GLA had adopted a 13-period year reporting approach. Under this approach, the financial year is divided into 13 periods of four weeks. The 'quarter' represented in the Q1 report appears to span three four-week periods.

[1] GLA, Final Consolidated Budget, March 2025, page 16
[2] GLA, Finance Report, June 2025, page 3

By comparison, under the previous approach, the financial year was divided into four quarters of three calendar months. The 2024-25 reports were clear that the quarter was based on a three-month period. The Q1 2024-25 GLA:Mayor finance report stated that *"This report provides a summary of the financial position for the GLA: Mayor… at end June 2024."*[3] Similarly, the Q2 and Q3 2024-25 reports stated that they cover the financial position at the end of September[4] and December[5] respectively.

The Committee is concerned that this change has been made without clear communication to the users. The impact of this change compared to previous practice includes:

- Financials on a quarterly basis are no longer comparable with previous years as they are based on different lengths.
- Financials are no longer comparable with periods in the same year as there will now be a combination of 16-week and 12-week quarters.
- Financials will no longer align with the publication of key underlying activity such as the delivery of affordable homes where the statistics for starts and completions are reported against three-month quarters.

The Committee understands that this results from the use of TfL financial accounting system for the GLA's financials. The TfL financial accounting system is configured on a 13-period basis, which is a common approach in the transport sector. A 13-period year also aligns to the salary payment of staff employed by the GLA.

It is the Committee's view that the GLA should use the flexibility it has for internal reporting to choose the reporting formats that are the most effective. However, for external reporting the GLA should use a consistent and comparable approach. Where changes are unavoidable these should be clearly communicated, and the impact of any change clearly set out. The GLA should clearly set out when and why a 13-period year reporting approach was adopted in its quarterly reporting and publish financials that align with its output delivery reporting from its Q2 2025-26 report onwards.

GLA:Mayor performance

Prior to 2024-25, the GLA's quarterly reporting consisted of a finance report supported by a series of detailed dashboards that covered performance against the relevant performance indicators and highlighted the top risks and issues.[6] The publication of these dashboards was suspended from Q1 2024-25, and since then, there has been no information of the GLA's performance included in its quarterly reporting.

The Committee understands that a new performance framework is in development but remains concerned by the length of time that the performance has been missing from the quarterly reports. The Committee see these reports as a key communication tool that gives Londoners the confidence that the GLA is delivering on the Mayor's priorities effectively, and allows the Assembly to scrutinise the GLA's delivery. The Committee would like the GLA to commit to the publication of full performance reports covering the full GLA:Mayor budget by Q4 2025-26.

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[3] GLA, Finance Report, June 2024, page 3
[4] GLA, Finance Report, September 2024, page 3
[5] GLA, Finance Report, December 2024, page 3
[6] See, for instance, GLA, 2023-24 GLA Corporate Performance and Finance Pack: Quarter 1 – 2023-24, June 2023

2025-26 Budget amendments

The 2026-27 Mayor's Budget Guidance states that the GLA and functional bodies should comply with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance on making changes to approved budgets, which states that *"it may be necessary to revisit the budget and spending plans after their formal approval and adoption, although this should only be considered in the event of exceptional matters and significant change, where the approved budget no longer has meaning and relevance to the organisation's priorities and purpose*."[7] This Committee supports this approach, and is concerned that budget changes have been made that are not justified by this criteria.

The 2025-26 Budget was approved by the London Assembly and Mayor in February 2025. The Q1 2025-26 quarterly performance reports include changes to the 2025-26 Budget since it was approved. Although these budget revisions are now set out in quarterly reports, following improvements promoted by this Committee, we remain concerned that significant changes are being made to the approved budget without clear explanation. Where revisions are set out, reports still lack supporting detail, which means the changes cannot be fully understood by this Committee and Londoners more widely. The Committee is particularly concerned by the amendments in the budgets for TfL capital renewals and the GLA's Affordable Homes Programme, as set out below.

<u>TfL capital renewals</u>

The TfL 2025-26 Budget for capital renewals has been cut by £297 million.[8] This is 27 per cent of the approved 2025-26 Budget. TfL's quarterly performance report for Q1 2025-26 notes the impact of economic conditions, stating: *"We have mitigated many of the headwinds and pressures we are facing by going further on revenue and reviewing our investment in core asset renewals to ensure it is deliverable in year, we have the right scope and it is fully prioritised with no impact on safety, reliability and revenue."*[9] This provides only a broad explanation of why there may be less money available, without detailing the impact of the budget change or why this specific reduction was decided. Without any supporting explanation it is difficult for this Committee and Londoners not to see this as a concerning issue.

The Committee believes the maintenance of the TfL network is a key priority, with evidence from TfL last year indicating the importance of funding for this area. At TfL's 3 October 2024 Programmes and Investment Committee, a paper on the London Underground Renewals reported that: *"Budget constraints have reduced investment in all our renewals and we are beginning to see service impacts resulting from the degrading asset base*."[10] The paper goes on to state: *"From 2018-19 to 2023-24 the level of funding allocated has been insufficient to maintain the [State of Good Repair] of the network. This will lead to an increased impact on customer service and continue to build a backlog of works to be completed in future. Where continued safe operation of assets is not possible, closures or service restrictions will take place*." [11] The paper tracks the '*incidents on the [London Underground] network relating to Asset Condition decline*': between 2018-19 and 2023-24 these increased by 185 per cent, from 4,195 to 11,944.[12] A reduction in the approved capital renewals budget will almost certainly affect TfL's capacity to address these issues. We need a full explanation of both the reasons for the change and the likely impact.

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[7] GLA, The Mayor's Budget Guidance for 2026-27, July 2025, page 29
[8] TfL, Quarterly performance report, Q1 2025-26, page 26 [page 168 of linked pack]
[9] TfL, Quarterly performance report, Q1 2025-26, page 26 [page 167 of linked pack]
[10] TfL Programmes and Investment Committee, London Underground Renewals, 3 October 2024, page 2. The paper stated that TfL, "continues to operate and maintain a safe service."
[11] TfL Programmes and Investment Committee, London Underground Renewals, 3 October 2024, page 4
[12] TfL Programmes and Investment Committee, London Underground Renewals, 3 October 2024, page 22

Affordable Homes Programme

The approved 2025-26 Budget for the current affordable homes programme has increased by 29 per cent from £1,069 million to £1,380 million which is a budget increase of £311 million.[13] The supporting commentary does state that *"The programme budget was increased due to additional funding provided by MHCLG for the programme."*[14] However, it remains unclear about why this additional funding was allocated or what the impact will be on delivery. This Committee would like to see a clear explanation of why the budget needed to change and what the impacts are for delivery whenever changes of this scale are required to the approved budget.

It is the Committee's view that the GLA and functional bodies should follow the Mayor's Budget Guidance and only change budgets in year when it is clear that *"the approved budget no longer has meaning and relevance to the organisation's priorities and purpose".* Any change that is made to the budget after it has been approved should be supported by a clear commentary covering why the change has been made and what the impact is.

To summarise, the Committee would appreciate if you could respond to us on the following points:

- 13-period reporting: setting out when and why a 13-period year reporting approach was adopted, and committing to publish financials that align with the GLA's output delivery reporting from the Q2 2025-26 report onwards and allows for comparison with previous years.

- Performance reporting: committing to the publication of performance reports covering the full GLA:Mayor budget by Q4 2025-26.

- Budget changes: confirming that the GLA and functional bodies will follow the CIPFA criteria cited for budget changes as stated in the Mayor's Budget Guidance criteria, and where changes are made, provide clear commentary covering the reasons and impact.

We appreciate GLA officers' work on producing these key reports and we look forward to assessing the performance against the 2025-26 Budget in the coming quarters with the above reflections in mind. I look forward to your response to this letter by **15 November 2025**.

Yours sincerely,

Neil Garratt AM
Chairman of the Budget and Performance Committee

[13] GLA, Finance Report, June 2025, page 9
[14] GLA, Finance Report, June 2025, page 9