# Sadiq Khan warns that underfunding London risks wider UK economic recovery



Sadiq Khan is set to deliver a stark warning to ministers, urging them to avoid pitting towns against cities as the government prepares for its upcoming spending review. In a critical speech, the Mayor of London will express his dissatisfaction with recent Treasury decisions that seemingly marginalise the capital. Khan argues that investment should not be viewed as a zero-sum game between regions, especially when significant deprivation exists within London's own borders.

During his address, Khan will stress the urgency of addressing poverty in the capital, drawing from his personal experiences growing up on a council estate. "A child blighted by a lack of support and opportunity in Newham or Lewisham is just as deserving as a child born into similar circumstances in Newcastle or Leeds," he plans to say, highlighting the need for equitable resource allocation. He points out that, despite London contributing nearly a quarter of the UK's GDP, it houses some of the country’s poorest communities, and restricting investment could undermine not just the city, but the broader national economy.

The spending review is set against a backdrop of significant unease regarding funding for London. Reports have indicated that essential infrastructure projects, such as the Bakerloo line extension and an expansion of the Docklands Light Railway, might not receive the backing they require. This has raised alarms among Khan's allies, who argue that cuts to economic and anti-poverty funding could exacerbate existing inequalities. Although government aides assert that major approvals have been granted for various projects in London, including expansions at airports and pedestrian initiatives, these assurances do little to alleviate concerns expressed by the mayor and his supporters.

In what Khan describes as a "missed opportunity" for London, he laments that significant investments are being redirected to regional cities while the capital's needs are overlooked. The Chancellor's announcement included £7 billion to boost urban transport in cities outside London, but failed to provide any new financial support for Transport for London (TfL), which has already faced multiple bailouts during the pandemic. Khan has previously insisted that the metropolitan area’s underfunding threatens to hinder recovery efforts not only in London but across the UK, stating that inadequate support would affect local services crucial for pandemic recovery.

Khan's remarks come amid a tragic incident involving Air India flight 171, which crashed en route to Gatwick, likely involving London residents. Consequently, Khan will extend condolences at the outset of his speech, framing his domestic priorities within the context of compassion and unity. As he reflects on his achievements over the past nine years—such as record levels of council housebuilding, the expansion of the free school meals programme, and the successful rollout of the Elizabeth Line—he will argue that appropriate investment can yield substantial returns for the entire country. The mayor points to the Elizabeth Line's impact, generating 55,000 jobs and over 1,000 apprenticeships, as a powerful example of how targeted funding can benefit the national economy.

Finally, Khan's central message is one of collaboration and shared success. He warns against the divisive narrative that positions London’s prosperity as a threat to other regions, asserting instead that it can serve as a catalyst for broader economic growth. "We must never allow ourselves to be drawn into false choices," he will declare, reinforcing the idea that London’s success and investment therein are beneficial not just for the capital, but also for the surrounding regions and the UK as a whole.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.theguardian.com/politics/2025/jun/12/sadiq-khan-warns-ministers-not-put-towns-cities-against-each-other), [[4]](https://www.london.gov.uk/press-releases/mayoral/budget-is-taking-london-for-granted)
* Paragraph 2 – [[1]](https://www.theguardian.com/politics/2025/jun/12/sadiq-khan-warns-ministers-not-put-towns-cities-against-each-other), [[2]](https://www.ft.com/content/90073619-30e3-4517-99ed-c63570b0ad7a), [[5]](https://enfielddispatch.co.uk/khan-says-treasury-budget-missed-opportunity-for-london/)
* Paragraph 3 – [[3]](https://www.standard.co.uk/news/london/sadiq-khan-criticises-rishi-sunak-spending-review-b79179.html), [[6]](https://www.telegraph.co.uk/business/2024/10/03/sadiq-khan-brands-critics-of-london-investment-unpatriotic/)
* Paragraph 4 – [[4]](https://www.london.gov.uk/press-releases/mayoral/budget-is-taking-london-for-granted), [[5]](https://enfielddispatch.co.uk/khan-says-treasury-budget-missed-opportunity-for-london/)
* Paragraph 5 – [[1]](https://www.theguardian.com/politics/2025/jun/12/sadiq-khan-warns-ministers-not-put-towns-cities-against-each-other), [[6]](https://www.telegraph.co.uk/business/2024/10/03/sadiq-khan-brands-critics-of-london-investment-unpatriotic/)
* Paragraph 6 – [[6]](https://www.telegraph.co.uk/business/2024/10/03/sadiq-khan-brands-critics-of-london-investment-unpatriotic/), [[2]](https://www.ft.com/content/90073619-30e3-4517-99ed-c63570b0ad7a)
* Paragraph 7 – [[1]](https://www.theguardian.com/politics/2025/jun/12/sadiq-khan-warns-ministers-not-put-towns-cities-against-each-other), [[4]](https://www.london.gov.uk/press-releases/mayoral/budget-is-taking-london-for-granted)

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## Bibliography

1. <https://www.theguardian.com/politics/2025/jun/12/sadiq-khan-warns-ministers-not-put-towns-cities-against-each-other> - Please view link - unable to able to access data
2. <https://www.ft.com/content/90073619-30e3-4517-99ed-c63570b0ad7a> - The Financial Times reports on a political dispute between London Mayor Sadiq Khan and Chancellor Rachel Reeves ahead of the UK's first spending review in 16 years. Khan's allies claim that London's major infrastructure requests, including the Bakerloo line extension and a £1bn expansion of the Docklands Light Railway, will be rejected. Concerns also exist that London might face reductions in economic and anti-poverty funding through the UK Shared Prosperity Fund, Growth Hub Funding, and the Levelling-Up Fund. Despite being a Labour mayor under a Labour government, Khan is concerned that the capital is not receiving adequate support. He also seeks greater financial stability for Transport for London, which faced multiple short-term bailouts during the pandemic. Central government aides deny the claims, citing major approvals already granted in London, such as airport expansions and pedestrian projects. Meanwhile, regional cities outside London were recently promised £15.6bn in transport investments. A report by IPPR highlighted that London historically receives significantly higher transport funding per capita compared to other regions, intensifying the debate over equitable resource allocation.
3. <https://www.standard.co.uk/news/london/sadiq-khan-criticises-rishi-sunak-spending-review-b79179.html> - The Evening Standard reports that London Mayor Sadiq Khan has criticised the Government’s Spending Review, dismissing it as a package that failed to help London 'in any meaningful way'. Chancellor Rishi Sunak unveiled the review with measures aimed at protecting jobs and kick-starting the economy. However, Khan stated that the capital’s cash-strapped councils were not receiving enough financial help to deal with the fallout from the Covid-19 pandemic. He emphasised the need for urgent funding to maintain vital local services and called for rapid rollout of mass testing and vaccination programmes within the working-age population. Khan also warned that continued underinvestment in the capital would hamper recovery efforts both in London and across the UK.
4. <https://www.london.gov.uk/press-releases/mayoral/budget-is-taking-london-for-granted> - London City Hall reports that Mayor Sadiq Khan has stated that the Government’s Budget and Comprehensive Spending Review (CSR) 'takes London for granted' and fails to deliver the support and investment London and the rest of the country desperately need to recover from the pandemic. He expressed concern that, despite the Chancellor confirming £7bn to level-up urban transport in cities around England, there was no new funding announced for Transport for London (TfL). Khan warned that with the current TfL funding settlement from Government expiring on December 11, the capital is approaching its busiest period with complete uncertainty. He highlighted London's significant contribution to the UK's economy and the stark inequalities within the city, emphasising the need for adequate investment to address these issues.
5. <https://enfielddispatch.co.uk/khan-says-treasury-budget-missed-opportunity-for-london/> - The Enfield Dispatch reports that London Mayor Sadiq Khan claims the government’s budget is a 'missed opportunity' for London, warning it has left several key transport projects in a state of uncertainty. The budget, announced by Chancellor of the Exchequer Jeremy Hunt, included a range of measures aimed at growing the UK economy, but Khan said the government had 'missed an opportunity' to invest in the capital and its infrastructure. He criticised the government's focus on holding on to former Labour seats in the North and Midlands, suggesting that this approach neglects London's needs. Khan highlighted specific projects such as the Bakerloo Line extension, the Croydon-Sutton Tram, and Crossrail 2, all of which have been discussed for several years but lack funding.
6. <https://www.telegraph.co.uk/business/2024/10/03/sadiq-khan-brands-critics-of-london-investment-unpatriotic/> - The Daily Telegraph reports that Sadiq Khan has called opponents of more taxpayer spending on London 'unpatriotic' as he pressed the Government to support as much as £10bn of new investment into the capital’s railways. The Mayor stated that London is in competition with global cities such as Paris, New York, Hong Kong, and Singapore, and must not be held back by disputes over whether cash would be better directed elsewhere in the UK. He argued that failing to invest in London could result in losing investment, jobs, and growth to other parts of the world. Khan also criticised the previous government's approach of pitting London against other parts of the UK, emphasising the importance of unity for national prosperity.
7. <https://www.cityam.com/spending-review-live-rishi-sunak-set-to-spend-billions-on-economic-recovery/> - City A.M. reports on the UK's spending review, highlighting that Chancellor Rishi Sunak is set to spend billions on economic recovery. The review includes a £39 billion affordable housing initiative and a £113 billion capital investment plan to overhaul infrastructure, especially in regions outside London and the South East. While health and defence budgets are protected, other government departments face real-term cuts amid tight day-to-day spending constraints. Critics argue that the regional focus neglects London's infrastructure needs, and experts caution that the fiscal strategy leaves significant risks due to economic uncertainties and potential future funding gaps.