

MAYOR OF LONDON

London Talent Pathways Due Diligence Requirements and Guidance



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Definition and Purpose

Definition

This document is for organisations who are applying to be awarded grants for training provision as part of the London Talent Pathways (LTP) Fund.

The term organisation is used within this guidance to refer to private companies, charities, colleges, institutes of adult learning, higher education institutions, training organisations, local authorities and employers who are applying for funding for LTP.

Purpose

This document sets out the GLA's approach to due diligence in respect of organisations who have been recommended for the LTP grant award to deliver skills and employment training provision.

The purpose of this due diligence is to ensure that a thorough investigation of care is made before entering into a grant agreement with an organisation and the degree of risk to the GLA in awarding funding to that organisation.

Financial due diligence is undertaken to understand an organisation's financial health and the degree of risk to the GLA in awarding funding, to ensure any risk to either the success of the programme and project objectives, or to the funding itself, has been considered and deemed acceptable.

Overview

The GLA will only award funding to bidders that successfully pass the GLA's due diligence process. Bidders will have to submit their information as part of the LTP application process and the GLA will undertake due diligence checks on bidders that have been recommended for funding following the application evaluation process, prior to any agreement of award funding.

As part of the due diligence process, checks will be undertaken as detailed below:

- gateway visit, including compliance and accreditation
- financial health risk assessment
- review of Credit reports
- Charity Commission checks (where applicable)
- legal and insurance documents, to ensure that robust governance arrangements are in place to account for and manage the GLA's funding.

Gateway Visit

The GLA delivery managers' team will conduct gateway visits to organisations in the period of April-July 2026, unless otherwise notified by the GLA, subject to a grant funding award prior to delivery starting on 1 August 2026 to establish readiness to deliver. This will consist of verifications, among other checks, of the following:

- visiting premises in-person to verify that arrangements for delivery are in line with necessary requirements in the GLA ASF Funding and Performance Management Rules, Managing Provider Performance policy and LTP Prospectus. Verifying the suitability of premises for training delivery, and ensuring that facilities comply with health, safety, and accessibility standards
- ensuring that providers have the capacity and capability to deliver GLA-funded courses from suitable London venues with appropriate staffing, services, accessibility and resources in place
- assessing the organisation's approach to physical and digital data storage and secure transfer of data. Verification that arrangements are in place to meet the data retention requirements and procedures are up to date
- ensuring that organisation's key policies and procedures are up to date. Key policy and procedure checks will consist of the following:
 - Equality & Diversity
 - Sustainability
 - Health & Safety
 - Safeguarding
 - Data Protection, security and GDPR
 - Quality Monitoring
 - Complaints & Whistleblowing
 - Contingency Planning
- ensuring appropriate resource plans, relevant to the suggested training programs are in place and correspond with the submitted Delivery Plan
- verifying organisation's ability to submit accurate Individualised Learner Record (ILR) and Earnings Adjustment Statement (EAS) returns via their Management Information System (MIS) and that the organisation has a team that has proficiency and track record in submitting those returns. Ensuring that eligibility documents in line with the Managing Provider Performance policy are in place
- assessing evidence of awarding body approval status for qualifications to be delivered to ensure compliance with relevant regulatory bodies and accreditations

- reviewing organisation's latest Ofsted position including SAR, QIP/post inspection action plan and arrangements for quality assurance, ensuring that any subcontracting arrangements meet GLA requirements.

Further details about the gateway visit will be issued to organisations that are considered for grant award at a later stage.

Financial Due Diligence Assessment Requirements

The financial due diligence process will be a risk-based assessment and potential project partners will have to submit their financial due diligence information as part of the application process. The GLA will undertake the financial due diligence assessment on potential project partners that have been recommended for a GLA funding award following the application evaluation process.

The financial due diligence will comprise of the following checks:

- Potential grant award as % of turnover
- Liquidity
- Profitability
- Return on Capital Employed
- Debtors & Creditors cycle
- Gearing
- The review of credit reports
- Standard Companies House and Charity Commission checks (where applicable).

Any risks highlighted from the assessment will be provided to the programme board to take into consideration, when determining the award of funding.

The GLA reserves the right to award grant funding to whom it deems appropriate, in line with the objectives of the programme (with the financial risk considered and deemed acceptable).

Financial Information

1. To facilitate the financial due diligence assessment, organisations must supply the following documentation as part of the application (wherever applicable):

- Certificate of Incorporation
- Audited accounts for the past 2 years, or accounts for the past 2 years signed by an independent qualified accountant if your organisation is exempt from audit.

Accounts must include the following information:

- A full set of notes
- A Director's report
- A balance Sheet
- A Profit & Loss Account / Income & Expenditure Statement
- Cashflow Statement

2. If your organisation, due to its legal form, is not required to produce statutory financial statements, you must submit accounts in the format used for producing annual accounts. These must include the same minimum elements noted in paragraph 1 in the financial section.

3. If your organisation is unable to supply statutory financial statements because it has not traded for a sufficient period, you must supply management accounts to date, showing actual activity, along with forecast figures for the remaining accounting period. The management accounts must consist of:
- A profit and loss account covering a 12-month period.
 - An end of period forecast balance sheet.
 - A 12-month rolling cash flow statement.
 - A detailed narrative supporting assumptions made for both management accounts and forecast information.
4. If any of the required financial information is missing, we will not be able to carry out the financial due diligence, due to insufficient information available for assessment and your application will not be considered for funding.

Parent Companies

5. An organisation or a group of organisations applying for funding may rely on the capacities of a third party to demonstrate financial health (e.g. a parent or group company) of potential grant recipients. In such circumstances, the third party being relied upon must provide the financial information and satisfy the requirements set out in this guidance and provide a guarantee or otherwise confirm it will be jointly liable for the execution of the funding agreement if the application for funding is successful. The financial due diligence will be undertaken upon the third party being relied upon.

Subcontractors

6. If you are applying to deliver with subcontractors, it will be your responsibility to check the financial health of your subcontractors. The GLA's financial health assessment will only apply to your organisation, as the provider with whom the GLA will have the funding agreement relationship. We do, however, request a copy of your framework for due diligence to satisfy ourselves that financial health of your subcontractors is being considered and a robust framework is being used for assessment.

Exemptions

7. Local authorities are not subject to the standard GLA financial due diligence checks as they are well established bodies, supported by Government funding and Local Government legislation, whose Section 151 Officers (Chief Finance Officers) are in the position to guarantee their financial standing and honour their financial commitments.

Moderation

8. The GLA reserves the right to award grant funding to whom it deems appropriate, in line with the objectives of the programme (with the financial risk considered and deemed acceptable) and can moderate findings of the financial health assessment if adverse findings become apparent. Moderation and adverse findings include, but are not limited to the following:
- where auditors have given the financial statements a qualified or adverse opinion.
 - if your organisation is in liquidation, insolvency, a Company Voluntary Arrangement, or has become dormant.

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