

MDA No.: 1795

Title: Greater London Authority: Mayor Draft Budget 2026-27

1. Executive Summary

- 1.1 At the Budget and Performance Committee meeting on 18 November 2025 the Committee resolved that:

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

- 1.2 Following consultation with party Group Lead Members, the Chairman agreed the Committee's letter to the Mayor of London regarding the Greater London Authority: Mayor Draft Budget 2026-27, as attached at **Appendix 1**.

2. Decision

- 2.1 **That the Chairman, in consultation with party Group Lead Members, agrees the Committee's letters to the Greater London Authority: Mayor Draft Budget 2026-27, 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 and Performance Committee

Date: 24 November 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 relevant party Group Lead Members, under the standing authority granted to Chairs of Committees and Sub-Committees. Officers confirm that the letters and its recommendations fall within these terms of reference.
- 3.2 The exercise of delegated authority approving the letters 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*

Printed Name: Hannah Barlow, Principal Committee Manager

Date: 15 October 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 Chair of the Transport Committee has the power to make the decision set out in this report.

Signature (Legal):



Printed Name: Rory McKenna

Date: 25 November 2025

Email: rory.mckenna@london.gov.uk

Supporting Detail / List of Consultees:

- *Krupesh Hirani AM (Deputy Chairman)*
- *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

Job Title: Senior Policy Advisor

Date: 15 October 2025

Countersigned by Executive Director:

Signature:



Printed Name: Helen Ewen, Executive Director – Assembly Secretariat

Date: 25 November 2025



Neil Garratt AM
Chairman of the Budget and Performance Committee

Sir Sadiq Khan
Mayor of London
(Sent by email)

24 November 2025

Dear Sir Sadiq,

Draft 2026-27 GLA:Mayor Budget

I am writing to you on behalf of the Budget and Performance Committee, following its meeting on Tuesday, 18 November 2025 on the Draft 2026-27 GLA:Mayor Budget. This is the first of a series of letters on your 2026-27 Budget proposals.

The Committee appreciates that this is an early version of the budget and recognises the unprecedented uncertainty over the level and structure of funding. There are many issues that need to be resolved before this budget is finalised, including the implications of the Government's autumn budget, confirmation of any replacement to the UK Shared Prosperity Fund, the scope and conditions for the expected Integrated Settlement and the current business rates reform. The Committee heard on 18 November 2025 from David Bellamy, the Mayor's Chief of Staff, that:

*"There is clearly more uncertainty about those provisional settlements than there were in previous years because we know the Government is undertaking a major review of local government funding, which will impact us. There are major changes to the business rate system, things like the revaluation and different rates for different types of ratepayer, which in theory should not impact our finances but do create some uncertainty around for billing authorities, and also then the reset of business rate growth, which most definitely will affect us."*¹

¹ Budget and Performance Committee, 18 November 2025

It is important that the changes to the budget as it develops are made clearly and transparently. The Committee should be advised of the details once the required changes become clear. Despite the level of uncertainty around the level of funding The Draft GLA 2026-27 GLA:Mayor Budget anticipates a £19 million budget gap. Mary Harpley, the GLA's Chief Officer, stated that the gap was "unlikely" to be fully closed by potential improvements in the level of funding as it becomes clearer.

The Committee noted that key areas of the published budget still need further consideration, before detailed scrutiny can take place. For instance, Richard Watts, the Mayor's Deputy Chief of Staff informed the Committee that there are figures in the Draft GLA 2026-27 GLA:Mayor Budget that *"do not reflect decisions we have made in this round of budgeting processes. That is just the assumptions that we started this financial year with."*² Fay Hammond, the GLA's Chief Finance Officer informed the Committee that the published reserves still required review. She said *"We will be thinking about all the levels of reserves as part of the budget process. You will see in the next iteration there will be a reserves strategy and a review of our levels of reserves"*³

The Committee acknowledges the high levels of uncertainty about key budget figures this year, and notes that it is not possible for the GLA to provide the usual level of assurance at this point in the budget cycle. The GLA should ensure that the Assembly receives comprehensive updates to this budget as the financial position becomes clearer, and that revised proposals are subject to scrutiny.

Recommendation:

- 1. The GLA should provide updated budget proposals to the Committee when they are available. Given that details are not available at this stage, GLA officials should commit to participating in further necessary and proportionate scrutiny once numbers are clearer in early 2026.**

Universal Free School Meals

Your Universal Free School Meals (USFM) programme has been a feature since the 2023-24 GLA:Mayor Budget. It provides free school meals across London for all primary school children. This is a major programme, and its funding represents a large amount of your final discretionary spending choices in the budget process of previous years. The Draft 2026-27 GLA:Mayor Budget includes net revenue expenditure of £417 million, of which the Universal Free School Meals programme – at £148 million – accounts for over a third.⁴

In June 2025 the Government announced that from the start of the 2026 school year, every pupil whose household is on Universal Credit will have a new entitlement to free school meals.⁵ There are many elements of the current budget that are necessarily unclear, but this particular announcement was made over four months ago so this Committee was disappointed to hear at our meeting that the financial impact of the new Government policy on the GLA:Mayor budget had not yet been assessed.

Recommendation:

- 2. The published GLA consolidated budgets should clearly set out the interaction of the Mayor's and the Government's free school meals initiatives. In particular, whether the provision of a new entitlement funded by the Government will reduce the amount required to fund the Mayor's initiative.**

² Budget and Performance Committee, 18 November 2025

³ Budget and Performance Committee, 18 November 2025

⁴ HMG [Over half a million more children to get free school meals](#), 4 June 2025

⁵ Since 2018, children have only been eligible for free school meals if their household income is less than £7,400 per year

Pedestrianisation of Oxford Street

In September 2024, you announced plans to transform Oxford Street. The Mayor's 2026-27 Budget Guidance states that: *"It is anticipated that the Oxford Street Development Corporation (OSDC) will be established on 1 January 2026. OSDC will be a new functional body of the GLA Group [...] It is expected that their budget for the [2026-27] Budget Period will be included in the Draft Budget and Final Draft Budget."* It is expected that the OSDC will employ approximately 50 staff in total.⁶

In November 2024 at the Committee's meeting Richard Watts, the Mayor's Deputy Chief of Staff told the Committee:

*"I think we should all be very clear from the beginning of this, whilst there are elements of this which are transport-related that TfL will need to discharge for us, this is not a transport project. This is a commercial and economic project. Therefore, the overall ownership of the project will sit with the GLA, not TfL."*⁷

It has been reported that the first phase of proposed pedestrianisation has been budgeted by the GLA at £150 million.⁸ This was confirmed by Richard Watts on 18 November as being the cost of phase 1 from Oxford Circus to Orchard Street.⁹ Richard Watts informed the Committee that Phase 2 consists of Orchard Street to Marble Arch and Phase 3 was the section of the road from Oxford Circus to Tottenham Court Road.¹⁰ When Westminster City Council proposed a much more limited pedestrianisation scheme with other public realm improvements in 2021 (the 'Oxford Street District'), the expected costs were £232 million.¹¹ We heard from Richard Watts that the schemes were not directly comparable. He said: *"the Westminster scheme was a much wider scheme that looked at much wider bits of Oxford Street and many of the surrounding roads as well."*¹² The Committee anticipates that the full project will be a significant commitment for the GLA.

You have stated that, *"We are currently exploring several ways of financing the project, including funding from private business and philanthropy, and new revenue streams such as advertising and events."*¹³ Unlike other MDCs, the Oxford Street MDC appears to have relatively few opportunities to develop land and create revenue, given its small geographical coverage in a heavily built-up area. The Committee notes that once the project starts, it would expect to see the full cost reflected in the Mayor's Budget and this will be balanced by the expected receipts from third parties.

The Committee wants to see all of London sharing in the economic benefits from the development, including those living and working in the area. If pedestrianisation does improve the economic performance of Oxford Street, it is hoped that staff working in the area could benefit, but this is not necessarily the case. The GLA has policies such as the Good Work Standard to enable this, and it is important these are applied in the area.

Recommendation:

- 3. The Committee urges the Mayor to publish the full anticipated cost of the Oxford Street project, set out how this is to be funded and outline any contingencies if the cost should exceed available funding. This should be included in the First Draft Consolidated Budget.**

⁶ Korn Ferry, [Candidate Specification – CEO – Oxford Street Development Corporation, August 2025](#)

⁷ Budget and Performance Committee, [transcript](#), 19 November 2024

⁸ The Standard, ['Oxford Street has suffered – it needs polish to get back on the map'](#), 11 November 2025

⁹ Budget and Performance Committee, 18 November 2025

¹⁰ Budget and Performance Committee, 18 November 2025

¹¹ Westminster City Council, [Oxford Street District: Business Case and Investment Approval](#), 9 April 2019

¹² Budget and Performance Committee, 18 November 2025

¹³ GLA, [Pedestrianisation of Oxford Street \(1\)](#), 15 October 2025

London Stadium and National Sports Centre at Crystal Palace

The Draft 2026-27 GLA:Mayor Budget includes £12 million of revenue expenditure for the cost of running the London Stadium. In addition, there is a further £4 million funded from group reserves. The Budget states that *“final estimates will be included in the final GLA Mayor budget (to be published in March 2026) and are expected to be broadly in line with previous years.”*¹⁴ The final 2025-26 GLA Budget included £19.5 million funding for the London Stadium.¹⁵

The Committee heard at our meeting that the GLA is facing financial risk, based on the sporting performance of the stadium tenant, West Ham United Football Club. The Mayor’s Chief of Staff highlighted that: *“West Ham’s relegation would, very broadly, cost the taxpayer £2 million to £2.5 million a year.”*¹⁶ This is clearly not a comfortable position for the GLA to be in. Selling naming rights has long been seen as a way to reduce the stadium’s financial burden on the GLA. Despite repeated suggestions and negotiations, a deal has yet to be finalised more than a decade after the idea was first floated.¹⁷ The Budget and Performance Committee has consistently recommended that the Mayor and the LLDC seek to secure a naming rights deal for the London Stadium to reduce financial losses.

As a Committee, we have also taken a long-standing interest in the finances of the National Sports Centre at Crystal Palace in south London, a large sports centre and outdoor athletics stadium for which the GLA took responsibility in 2012. The Committee has long held concerns about this GLA-owned asset, especially reports that it had fallen into disrepair.¹⁸ The Committee welcomes your commitment to renovate and decarbonise the centre and that the major project to deliver this remains on schedule and feels that this should be highlighted in your budget publications.

Recommendation:

- 4. The Committee urges the Mayor and LLDC to explore all aspects of the commercial potential of the London Stadium to partially offset the costs of running the London Stadium. The Committee requests that the Mayor shares an update on this issue by the autumn of 2026.**
- 5. The Committee recommends that the Final Draft Consolidated Budget publication in February 2026, sets out the anticipated improvements, the full cost and timescales of the project to re-develop the Crystal Palace National Sports Centre.**

GLA Reserves

The GLA reserves are forecast to decrease each year for the three-year budget and plan period to 2027-28. At the end of March 2026, the total GLA reserves are anticipated to reach £522 million. The projected total GLA reserves at the end of 2026-27 are expected to decrease to £502 million. This decrease primarily relates to spending on Right to Buy (to cover staffing requirements across the GLA’s housing programmes), capital programme funding and use of the ‘revenue grants unapplied reserve’ reserve, which is used to hold funding for multi-year projects that is received upfront. These decreases are partially offset by the increase in the GLA Elections reserve.

The Mayor’s 2026-27 Budget guidance states that *“In line with the requirements of the CIPFA Financial Management Code, budgets should include details of “the earmarked reserves held, and explain the purpose of each reserve, together with the estimated opening balances for the year, details of planned additions / withdrawals, and the estimated closing balances.”* The Mayor’s 2026-27 Budget Guidance includes the following requirements in respect of reserves:

¹⁴ GLA, [2026-27 Budget](#), P27 10 November 2025

¹⁵ GLA, [2025-26 GLA Budget](#), P17, March 2025

¹⁶ Budget and Performance Committee, 18 November 2025

¹⁷ MQT, [Olympic Stadium Naming Rights](#), 23 September 2012

¹⁸ See, for example, [Crystal Palace Stadium: Former home of athletics 'managed to disrepair' - BBC News](#), 22 November 2022

- Reflect planned usage of general and earmarked reserves for the Budget Period and include a CFO statement on the adequacy of reserves
- In the case of earmarked reserves held for purposes beyond the Budget Period, an indication must be given as to when they are to be applied.
- In accordance with CIPFA's FM Code, functional bodies are to set out an explanation of why their reserves need to not only be adequate but why they are necessary.¹⁹

The GLA:Mayor reserves table shows several reserves with significant balances, with limited movement across the three years. These are not supported by a statement on why they are necessary. These include:

Reserve	Balance at March 2026 £m	Balance at March 2029 £m
Climate Change reserve	74.5	70.8
Directorate reprofiling	18.5	18.4
Interest smoothing	78.0	78.0
Revenue Grants Unapplied	127.9	117.5
Universal Free School Meals	51.3	54.0

Source: GLA, [2026-27 Budget](#), P44 10 November 2025

In addition, the Right to Buy reserve continues to be used after it is fully depleted in 2026-27 and the GLA Election reserve does not show any reduction for the funding of the 2028 GLA Elections, which is its intended purpose.

Recommendation:

- 6. The GLA should review the anticipated level of reserves to ensure that all long-term balances are necessary. All future published GLA:Mayor budgets should include the purpose of each reserve with a justification of why the reserve continues to be held.**

Growth Plan milestones

The GLA's website states that *"London is well-placed to drive growth that the UK needs to succeed and that despite its strengths, the capital is not reaching its full potential, and not all of London's citizens and communities feel the full benefits of economic prosperity."*²⁰ To support this, the GLA and London Councils published the London Growth Plan (LGP) in June 2025 that prioritises inclusive economic growth, skills, reducing inequalities, housing, infrastructure, and the green economy.

The LGP aims to restore productivity growth to an average of two per cent a year over the next decade, making London's economy £107 billion larger in 2035, and to help create over 150,000 good jobs by 2028. The growth plan sets out four ambitions:

- Productivity: Raise productivity growth rates to 2 per cent average per year over 2025 to 2035.
- Inclusion: Raise the real household weekly income (after housing costs) of the lowest earning 20 per cent of Londoners by 20 per cent by 2035. This would mean that at least a million London households would have on average an extra £50 to spend each week after paying for housing costs.
- Green growth: Accelerate progress towards achieving London's net zero target for 2030.
- A global capital: Grow London's services exports by an average of 6 per cent per year.

¹⁹ GLA, [Mayor's 2026-27 Budget Guidance](#), P15, July 2025

²⁰ [London Growth Plan](#)

Your 2024 manifesto for the GLA Elections included in your “top 10” pledges for the 2024-28 term “*deliver a new London Growth Plan, with a target of creating more than 150,000 good jobs by 2028 and increasing living standards for Londoners.*”²¹ The Committee would like to understand the progress made in delivering the 150,000 jobs and was encouraged to hear on 18 November that a framework is being developed “*over the coming months*” to track this. The Committee also heard that this will be delivered “*across London*” and wants to understand the GLA’s role in this to be able to assess progress. Similarly, the Committee would like to understand progress towards the Growth Plan’s aim to restore productivity growth. The Assembly’s Economy, Culture and Skills Committee is planning to undertake further scrutiny of the Growth Plan in February, so these issues can be further explored.

The LGP reconfirms the commitment to net zero by 2030. The Committee heard from Phil Graham, the Executive Director of Good Growth that: “*We have not looked at the incremental difference between the two [net zero by 2030 and net zero by 2050]. I can provide you with a simple number in terms of the overall cost differential but ultimately the cost differential would be about timing rather than overall cost in the most part.*”²² He added that: “*to the extent that you can bring the costs of decarbonisation forward, you are also bringing the impact of that work forward.*”²³ The Committee would like to understand at a high level what the incremental costs and benefits of pursuing net zero by 2030 compared with net zero by 2050.

We appreciate the GLA officers’ attendance and engagement with the Budget and Performance Committee, and we look forward to assessing the forthcoming 2025-26 Budget. I look forward to your response to this letter by **19 December 2025**.

Yours sincerely,



Neil Garratt AM

Chairman of the Budget and Performance Committee

²¹ Sadiq Khan (2024), [A Fairer, Safer, Greener London for everyone](#), April 2024

²² Budget and Performance Committee, 18 November 2025

²³ Budget and Performance Committee, 18 November 2025