

REQUEST FOR DIRECTOR DECISION – DD2783

Due diligence grant funding to unlock small sites for housing

Programme: Small Sites Small Builders

Executive summary

The Small Sites Small Builders (SSSB) programme was developed by the GLA's Housing and Land, and Good Growth teams. It aims to address support for small housebuilders, whilst helping public landowners bring forward small sites for housing development.

This decision seeks approval to spend up to £250,000, as grant funding, to unlock small sites for housing funded from the Homes for Londoners Collaboration budget (referenced under the Building More Homes delivery plan, and approved via Mayoral Decision (MD) 3378). SSSB has been approved and captured in the Making Best Use of Land Delivery Plan (approved by MD3434); therefore, a budget adjustment will be required between delivery plans.

Decision:

That the Executive Director of Housing and Land approves spending up to £250,000 for due diligence grant funding, to unlock small sites for housing, from the Homes for Londoners Collaboration budget. Some, or all, of this will be offered as repayable grant. Repayment will be conditional on the project meeting a stage where capital/other delivery funds are drawn down to progress the site into delivery. Repaid grant can be recycled to unlock further small sites for housing delivery.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Tim Steer

Position: Executive Director, Housing and Land

Signature:



Date:

4 February 2026

PART I – NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

Programme objectives and operations

- 1.1. The Small Sites Small Builders (SSSB) programme was developed by the GLA's Housing and Land, and Good Growth teams. It aims to address the need for supporting small and medium-sized enterprises (SMEs), whilst helping public landowners bring forward small sites for development.
- 1.2. The programme's two overarching objectives are:
 - bringing small, publicly owned sites forward for residential-led development
 - invigorating 'sources of supply', including small developers; small housing associations; supported and specialist housing providers; and SME contractors.
- 1.3. The SSSB programme allows the Mayor to drive delivery on small sites, through partnership working with other public-sector landowners. It unlocks barriers to delivery on small sites; and helps create a pipeline for small builders. In this way, it creates resilience in the housing market by diversifying delivery methods.
- 1.4. There have been three funding streams to the programme:
 - revenue funding for due diligence to ready sites for housing delivery
 - capital funding to help unlock unviable small sites
 - revenue funding to support best practice in small sites delivery, where this has one or more of the following effects:
 - adds value in unlocking difficult sites
 - encourages new approaches
 - unlocks wider social and community value.
- 1.5. Since 2018, the programme has brought 76 sites to market. This works out at 18 acres of land owned by 14 public landowners, achieving more than 500 bids from SME housebuilders. This provides capacity for approximately 1,000 homes – of which 50 per cent are expected to be affordable.
- 1.6. As part of the solution, the GLA provides a platform for marketing small sites, through a portal on the GLA website ([the GLA Small Sites app](#)). It also administers a mailing list with over 1,200 subscribers, who receive alerts of new sites.
- 1.7. The GLA also takes a role in supporting best practice in small sites delivery. It does so via knowledge-sharing events; market-engagement activities; funding demonstrator projects; and hosting a resource library (GLA, [Best practice in small sites delivery](#)).
- 1.8. The programme will be jointly managed by the GLA's Housing and Land, and Good Growth teams. Governance will be effected through a meeting of the SSSB Programme Board every quarter.

Previous related decisions

- 1.9. The SSSB programme was originally funded with £473,000, under Mayoral Decision (MD) 2133. This was to pilot the innovative programme, by bringing forward around 10 TfL small sites for development by SMEs and community-led housing groups. The Mayor also delegated authority to the Executive Director, Housing and Land, to approve total spend of up to a further £14.703 million

(including £13.215 million of funding approved from the London Economic Action Partnership's Good Growth Fund), from April 2018 to April 2021. This covered the two grant-funding streams:

- revenue funding to bring sites to the portal
- capital funding to help unlock unviable small sites.

The spend of this grant funding was subsequently approved, by the Executive Director, Housing and Land, under:

- Director Decision (DD) 2263: up to £3,872,201 in 2018-19
- DD2355: up to £11.842m across 2019-20 and 2020-21.

- 1.10. In September 2020, an independent evaluation of the SSSB programme assessed it against its objectives. The report said the programme made good progress against objectives over its initial three-to-four-year pilot period. The report also found a strong rationale for the GLA to keep prioritising investment in the programme, so as to build on this momentum.
- 1.11. In October 2021, the Mayor commissioned a review of GLA Group housing delivery, known as the Kerslake Review (see GLA, [Review of GLA Group Housing Delivery](#), Friday 18 March 2022). The Kerslake Review was published in March 2022. Within its 15 recommendations, the review advised that small sites in GLA Group ownership should be consolidated under a single programme. This would streamline housing delivery; secure additionality; and deliver social value.
- 1.12. MD3093 approved using up to £875,000 for SSSB 2022-25 to continue delivering against programme objectives; and to evolve the programme, in response to the recommendations in the evaluation report and the Kerslake Review. Any further approvals within this budget envelope were delegated to the Executive Director for Housing and Land, following a recommendation from the SSSB Programme Board.
- 1.13. MD3216 approved the SSSB programme using up to £240,000 unallocated combined funding from the Land for Council Homes Revenue Fund, and the Right to Buy Back Revenue Fund. This funding, and budget of £875,000 spend approved under MD3093, were used to expand on SSSB 2022-25. Any further approvals within this budget envelope were delegated to the Executive Director for Housing and Land, following a recommendation from the SSSB Programme Board.
- 1.14. All previously approved budget has been committed in full.

Current related decisions

- 1.15. MD3434: Delivery Plan – Making Best Use of Land includes approval to continue programme activities and site-release objectives. MD3378: Delivery Plan – Building More Homes contains a consolidated budget, which includes a £160,000 budget allocation for SSSB for 2025-26; and an additional, estimated budget allocation of £90,000.
- 1.16. Authority has been delegated to the Executive Director of Good Growth (under MD3434), and the Executive Director of Housing and Land (under MD3378), to approve further spend for projects detailed within these MDs. The table below sets out the relevant references to SSSB, across both delivery plans. SSSB, in turn, is split across two delegation schemes:

Decision	Topic	Reference to SSSB
MD3434: Delivery Plan – Making Best Use of Land (paragraph 1.13)	Continuing the programme	Continuing to deliver the SSSB programme – approved under MD3093 as part of the Making Best Use of Land programme delivery plan.

MD3434: Delivery Plan – Making Best Use of Land Delivery Plan (Appendix 2, paragraph 3.3c)	Site-release objectives	SSSB provides targeted investment that unlocks 30 small sites for housing delivery in Q4 2026-27.
MD3378: Delivery Plan – Building More Homes (Appendix 2, paragraph 3.3)	Budget	Consolidated resources table (at paragraph 3.3) includes, at row 3.1, a budget allocation of £8,763 million for 2025-26. The build-up of this includes an approved budget allocation of £160,000, in 2025-26, for SSSB under the Homes for Londoners Collaboration (HfLC) budget; and planned budget allocations under HfLC in 2026-27.

- 1.17. This decision form seeks approval from the Executive Director, Housing and Land, to spend up to £250,000 (for 2025-26 and 2026-27) of budget allocated under the Building More Homes delivery plan. This is to deliver the project and associated site-release objectives set out and approved via MD3434. It is expected that, of the total £250,000 approved budget, £80,000 will be spent by 31 March 2026; and £170,000 by 31 March 2027. This spend profile depends on third-party programmes and GLA budget approvals for 2026-27. It should be noted that parameters of the SSSB project remain the same or similar to those captured in MD3434 and all prior approvals.

2. Objectives and expected outcomes

Objectives

- 2.1. Following engagement with local authorities and registered providers (RPs), the SSSB programme has prepared to offer site-release revenue grant funding in 2025-28, with an initial allocation of £160,000.
- 2.2. Boroughs and RPs face a lack of revenue funds for due diligence and other feasibility work required to get small sites owned by public landowners and RPs into delivery. Once a public landowner or RP is certain that further spend will result in an enhanced asset, they can draw down capital, or other funding sources, to progress small sites towards delivery.
- 2.3. This funding is intended to meet that funding gap. It is similar to funding previously offered by SSSB, which has successfully unlocked sites for housing for council-led delivery; RP-led delivery; or disposal to SME housebuilders.
- 2.4. SSSB intends to trial offering some, or all, of this funding as repayable grant. This is a change from the previous approach to drive returns to the programme. Repayment will be conditional on the project meeting a stage where capital/other delivery funds are drawn down to progress the site into delivery. If this stage is not reached, the grant will not need to be repaid. Monitoring by SSSB will need to continue until the project is either abandoned or reaches delivery, and repayment of the grant is triggered.
- 2.5. Revenue grant funding is available to carry out site investigations, due diligence and feasibility work needed to secure confidence in the suitability of housing delivery on public land or RP-owned sites. Public landowners (including GLA group partners, councils and wholly owned council housing delivery vehicles), and RPs of social housing that own small sites, would be eligible to apply.
- 2.6. To demonstrate good strategic fit, for the purposes of this funding offer, SSSB is looking for sites that align with at least one of the following considerations:

- The likelihood of reaching delivery stage – sites with a strong likelihood will be prioritised for this funding. This will need to be evidenced in bids. This is to maximise the chance that grant is repayable; and that sites can be accelerated towards delivery in the short term.
- The strategic nature of the site for the landowner – for example, a site might face a particular blocker to delivery that is replicated across their land portfolio. This would lead to an enhanced ability to replicate lessons learnt across other sites.

Expected outcomes

- 2.7. It is expected that up to eight additional sites for housing will be unlocked from the initial £160,000 tranche of revenue funding. This grant is intended to be repayable; as such, it is expected that most of the initial investment can be recycled and unlock further small sites for housing delivery.
- 2.8. A prospectus has been prepared for the funding. This includes a statement of intent, allowing for flexibility to increase the amount of funding available. This is to accommodate budget approvals that may come forward in 2025-26 or 2026-27, without having to go out for another bidding round. This flexibility is at the GLA's discretion.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010, functions of the Greater London Authority exercisable by the Mayor, are subject to a public-sector equality duty (PSED) and must have 'due regard' to the need to:
 - eliminate unlawful discrimination, harassment and victimisation
 - advance equality of opportunity, and foster good relations, between people who share a relevant protected characteristic and those who do not.
- 3.2. Protected characteristics under section 149 of the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status.
- 3.3. The programme will promote equality; and work to deliver new diverse and inclusive opportunities. The programme is not expected to have a negative impact on any groups identified under the Equality Act 2010, as it has been developed in line with strategic objectives outlined in the Mayor's Equality, Diversity and Inclusion (EDI) Strategy 2022. This approach has enabled the PSED considerations to be integrated in the design of the programme, as set out at paragraph 3.4, below.
- 3.4. SSSB intends to deliver outcomes directly related to strategic objectives 1 and 2 of the Mayor's EDI Strategy 2022. In this way, the programme will create positive impact on the most relevant groups identified in the strategy.
- 3.5. Strategic objective 1, in the EDI Strategy 2022, is:

"To increase the provision of genuinely affordable homes for the benefit of those groups and communities that are most likely to live in overcrowded, poor quality or unaffordable housing."

SSSB supports this objective by making a positive contribution to increasing the supply of genuinely affordable homes. In this way, it is helping to tackle the inequalities experienced by certain groups of Londoners most affected by the city's shortage of affordable homes.

- 3.6. Strategic objective 2 is:

"To increase the number of homes that meet Londoners' diverse housing needs including, year-on-year, the pace of provision of affordable specialist and supported housing."

SSSB supports this objective by including EDI scoring criteria for funding bids, against the objective of supporting new sites for supported and specialist housing provision.

- 3.7. Public-sector recipients of funding under this programme must comply with the PSED. This will be stipulated in any grant agreements and memorandums of understanding between the GLA and project partners. These require recipients to comply with all relevant laws and enactments that are in force, and relate to discrimination in employment and the promotion of equal opportunities. Recipients must also comply with EDI measures negotiated through individual projects.
- 3.8. Arrangements with any organisations that receive grant funding, or are commissioned to provide services, will include checks and use of contractual clauses to ensure that:
 - they comply with any discrimination laws and other requirements that the GLA would reasonably require
 - all staff engaged in the performance of any services or activities associated with the funding observe equality and diversity clauses within the contract
 - such organisations notify the GLA immediately of any legal proceedings issued against them by any supplier staff on the grounds of discrimination.

4. Other considerations

- 4.1. The following documents have been developed:
 - funding prospectus
 - assessment criteria
 - template grant-funding agreement
 - Open Project System (OPS) bidding template.

These are based on stakeholder consultation and internal consultation with Legal and Finance Business partners.

- 4.2. Information about the revenue grant-funding opportunities – setting out assessment criteria in terms of strategic fit, value for money and deliverability – will be published on the SSSB website.
- 4.3. Successful projects must enter into a standard form of grant agreement with the GLA, for delivery of projects supported by this fund. Proposed milestones and outputs provided by organisations, as part of their OPS bids, will be considered by the GLA for incorporation into funding contracts.
- 4.4. Measures of success are:
 - the number of sites delivered to market
 - the number of homes proposed on sites unlocked by the programme
 - the number of public landowners and registered providers supported to bring sites to market

Key risks and issues

- 4.5. Strategic risks around small sites delivery in London are captured comprehensively in MD3093, which approves the SSSB programme (paragraphs 4.1 to 4.4). Some key issues reported by the programme's stakeholders remain:

- The housing sector is increasingly dominated by large construction businesses. Smaller sites are overlooked, and smaller builders are experiencing several obstacles – such as the availability and cost of land; and the complexity, cost and sluggishness of the planning system.
- The economic climate remains challenging. There have been recent rises in interest rates and associated finance costs; these are still posing barriers for small builders and developers looking to deliver housing on small sites.

Links to Mayoral strategies and priorities

- 4.6. Land and new development must contribute fully to tackling London’s housing crisis and supporting economic growth. The Making Best Use of Land delivery plan describes how the GLA will work with partners to ensure land and new development contribute fully to tackling London’s housing crisis and supporting economic growth. A core work strand under this delivery plan is Enabling a Step Change in Delivery. With the challenge of more than doubling recent housing-delivery rates, we will need a much bigger range of options for new capacity. We will also need enhanced delivery tools; and an increased role for the public sector. Optimising delivery on small sites has been identified within this delivery plan as a Mayoral priority; SSSB is a key approach to delivering positive outcomes against that priority.
- 4.7. SSSB also links to a wide range of Mayoral strategies and priorities in housing, regeneration and planning. These include:
- London Plan (2021) policy H2: Small sites. The work supports well-designed new homes on small sites to meet London’s housing needs and supporting SME housebuilders.
 - London Housing Strategy (2018) policy 3.3: Diversifying the homebuilding industry. The work helps to make the homebuilding industry more diverse, and establishes a presumption in favour of appropriate residential development on small sites. It also promotes and enables community-led homes, and regeneration for all Londoners

This funding will support public landowners and RPs to consider small sites, in their ownership, for funding bids under the London Social and Affordable Homes Programme 2026-36.

Consultations and impact assessments

- 4.8. For the purposes of the MD underpinning this request ([MD3093](#)), and in order to meet the requirement in section 32 of the Greater London Authority Act 1999 (GLA Act), consultation has been carried out with:
- GLA functional bodies
 - the London Estate Delivery Unit
 - London borough councils
 - bodies that represent the interests of persons carrying out business in Greater London.

Conflicts of interest

- 4.9. There are no conflicts of interest to declare from any of the officers involved in the drafting or clearance of this decision.

5. Financial comments

- 5.1 Executive Director’s approval is sought to spend up to £250,000 for due diligence grant funding to unlock small sites for housing. The expected profile is up to £80,000 in 2025-26; and up to £170,000 in 2026-27. This is to be funded from the GLA’s HfLC 2025-26 budget, and planned 2026-27 budget,

referenced under the Building More Homes delivery plan and approved via MD3378. This programme relates to SSSB; and is approved and captured in the Making best use of land delivery plan and MD3434. Therefore, a budget adjustment will be required to move budget to Making best use of land delivery plan from the Building more homes delivery plan.

- 5.2 As mentioned in paragraphs 2.4 and 2.7, above, this grant may be repayable. Therefore, delivery partners are expected to repay the grants when the sites have progressed to the delivery stage.

6. Legal comments

- 6.1. In respect of the decisions requested of the Mayor, section 30 of GLA Act gives the Mayor a general power to do anything that he considers will further one or more of the principal purposes of the GLA. The principal purposes, as set out in section 30(2) of the GLA Act are:
- promoting economic development and wealth creation in Greater London
 - promoting social development in Greater London
 - promoting the improvement of the environment in Greater London.
- 6.2. Given the above, and section 34 of the GLA Act – which allows the Mayor to do anything that is calculated to facilitate, or is conducive or incidental to, the exercise of any of his functions (including his functions under section 30), and the Mayor’s powers under section 38 of the GLA Act to delegate to any GLA member of staff functions of the GLA that are exercisable by him – the foregoing sections of this report indicate that the Mayor has the power to agree to the decisions set out above.
- 6.3. In determining whether or how to exercise the power conferred by section 30(1) of the GLA Act, the Mayor must:
- have regard to the effect that his decision will have on:
 - the health of persons in Greater London
 - health inequalities between persons living in Greater London
 - the achievement of sustainable development in the UK
 - climate change and its consequences (sections 30(3-5)) of the GLA Act)
 - pay due regard to the principle that there should be equality of opportunity for all people (section 33 of the GLA Act).
- 6.4. In taking the decisions requested, the Mayor must also have due regard to the PSED – namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010; and to advance equality of opportunity, and foster good relations, between persons who share a relevant protected characteristic (race, disability, sex, age, sexual orientation, religion or belief, pregnancy and maternity, and gender reassignment) and persons who do not (section 149 of the Equality Act 2010).
- 6.5. In respect of paragraphs 6.3 and 6.4, the Mayor should have regard to section 3, above.
- 6.6. In addition to the above, where the Mayor is proposing to use the power conferred in section 30(1) of the GLA Act, the Mayor must consider consulting in accordance with section 32 of the GLA Act (see paragraph 4.3, above).
- 6.7. To mitigate any risks that proposed funding might be considered unlawful subsidy, officers have worked with TfL Legal to consider the structure and detail of proposed funding arrangements.

- 6.8. The award of GLA revenue grant funding under this programme is not a payment for services. It is therefore not subject to the requirements of the Public Contracts Regulations 2015. This notwithstanding, the GLA is still subject to the overarching duties of fairness and transparency. Officers must ensure that the funding is distributed fairly; transparently; in accordance with the GLA's equalities duties; and in a manner that ensures value for money, in accordance with the GLA's Contracts and Funding Code.

7. Planned delivery approach and next steps

- 7.1. The table below provides an outline of proposed programme activities:

Activity	Timeline
Funding prospectus published	February 2026
Funding allocated	March 2026
Funding committed	March 2026
Delivery end date	March 2027
Final evaluation start and finish (self)	April 2027

Appendices and supporting papers:

None.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

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. **Note:** This form (Part 1) will be published either within one working day after it has been approved or on the defer date.

Strategic Programmes

Does this decision seek approval for activity falling within the remit of a programme delivery plan? YES

If YES, which programme/s does this fall within: Making Best Use of Land

Part 1 – Deferral

Is the publication of Part 1 of this approval to be deferred? NO

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form? NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Jessica Tsang has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Simon Powell has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

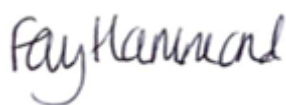
Mayoral Delivery Board

A summary of this decision was reviewed by the Mayoral Delivery Board on 2 February 2026.

CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature



Date

4 February 2026