

Chief Officer's introduction: GLA Q2 2025-26 Performance and Finance Pack

Members of the Budget & Performance Committee,

I attach our Q2 performance and finance pack, reflecting for the first time a consolidated overview of programme delivery across the Mayor's updated strategic portfolio comprising 21 programmes spanning housing, transport, environment, skills, and community safety.

This first report focusses on eight of the GLA led programmes and provides detailed programme-level reporting. In the spirit of working in an agile way, we will make some future refinements to the approach.

The majority of programmes are on track, with a small number of projects at Amber/Red requiring intervention. Significant progress has been achieved in housing, transport, and environmental initiatives. Emerging risks relating to inflationary pressures, procurement delays, and workforce capacity are being actively managed.

Some of the key achievements are:

- Affordable Housing Delivery: We exceeded quarterly targets for affordable housing starts, initiating nearly 1,200 new housing starts projected between 2021 and 2026 and delivering over 87,000 homes through the Affordable Housing Programme by the end of Q2 2025–26.
- Transport and Connectivity Improvements: We now have 43% of Underground stations and 40% of tunnels with mobile coverage, enhancing passenger safety and improving the travel experience for Londoners.
- Progress on Net Zero Initiatives: We have accelerated energy efficiency domestic retrofits through our Warm Homes: Local Grant and Warm Homes: Social Housing Fund which have actively delivered low carbon heating improvements to 84 properties across London. The ULEZ scrappage scheme removed 53,000 older vehicles from London roads, significantly improving air quality as shown in our London-wide ULEZ Scrappage Evaluation Report published in June 2025. Additionally, by the end of Q2, 140 air quality sensors have been installed across London, meeting our monitoring targets.

Some of our challenges are:

- Inflationary pressures impacting capital projects: Rising construction and material costs have significantly impacted capital project budgets, requiring frequent reforecasting and cost optimisation to maintain affordability.
- Recruitment and retention in specialist areas: Difficulty in attracting and retaining skilled professionals—particularly in technical, engineering, and sustainability roles—has created capacity gaps.
- Delays in procurement processes: Complex procurement requirements have slowed down project mobilisation. These delays often cascade into programme schedules, impacting delivery milestones.

Financial performance remains within approved budgets, although we need to monitor closely the changing economic conditions and potential volatility with regards to capital projects specifically that may affect the delivery of the GLA's capital programme.

Expenditure:

- Revenue: The GLA's revenue position at quarter 2 forecasts a £12.8 million underspend at year-end, which equates to 3.2% of the net expenditure budget for the year.
- Capital: The year-end position is forecast as a £192 million (9.6%) underspend. This is almost entirely attributable to amendments to the Affordable Homes Programmes (AHP). The reduction in forecast expenditure relates to grant reclaims forecast for projects currently undergoing renegotiation, and projects that are expected to be taken forward in future years under AHP 2021-26

At Q3 we will report on six additional GLA-led programmes, incorporating any changes and refinements to our new approach.