GREATER**LONDON**AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3531

Revenue funding to support delivery of the Integrated Settlement for social housing retrofit

Programme: Improving London's Housing Stock

Executive summary:

The GLA has been allocated £58.7 million of capital funding from government, through the Integrated Settlement, to deliver grants to Registered Providers of Social Housing (RPs) to deliver energy efficiency retrofit in social housing. This follows funding previously made available by government directly to RPs and marks London's first devolved funding for retrofit. It will enable 5,000 additional social housing properties to be retrofitted by 2029, with the aim of reducing fuel poverty and carbon emissions in London. Mayoral Decision (MD) 3486 (Integrated Settlement Outcomes Framework and allocations) approved receipt of this funding. The £58.7 million retrofit funding is capital without the same flexibility to convert a proportion to revenue that applies to other elements of the Integrated Settlement received by the GLA from government. Additional GLA revenue funding will therefore be required to fund the administration of this programme, covering staffing, legal costs and onward funding of London Councils to deliver a grant management function through WHL.

Decision:

That the Mayor:

- approves adding the delivery of works funded by the Integrated Settlement for Social Housing Retrofit as a new project (referred to externally as the Mayor's Home Energy Saving Fund (MHESF)) in the Improving London's Housing Stock programme, approved under Mayoral Decision MD3356
- approves up to £3.56 million of revenue expenditure from the GLA's Climate Emergency Reserves, to enable the GLA to develop and deliver the MHESF for London
- delegates authority to the Executive Director for Good Growth, as the Senior Responsible Owner for Improving London's Housing Stock, to
    - approve proposals for the spend of the £3.56 million revenue funding
    - approve the programme parameters and funding guidance and the making of a subsidy scheme pursuant to the MHESF
    - agree, receive and spend any additional revenue funding from the government (should such funding become available) to cover operational costs relating to the delivery of the MHESF
    - agree, receive and spend any additional capital funding from the government, or other sources (should such funding become available), to expand or extend the MHESF, where the parameters remain the same or similar, after consulting with the GLA's legal advisers and the Chief Finance Officer, and subject to prior agreement from the Mayoral Delivery Board
    - approve the provision of funding for retrofit to RPs, and any associated funding allocation decisions and contractual agreements between the GLA and RPs, in accordance with the terms associated with the MHESF.

Mayor of London

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: **Date:** 23/9/21

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

1.1. The Mayor is ambitious about retrofit, which can support Londoners to reduce their energy bills and keep their homes warmer when it is cold, cooler when it is warm and free from harms like damp and mould. The Mayor has also committed to forging a bold new approach to retrofit, working with London's boroughs and housing associations through his partnership with London Councils, on their joint Warmer Homes London (WHL) project, which supports and enables the delivery of grant funding for retrofit and improvements to the retrofit system and approach in London.

Integrated Settlement for retrofit

1.2. The government's £15 billion Warm Homes Plan was released in January 2026. It included £295 million in funding nationally for the Warm Homes: Social Housing Fund 3 (WH:SHF 3.0) for 2026-27. The Department for Energy Security and Net Zero (DESNZ) has allocated £58.7m of this funding to London through the Integrated Settlement.

1.3. In April 2026, the Mayor approved acceptance of the full package of Integrated Settlement (IS) funding for London for 2026-29 in MD3486, including this retrofit funding. The MD approved the adoption of the Ministry of Housing, Communities and Local Government (MHCLG) Integrated Settlement Outcomes Framework as the basis for monitoring, evaluation and reporting for all programmes and a delegation of authority to relevant delivery programme Senior Responsible Owners (SRO) to agree the outstanding contents of the Integrated Settlement Outcomes Framework.

1.4. The retrofit Integrated Settlement Outcomes Framework was agreed between DESNZ, MHCLG and the GLA in June 2026. This set out the outcome and output targets to be achieved by 2029 (detailed in section 2).

Resourcing the retrofit Integrated Settlement

1.5. Funding for retrofit was not previously expected to be provided via London's Integrated Settlement until 2028. The government's decision to accelerate timeframes – bringing forward the inclusion of retrofit in the Integrated Settlement to 2026 – will require the GLA to stand up a grant management function within a limited timeframe.

1.6. All of the £58.7 million retrofit funding is capital without the same flexibilities to convert a proportion to revenue that apply to other elements of the Integrated Settlement. In this case, although up to 15 per cent can be used for administration and ancillary costs by capital grant recipients, this only applies to the extent that these are capitalisable, which is not the case for any of the GLA's programme administration costs.

1.7. For this reason, additional GLA revenue funding will be required to fund the administration of this programme – covering staffing, legal costs and onward funding of London Councils to deliver a grant management function through WHL.

1.8. The revenue costs required to stand up and deliver the scheme are set out in the table below. These costs total £3.56 million between 2026-27 and 2029-30 (the costs included in 2029-30 are to close out the scheme).

Revenue costs for development and delivery of MHESF

Revenue costs	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**Total**
GLA staffing	£200,000	£300,000	£300,000	£150,000	£950,000

Legal costs	£180,000	£30,000	£30,000	£30,000	£270,000
WHL grant administration service	£309,026	£435,107	£442,515	£348,946	£1,535,594
Contingency	£300,000	£500,000			£800,000
Total	£989,026	£1,265,107	£772,515	£528,946	**£3,555,594**

1.9. The GLA staffing includes the cost of additional staff within the Energy Transition team, namely a manager and three operational staff. Their responsibilities will include liaison with, and reporting to, government, development of the funding prospectus and contractual documents, assessment of bids and award of funding, and clienting of the WHL grant management function.

1.10. External legal support is required to review the scheme prospectus and support with contract drafting and subsidy control compliance, with an expected upfront cost of up to £180,000 and an ongoing £30k per year budget to cover any minor variations or notices on contract.

1.11. The proposal includes the expansion of the activities to be undertaken by London Councils, under the existing Warmer Homes London (WHL) grant agreement, which enables the delivery of WHL as a joint project developed in partnership between London Councils and the GLA. This includes overseeing the delivery of grant recipients and validating claims. The GLA will retain the funding and will enter into grant agreements directly with individual grant recipients.

1.12. £800,000 of contingency is included to enable the GLA to receive and spend any additional capital funding which may be forthcoming from government, through the Integrated Settlement.

Subsidy control considerations

1.13. Any capital funding awarded under the programme must comply with the Subsidy Control Act 2022. GLA officers are preparing a subsidy assessment for the programme, alongside the funding guidance, with the intention that a subsidy scheme is made before the funding guidance is published. This MD delegates authority to the Executive Director for Good Growth to approve the final version of the funding guidance and the making of the subsidy scheme. It is not envisaged that the GLA will need to obtain and consider a subsidy report from the Subsidy Advice Unit (SAU) at the Competition and Markets Authority before it makes subsidy scheme as the programme will not allow for a subsidy (including related subsidies) of more than £25 million to be given to the same enterprise within a rolling three financial year period.

2. Objectives and expected outcomes

2.1. The overarching outcome sought from the Integrated Settlement retrofit funding, as agreed with DESNZ, is a reduction in direct carbon emissions from domestic buildings, with reduced fuel poverty gaps for treated households in, or at risk of, fuel poverty.

2.2. The outcome is broken down into the following indicators in the Integrated Settlement Outcomes Framework:

Outcome indicators	**Proposed target 2029**
1.1: Reduction in carbon emissions from domestic buildings upgraded over 2026-70 (modelled)	107KtCo2e
Output indicators	**Proposed target 2029**
1.1a: Number of social homes with a pre-installation Energy Efficiency Rating of D-G upgraded to C or above as a result of the upgrades	5,000
1.1.b: Total household bill savings over 2026-2070 (modelled)	£80 million

2.3. If further funding is made available from government, within the parameters of the Integrated Settlement for social housing retrofit, it may mean some adjustment to these outcomes. This includes, but is not limited to, funding for solar and batteries for social housing and funding for plug-in solar systems for low-income households.

2.4. The proposed £3.56 million revenue funding would be used to set up and administer the programme, which is necessary to make the delivery of these outcomes possible.

3. Equality comments

3.1. Under section 149 of the Equality Act 2010, as a public authority, the GLA is subject to the public sector equality duty and must have due regard to the need to:

- eliminate unlawful discrimination, harassment, and victimisation
- advance equality of opportunity between people who share a relevant protected characteristic and those who do not
- foster good relations between people who share a relevant protected characteristic and those who do not.

3.2. Protected characteristics under section 4 of the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sex orientation, and marriage or civil partnership status (all except the last being "relevant" protected characteristics).

3.3. Overall, London's disadvantaged and marginalised communities suffer disproportionately from poor housing. In the private rented sector, Black, Asian and minority ethnic Londoners are more likely than others to live in homes that do not meet the Decent Homes Standard, and more likely to suffer from fuel poverty and the impacts of cold homes. Similarly, Londoners on low incomes and with disabilities or long-term conditions are more likely to live in poor-quality homes and/or to face fuel poverty. Older Londoners are less likely to live in fuel poverty but at greater risk of hospitalisation due to cold, damp homes.

3.4. In addition to the financial impacts, cold, damp and mouldy homes can create major risks to physical health, for example leading to or worsening respiratory conditions, allergic reactions, diabetes, arthritis and circulatory issues. These factors are exacerbated by the disproportionate numbers of vulnerable and/or disadvantaged Londoners living in such homes, with the result that poor housing is an important driver of health inequalities. Well-targeted action through the Mayor's Homes Energy Saving Fund can therefore help many tenants in social housing with protected characteristics, by accelerating the pace of work to address improving insulation and reducing energy bills and reducing damp and mould to make homes healthier.

3.5. The GLA continues to take appropriate steps to ensure that the requirements of the Equality Act and the Public Sector Equality Duty are met through the delivery of schemes for which it is responsible. This is achieved by complying with the Mayor's Equality, Diversity and Inclusion Strategy; and by developing and testing in line with GLA guidance on equalities and diversity. This includes the GLA's inclusive recruitment and employment support practices.

3.6. An Equalities Impact Assessment for the Integrated Settlement for Social Housing Retrofit will be undertaken as outlined in the next steps in section 7. This will inform the minimum requirements that are included within the prospectus which RPs will be expected to meet in terms of the equalities distribution of their retrofit programmes.

4. Other considerations

Links to Mayoral strategies and priorities

4.1. Delivering the Integrated Settlement for retrofit programme will be a key project in the Improving London's Housing Stock programme once it has been added through this decision form.

4.2. This project aligns with actions and objectives, set out below, from the London Environment Strategy, the Mayor's Equality, Diversity & Inclusion Strategy, and the Mayor's Health Inequalities Strategy.

London Environment Strategy

- 6.1.1a: Contribute to helping Londoners improve the energy efficiency of their homes, where appropriate, by providing technical assistance, support and funding.
- 6.1.1b: Pilot innovative methods to implement the stronger energy efficiency retrofitting needed.
- 6.1.2a: The Mayor will work with partners to help alleviate fuel poverty in London through implementing the recommendations of the Fuel Poverty Action Plan.
- 10.1.2a: To support startups and business growth across the economy, including in the low carbon and environmental goods and services sector.

Mayor's Equality, Diversity and Inclusion Strategy

- Objective 4: Improve Londoners' air quality and access to green space and lower the city's carbon emissions so that inequalities in exposure to harmful pollution and climate risks are reduced.
- Objective 6: To address the specific barriers faced by those groups of Londoners most likely to experience financial hardship, helping them understand and access their entitlements and available support.

Mayor's Health Inequalities Strategy:

- 3.4: Impact of poverty and income inequality on health is reduced.
- 3.6: Housing availability, quality and affordability improves.

Key risks and issues

4.3. The key risks, and mitigations, are outlined below:

	Risk	Likelihood (1-4)	Consequence (1-4)	Rating (L x C)	**Mitigation**
1	As targets are based on DESNZ's National Buildings Model, there is a risk that outputs and outcomes may fall below forecast targets because the London measure mix and property archetypes will differ from national averages. This means actual homes upgraded and savings achieved may vary from current projections.	2	3	6 (amber)	The initial targets were reduced based upon modelling with London data. DESNZ is aware of the issue and that the GLA will need to keep this under review.
2	If future Integrated Settlement payments continue not to include a provision for revenue funding this will either put a pressure on GLA budgets or lead to funding having to be refused.	3	4	12 (red)	Senior officers are aware of the issue and are in discussion with government but there is a high likelihood of ongoing revenue

					requirements from GLA budgets.
3	Government deadlines for establishing delivery mechanisms are tight, particularly for recipients outside the current WH:SHF 3.0 strategic partnership for London. Delivery in 2026-27 is expected to be limited, as funding will not be allocated until later in the year. Grant recipients will need time to secure match funding and mobilise delivery alongside their WH:SHF 3.0 schemes.	4	1	4 (green)	The flexibility provided via the Integrated Settlement to roll funding into future years provides some mitigation. Partners are being engaged to develop a pipeline.

Consultations and impact assessments

4.4. It is not considered necessary to consult with any other persons or bodies, including those specified in section 32 (1) of the Greater London Authority Act 1999 (the GLA Act), for the purposes of this decision form.

Conflicts of interest

4.5. There are no conflicts of interest to note for any of the officers involved in the drafting or clearance of this decision form.

5. Financial comments

5.1. Approval is sought to spend £3.56 million for revenue costs between 2026-27 and 2029-30, to enable the GLA to develop and deliver the Mayor's Home Energy Efficiency Fund for London. This will be funded from the Climate Change reserve. This is a new request for reserve use that was not included in the GLA: Mayor budget for 2026-27, due to the Integrated Settlement not being confirmed at that stage.

5.2. The government funding from the Integrated Settlement and the above revenue costs from the GLA's reserves will be budgeted within the Improving London's housing stock programme as part of its Warm Homes: social housing fund project, as approved in MD3486 Integrated Settlement Outcomes Framework and Allocations For 2026-27, 2027-28 and 2028-29.

5.3. All appropriate budget adjustments will be made.

6. Legal comments

6.1. Section 30 of the GLA Act (as amended) 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), 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, the GLA's housing and regeneration functions contained in Part 7A of the GLA Act, and section 34 of that 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), the Mayor is empowered to make the decisions sought in this decision form.

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 these decisions 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, and 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 Public Sector Equality Duty – 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). These matters will also need to be taken into account when preparing the funding guidance, and when assessing specific bids for funding and entering into funding agreements.

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, he must consider consulting in accordance with section 32 of the GLA Act (see paragraph 4.4 above).

6.7. The award of GLA capital funding under the MHESF to social landlords for retrofit is not a payment for services, and is not therefore subject to the requirements of the Procurement Act 2023. 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 affords value for money and is in accordance with the GLA's Contracts and Funding Code.

6.8. Legal advice should be sought on the form of funding agreement to be used for the MHESF, including advice as to any subsidy requirements. No commitment to fund should be made before the relevant funding agreement is entered into.

6.9. Section 38 of the GLA Act provides that any function exercisable on behalf of the GLA by the Mayor, shall also be exercisable by, amongst others, any member of staff of the GLA, if or to the extent that the Mayor authorises and subject to any conditions imposed by the Mayor. The Mayor may make the delegations requested in this decision.

6.10. Legal assistance should be sought in relation to the variation of the GLA's existing grant agreement with London Councils in relation to WHL.

7. Planned delivery approach and next steps

7.1. Next steps are as shown in the table below:

Activity	Timeline

Equalities Impact Assessment is produced for the scheme	1 October 2026
Six-monthly MHCLG programme board reporting commences	1 October 2026
Subsidy scheme made by the GLA and funding guidance published	1 November 2026
Funding allocation process commences	1 November 2026
Funding award completed	15 January 2027
Delivery end date	1 April 2029
Project closure	1 October 2029

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: Improving London's Housing Stock

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: Katie Sargent has drafted this report in accordance with GLA procedures and confirms the following:	✓
Sponsoring Director: Megan Life has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.	✓
Mayoral Adviser: Mete Coban has been consulted about the proposal and agrees the recommendations.	✓
Advice: The Finance and Legal teams have commented on this proposal.	
Mayoral Delivery Board This decision was agreed by the Mayoral Delivery Board on 14 September 2026.	

CHIEF FINANCE OFFICER:

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

Signature Fay Hammond **Date** 18 September 2026

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor.

Signature D. Bellamy **Date** 18 September 2026