

MAYOR OF LONDON

Neil Garratt AM

Chairman of the London Assembly Budget and
Performance Committee
C/o Gino.Brand@london.gov.uk

Our ref: MGLA241125-9099

Date: 26 January 2026

Dear Neil,

Thank you for your letter following the Budget and Performance Committee's review of the draft GLA: Mayor budget for the 2026-27 financial year. I am grateful for the Committee's engagement and recommendations, my response to which is attached.

Yours sincerely,



Sir Sadiq Khan

Mayor of London

Cc: David Bellamy – Chief of Staff
Fay Hammond – Chief Finance Officer
Elliott Ball – Director, Group Finance and Performance
Gino Brand – Senior Policy Adviser, Scrutiny and Investigation (London Assembly)
Paul Goodchild – Principal Committee Manager, Secretariat (London Assembly)

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Annex

Mayor of London's response to the recommendations of the London Assembly Budget and Performance Committee on the 2026-27 budget process

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.

As I committed to, my draft Group budget was published on 15 January, which included an update on the GLA: Mayor budget following the government's provisional local government settlement. As ever, GLA officers are committed to the agreed scrutiny timetable for the 2026-27 budget-setting process and will engage with the Committee about this recommendation as updated proposals become available.

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.

Officers are currently reviewing the impact of the government's free school meals initiative, alongside other relevant factors such as updated estimates of London's primary school-age population. The outcome of this work will be reflected in the draft GLA Group budget.

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.

As I set out in my budget guidance (published in July) and the consultation budget (published in December), I can confirm that the proposed budget for the Oxford Street Development Corporation is included in my draft Group budget, published on 15 January.

Recommendations 4 and 5

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.

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.

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From 31 March 2025, control of the London Stadium was transferred from the London Legacy Development Corporation (LLDC) to the GLA. Therefore, LLDC will not be involved in this work going forward. However, I can confirm the London Stadium LLP Board is actively exploring possible commercial opportunities to reduce the costs of running the London Stadium. I have asked officers to consider how the Committee can best be updated on this work.

I can also confirm that the full cost and estimated timescales for the plans to develop the Crystal Palace National Sports Centre will be included in the final GLA: Mayor budget, to be published in March.

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.

A key part of each year's budget process is a review of potential risks and an assessment of available reserves, and this continues right up to the finalisation of each organisation's budget ensuring that this assessment takes into account the latest information, including the GLA's final funding settlement from the government.

Therefore, officers are currently in the process of reviewing reserves and recognise that there may be more that can be done to demonstrate how much of the GLA's overall reserves are committed or set aside against key risks. An updated reserves section will be part of the final GLA: Mayor budget in March.

In addition, while not a specific recommendation, your letter notes the following:

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.

In response, I have asked Megan Life (Assistant Director, Environment and Energy) and Simon Wyke (Climate Mitigation Manager) to speak to the staff of this Committee to address this point in more detail.