

# Contracts and Funding Code

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Main changes to this version	Changes from April 2025 version: <ul style="list-style-type: none"><li>• Throughout: updated to reflect new requirements for Procurements below £25,000 to mirror Transport for London (TfL) requirements</li><li>• Updates to section on grant giving and transparency</li><li>• Updates to Appendix 2 regarding the indicative procurement timescales depending on estimated value</li><li>• Update the value at which a Procurement Strategy is required to align with Transport for London (TfL)</li><li>• Throughout: updates to job/team titles, and procurement terminology; and to reflect current detailed processes and other recent updates to governance documents</li></ul>
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Senior owner	Executive Director of Corporate Resources and Business Improvement
Document owner	Head of Performance and Governance

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# Part A. Overview

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## 1. Purpose and scope

1.1 The Greater London Authority's (GLA) governance arrangements are designed to ensure:

- there are clear expectations for the Mayor, Assembly Members and staff – and in particular that everyone upholds the seven principles of public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership
- we conduct our business in line with the law and proper standards
- we safeguard and properly account for public money and spend it economically, efficiently and effectively

1.2 This Code sets down the rules and processes at the GLA concerning the procurement of and entry into contracts and other formal arrangements for:

- goods and services, including with consultants
- land disposal and/or development opportunities
- works
- the provision of grant funding
- sponsorship

1.3 It applies to everyone at the GLA: Members and staff; but noting it is predominantly for staff and especially those who work on the entry into arrangements with third parties.

### *Outcomes*

1.4 The outcomes sought from this Code, grounded in the three wider governance imperatives outlined above, are that the GLA and its staff:

- secure and deliver value for money (VfM) to maximise public benefit and, in the case of contracts with suppliers, based on the 'most advantageous tender' (MAT)
- act, and be seen to act, with integrity, fairly and transparently, ensuring third parties with which the GLA deals are treated equally, given the same opportunities and information and are evaluated properly and even-handedly. This means you must treat all suppliers/potential suppliers/potential grant funding recipients the same unless a difference between the suppliers/grant funding recipients justifies different treatment. Where you do consider that different treatment is justified in a particular case, you must take all reasonable steps to ensure it does not put a supplier at an unfair advantage or disadvantage
- have regard to the fact that small and medium-sized enterprises (SMEs) may face particular barriers to participation and consider whether such barriers can be removed or reduced
- support the GLA's leadership of the London Anchor Institutions Network, which commits institutions to work together, using their procurement, workforce and estate management capacity for social and economic benefit

- communicate with suppliers electronically (utilising the GLA's 'source to pay' system, SAP Ariba, as appropriate) and where TfL Procurement & Commercial (P&C) is leading a procurement, ensure you coordinate any and all communications with suppliers/potential suppliers through the P&C lead
- in conjunction with the assigned procurement lead from TfL Procurement & Commercial, ensure a 'pipeline notice' is published which sets out specified information about the contract with an estimated value (i.e. the value for the time being estimated by the GLA) of more than £2 million (inclusive of VAT) in which the GLA intends to publish a 'tender notice' or 'transparency notice'
- safeguard against allegations of fraud, corruption or bias and take all reasonable steps to identify, keep under review and mitigate conflicts of interest and ensure that a conflict of interest does not put a supplier at an unfair advantage or disadvantage
- maintain proper audit trails to support actions, ensuring compliance with this Code can be demonstrated at any time and keep such records to explain a decision made for the purpose of awarding or entering into a contract or grant funding agreement, in line with the GLA's records management policies
- avoid the need to retender a contract due to a breach of rules or regulations
- keep the need for audit intervention to a minimum
- properly approve and formalise relationships with suppliers and external organisations so as to protect and enhance the GLA's interests, position and reputation
- be open and make information available on our contract and grant funding processes and the agreements the GLA puts in place
- share information for the purpose of allowing suppliers and others to understand the GLA's procurement policies and decisions
- comply with the law

### *What this document covers*

1.5 This Code is both policy and practical guide. It explains:

- the legal and procurement advice and assistance available and from whom this should be sought
- the types of arrangements that can be entered into with third parties and the application and impact of each
- the approvals you must obtain prior to entering into a formal arrangement with a third party
- the TfL Procurement & Commercial procedures you must follow when procuring goods and services, land development opportunities and works
- the procedures that must be followed when entering into funding and sponsorship arrangements

## Related procedures and protocols

1.6 The Contracts and Funding Code relates to and interacts with the following other governance procedures and protocols in particular (latest versions can be found on the 'our procedures' section of london.gov.uk):

- Mayoral Decision-Making in the GLA
- GLA Group Responsible Procurement and Social Value Policy
- Modern Slavery Statement
- Financial Regulations
- Sponsorship Policy
- Expenses and Benefits Framework
- Gifts and Hospitality Policy and Procedure
- Register of Interests requirements and guidance
- Codes of Conduct for Members and Ethics and Standards for Staff
- Use of Resources Policy
- Anti-Fraud and Corruption Framework
- Anti Money Laundering Policy
- Whistleblowing Policy and Guidance
- Risk Management Framework
- Records Management Policy
- Subsidy Control guidance
- Equality, Diversity and Inclusion strategy
- the GLA's published commitment to openness and transparency and reporting arrangements, including to comply with the Local Government Transparency Code as outlined in Section 20.5

1.7 In addition, to complement these formal documents, Procurement Guidance is made available on the intranet, and supplemented by training. It contains step by step, practical advice, including templates, for procurements led by GLA officers (generally those below £25,000 exclusive of VAT<sup>1</sup>) and signposts to the steps involved in more complex procurements led by TfL Procurement & Commercial, and the support available from them.

1.8 Note that a number of programmes, including but not limited to the Adult Skills Fund, , Skills for Londoners and other relevant externally funded programmes, may have specific contracts

### **Responsible procurement: Our mechanism for delivering social value**

Social value refers to the economic, social and environmental wellbeing of our communities in London and beyond. Through our Responsible Procurement (RP) and Social Value Policy and approach, we create and deliver social value as part of our purchasing and commissioning activity. We do this across five themes:

- improving supply-chain diversity
- embedding fair and inclusive employment practices
- enabling skills, training and employment opportunities
- promoting ethical sourcing practices
- improving environmental sustainability.

The Central Responsible Procurement Team provides the tools and the support the GLA and wider Group needs to implement relevant and proportionate RP requirements as part of the contract process. The team works with commercial staff and contract managers to monitor requirements in contracts and engages suppliers, through supplier relationship management and collaboration, to ensure best practice social value outcomes.

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<sup>1</sup> Estimated contract value should not be taken as the sole factor determining whether GLA officers should lead on such activity, e.g. if the GLA's requirements are of a particularly technical nature or there are significant risks associated with a prospective contract, advice should be sought from or TfL Procurement & Commercial.

and funding related processes and rules. You will need to comply with these rules in addition to the Contracts and Funding Code.

## 2. Core responsibilities

### *Approval and review*

2.1 This Code was approved by the Executive Director of Corporate Resources and Business Improvement under DD2787 in March 2026, under the delegated authority at 2.4 below. It supersedes all previous versions.

2.2 Approving the Code at the highest level serves to underpin and communicate the GLA's commitment to delivering the outcomes at paragraph 1.4.

2.3 The Executive Director of Corporate Resources and Business Improvement will ensure this Code is reviewed at least every two years and that this review informs any subsequent update. The Head of Performance and Governance is responsible for reviewing how it is applied and adhered to on a periodic basis.

### *Delegated authority to make updates*

2.4 The Executive Director of Corporate Resources and Business Improvement may make amendments to this Code providing the GLA policy it sets out is not significantly or materially altered. That includes authority to update this document to reflect changes in the law and other external guidance that directly impact on the GLA's contracts and funding approach.

2.5 The Head of Performance and Governance has authority to make minor drafting and presentational changes to this document. They may not, however, substantively amend its provisions.

2.6 The Executive Director of Corporate Resources and Business Improvement, Head of Business Improvement, Assistant Director of Strategic Programmes, Performance and Governance, Head of Performance and Governance, , Chief Finance Officer and Assistant Director of Financial Services may also issue and amend as necessary guidance to support this Code – providing any such guidance is consistent with it.

### *Implementation*

2.7 The responsibility for promoting and advising on this Code, in order to support its effective implementation, rests with the Head of Performance and Governance and their team, working with TfL Procurement & Commercial.

2.8 The GLA's procurement function is provided by TfL Procurement & Commercial under a shared service arrangement. Its responsibilities are set out in paragraph 6.1. Working with the GLA, it will ensure this Code is supported by clear procurement guidelines and well-understood and effective processes.

2.9 As a public authority wholly or mainly funded out of public funds and subject to public authority oversight, the GLA is a 'contracting authority'.

#### **Collaborative Procurement Board**

The Collaborative Procurement Board is responsible for overseeing the GLA Group's approach to procurement in certain agreed categories where several parts of the Group are looking to purchase similar goods or services. The aim is to ensure a joint approach and drive efficiencies.

2.10 TfL Procurement & Commercial is not, however, responsible for the GLA's grant funding procedures. Policy teams are responsible for developing their own grant programmes, issuing and managing grant funding agreements and monitoring the outcomes. Teams are advised to seek expert advice, where necessary, from Governance, Financial Services, GLA Economics' Appraisal and Evaluation Team (for monitoring and evaluation) and TfL Legal (where required). The Assistant Director of Strategic Programmes, Performance and Governance, working with Assistant Director of Financial Services and TfL Legal, will ensure there are template agreements to support robust grant giving.

2.11 Further guidance, forms and templates supporting the GLA's contract and funding arrangements are available via the intranet, specifically through a Procurement page and grant-making advice pages. Staff are strongly encouraged to review this intranet guidance alongside this Code.

2.12 At the directorate and team level, Executive Directors and the wider Senior Leadership Team are responsible for ensuring this Code is implemented by staff working to them.

2.13 Everyone at the GLA is responsible for adhering to and applying this Code.

# Part B. Preliminaries

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## 3. Overview of the process for entering into agreements with third parties

3.1 The following, high-level chronological process should be followed:

- a) in developing proposal which concern and/or involve the entry into agreements with third parties you should seek (at an early stage well in advance of any request for approvals) all necessary advice from the finance team and TfL's Legal and Procurement & Commercial in order that approvals for expenditure may be sought in an efficient manner and granted on a fully informed basis
- b) in conjunction with TfL Procurement & Commercial, design the specification and evaluation criteria
- c) approval for expenditure should be sought as per Mayoral Decision-Making in the GLA and, as appropriate, via a decision form (as defined in that document), according to the financial thresholds set out in that document, with templates available on the intranet. The decision form should set out the transactional break down of the proposed expenditure as far as is possible, the procurement/grant funding routes available to you and TfL Procurement & Commercial should be engaged, according to the table at paragraph 9.1, as you develop your decision form
- d) ensure you have received written confirmation that the expenditure has been approved and begin the procurement or grant funding process
- e) having completed the procurement or grant funding exercise, enter into the commitment with the successful third party by executing the appropriate contract or funding documents. Note no commitment must be made, in any form, until such documentation has been executed by the GLA and contractor/funding recipient.

3.2 If this chronological process is not followed, then the GLA will be exposed to unnecessary risk – you cannot assume the decision will be approved in the form in which you (intend to) draft it. Retrospective approvals should be avoided. Should you be in a position where you have no choice but to seek approval retrospectively, you must provide a valid business reason for this and be able to explain why approval prior to the start of procurement or grant funding was not sought.

3.3 Early engagement with TfL Procurement & Commercial is vital. Do not underestimate the amount of time that may be required. Procurement and grant funding exercises can be a lengthy process taking several months for simpler and lower value matters – and at the more complex end of the spectrum, several years.

3.4 In compliance with the Procurement Act 2023, TfL Procurement & Commercial maintains a pipeline of upcoming GLA procurement activity. It is important GLA teams ensure this is kept up to date to support effective planning, including capacity planning within the appropriate TfL Procurement & Commercial category team (contact via the shared mailbox [glagroupprocollaborativeprocurementprogramme@tfl.gov.uk](mailto:glagroupprocollaborativeprocurementprogramme@tfl.gov.uk)), and to help identify opportunities, through joint-contracting, to secure better value of money. Failure to populate the procurement

pipeline may breach procurement legislation and may result in your procurement exercise being delayed.

## 4. Contract or funding agreement?

4.1 It can sometimes be unclear whether expenditure proposed concerns a payment for works, services or supplies or, on the other hand, the award of grant funding. The following table sets out some of the more common differentiators; but, in essence, if the GLA wishes to pay someone:

- a) to do something for it, then a **contract** for works, services or supplies will apply and (depending upon the nature and value of the works, services or supplies) you will need to follow some form of procurement process unless this Code permits you to do otherwise.
- b) to make a contribution to that organisation’s or person’s costs of delivering its (rather than a GLA) project, which is of benefit to London/Londoners, then a **grant** funding agreement will apply and, depending upon the nature of the project and recipient and value of the funding, you should typically undertake some form of competitive exercise to identify the recipient(s).

Contract	Funding agreement
<ul style="list-style-type: none"> <li>• The GLA receives a benefit, usually in return for an agreed sum of money.</li> <li>• The contract requirements are specified by the GLA: there are firm contractual commitments that will be delivered.</li> <li>• The GLA needs to own or take a license of Intellectual Property rights to assets created as part of the contract.</li> <li>• The GLA is able to bring a claim for its resulting losses based on a breach of contract if these commitments are not delivered.</li> <li>• The process leading up to the award of a contract is governed to a greater extent by specific regulations.</li> </ul>	<ul style="list-style-type: none"> <li>• The GLA is not receiving a direct or indirect benefit.</li> <li>• The GLA is supporting a third-party project that aligns with the Mayor’s priorities, but which is the initiative and activity of that other organisation.</li> <li>• The GLA is entitled to withhold or reclaim the funding paid up to the date of the breach of funding conditions but may not be entitled to take any other action.</li> <li>• Typically (although not always) the organisation being supported will be expected to provide a contribution to its project costs and will in any event be required to take reasonable steps to seek additional funding for the activity from other third parties.</li> <li>• The funding is provided as a conditional gift: the recipient is entitled to the funding as a contribution to costs, provided conditions the GLA stipulates are met.</li> <li>• The GLA may need a licence of Intellectual Property rights created as part of the funded project for the purpose of reporting and publicising the project and its outcomes and archival of the same.</li> <li>• Although a formal tendering exercise is not required by procurement law, considerations of value for money (VfM) fairness, transparency, equalities and avoiding potential distortion in the relevant sectors apply.</li> </ul>

- Grants should be completed by default; exceptions may be approved where competition would not be appropriate. Detailed supporting evidence for any direct award decision should be provided in the approved decision document. .

## 5. Declaring interests

5.1 Under the Procurement Act 2023, the GLA has a duty to identify, keep under review and mitigate conflicts of interest and must take all reasonable steps (which may include requiring a supplier to take reasonable steps) to ensure that an actual or perceived conflict of interest does not put a supplier at an unfair advantage or disadvantage.

5.2 In addition, to preserve the integrity of contract and grant funding award processes, it is imperative proposals are evaluated objectively, consistently and without bias towards particular suppliers or potential suppliers and/or grant funding recipients. Prior to the start of the process, all those involved in the evaluation must declare any interest or perceived conflict of interest and take appropriate action. If, after consulting with senior managers, it is decided that a conflict of interest exists, the person concerned must remove themselves from the process.

5.3 Where TfL Procurement & Commercial are leading on the procurement activity, you must, in any event, complete and return a Declarations of Interest form to the assigned TfL P&C lead (copies of which are available on the intranet or from the assigned TfL P&C lead).

5.4 An interest is where you or a connected person (as defined in the Code of Ethics and Standards for Staff) has a personal, financial or other interest in, or a pre-existing personal relationship with, a potential supplier or funding recipient. Examples include:

- present, recent or planned future employment
- owning a shareholding or having another financial interest
- influence in or a role with a potential supplier or funding recipient
- having or having the potential to receive cash or other benefits from the potential supplier or funding recipient or anyone associated with it.

5.5 Failure to declare these can in certain circumstances lead to you committing a criminal offence, so it is essential you identify these and take suitable action to remove the conflict.

## 6. The role of and early engagement with TfL Procurement & Commercial

### *TfL Procurement & Commercial's role*

6.1 TfL Procurement & Commercial leads on procurement activity for the GLA. Its responsibilities include:

- developing and coordinating a corporate approach to the purchase of goods, works and services, working with the GLA
- developing procurement strategy and policy (in conjunction with the GLA)
- advising and providing guidance on procurement issues, working closely with the Corporate Resources and Business Improvement, Finance, Performance and Governance, and (where required) TfL Legal teams
- helping ensure the GLA meets all legislative requirements and demonstrates value for money (VfM) based on the 'most advantageous tender (MAT)' and a fair and transparent approach to procurement
- maintaining a pipeline of upcoming GLA procurement activity (in conjunction with GLA business teams)
- managing major corporate procurement exercises
- supporting directorate GLA procurement exercises
- conducting financial appraisals of potential suppliers
- advising directorates with complex contract monitoring
- procurement administration, such as:
  - allocating procurement reference numbers
  - maintaining a comprehensive procurement pipeline and contracts database
  - checking progress on procurement within directorates
- procurement monitoring and reporting
- monitoring compliance with procedures
- monitoring performance on particular issues such as equalities

6.2 The GLA has a senior manager, the Head of Collaborative Procurement Services within the TfL Procurement & Commercial function who is our primary contact for procurement shared service matters. They are supported by a Programme Management Team. They work with TfL P&C procurement leads to translate GLA objectives into procurement requirements, identify and deliver opportunities for efficiencies and greater value for money (VfM) based on the 'most advantageous tender' (MAT), as well as enhancing the service provided by TfL.

## Engaging with TfL Procurement & Commercial

6.3 TfL Procurement & Commercial should be contacted at the earliest possible opportunity once you have identified a need to procure works, goods or services valued at more than £25,000 (excluding VAT) – or if you otherwise need to use their services, for example, where the GLA’s requirements are particularly technical, there are significant risks associated with a contract or if you are unsure of the appropriate template for use. You must use the appropriate template documentation, available on the intranet or from the assigned TfL P&C lead. This helps to ensure compliance with the Procurement Act 2023 and reduce the risk of procurement issues, which can delay projects.

6.4 You should engage TfL Procurement & Commercial by submitting to them a [Procurement Pipeline Engagement eForm](#) so that they can determine the appropriate level of their involvement. A link to the eForm is available on the intranet.

### Procurement assurance

6.5 TfL Procurement & Commercial lead on providing assurance processes for individual procurement activities, including to help deliver value for money (VfM) based on the ‘most advantageous tender’ (MAT) and effectively manage commercial risks. This is under the oversight of the Executive Director of Corporate Resources and Business Improvement.

6.6 For the larger value, higher risk and more significant procurement activity, the relevant forum is the TfL Procurement & Commercial ‘Commercial And Finance Approval Meeting (CFAM)’, which includes representation from procurement and finance professionals and the relevant business area leads at the GLA.

6.7 The Procurement & Commercial lead will advise on the minimum thresholds above which CFAM must endorse decisions on procurement strategy, contract award recommendations and variations, Single Source and/or Direct Award requests and derogations – and the exact process to be followed.

## 7. Financial and legal advice

7.1 GLA Financial Services are responsible for advising on pricing and other financial aspects of contracts and funding agreements and you should contact the team as soon as you begin to formulate any matter or project to

### Approval to spend and contract value

Before a procurement process or grant funding process can commence, you must, as a general rule, have in place approval to spend at the appropriate level – as specified in Mayoral Decision-Making in the GLA. This means you will need a decision form (MD, DD or ADD) whenever non-routine (including programme) expenditure over the minimum threshold is involved. Similarly, you must also ensure you have the relevant approvals for any expenditure from Greater London Returning Officer and Assembly budgets through the distinct processes that exist for these two areas.

That is not to say, however, that you cannot seek advice from TfL Procurement & Commercial about how to undertake a procurement exercise before getting approval. Indeed that will often be desirable and you should reflect on procurement options and considerations in the decision form. In particular, the decision form should seek specific approval for any single source exemptions and should highlight any procurement routes that may be novel or risky.

In certain circumstances it may be acceptable to begin a procurement or grant funding process without approval via a decision form. The most usual circumstance is when the procurement process itself will provide valuable information to enable the decision to be taken; for example, if it would not otherwise be clear what level of spend would be required. In such cases, you should speak to the Governance Team for advice; and you must not enter into contract or grant agreement without an approved decision at the level required by Mayoral-Decision Making in the GLA.

which this Code may apply, well in advance of seeking any approvals.

7.2 TfL Legal can provide advice on issues, including:

- the GLA’s powers to undertake proposed activity, enter into certain arrangements and constraints on and the procedural requirements of the exercise of such powers
- legislative compliance and certain procedural requirements
- complex procurement queries (in liaison with TfL Procurement & Commercial)
- the use of GLA resources (in liaison with Financial Services and Performance and Governance)
- the proposed award of grant funding to third parties where these are atypical or non-routine
- the proposed entry into sponsorship arrangements with third parties
- a range of other commercial, employment, property, planning and public law issues.

7.3 You must seek both financial and legal comments on all Mayoral and Director’s decision forms and where there is a proposed departure from this Code, legal comments must be sought on Assistant Director’s decision forms also. However, you should be engaging early with Financial Services and TfL Legal in the process of developing the proposals in respect of which you wish to seek approvals and not waiting until a decision is required. It is particularly important to engage the latter early in the development of proposals as they can assess the extent to which your proposals are lawful and where their support may be required on legal steps to protect the GLA’s interest. Failure to engage with Legal at an early stage considerably in advance of the preparation of decision forms can lead to delays to approvals being obtained, the proposed activity commencing and in certain instances the rejection of such proposals.

## 8. Other sources of advice

8.1 You should seek advice and assistance as follows:

What	Relevant section of the Code	From whom
Procurement	Sections 9-11	TfL Procurement & Commercial, Central Responsible Procurement Team and procurement guidance on intranet
Grant funding	Section 12	TfL Legal (where required), Financial Services and/or the Performance and Governance Team. There is supporting guidance on the <a href="#">Grants Service Intranet Pages</a> and you can join the <a href="#">Grants Community of Practice</a>
Sponsorship arrangements	Section 13	The Events and Partnerships team, based in External Relations (and if required TfL Legal)
Employment contracts and the distinction with consultancy contracts	Part E	People function (employment) and Financial Services (consultancy contracts and distinguishing as to which is which)

# Part C. Procurement processes

## 9. Procurement thresholds

9.1 The thresholds determining the process for procuring goods and services, works and land development opportunities are as follows.

9.2 Remember you must have an approved decision form for all procurement involving non-routine (usually programme) expenditure, as defined in the 'Mayoral Decision Making in the GLA' document.

Estimated contract value* (*i.e. the value for the time being estimated by the GLA)	Procurement process (in overview)
<ul style="list-style-type: none"> <li>Goods and services <b>above £150,000 (excluding VAT)</b></li> <li>Works and land development opportunities above £4,000,000 (excluding VAT)</li> </ul>	<ol style="list-style-type: none"> <li>Engage TfL Procurement &amp; Commercial</li> <li>Develop a procurement strategy with TfL Procurement &amp; Commercial</li> <li>Seek a call-off from an appropriate and compliant framework, where possible and optimal</li> <li>Undertake a tender process compliant with the Procurement Act 2023 through TfL Procurement &amp; Commercial, which can take up to a year or more depending on the value and complexity of the procurement</li> </ol>
<ul style="list-style-type: none"> <li>Goods and services of <b>more than £25,000 (excluding VAT) and up to £150,000 (excluding VAT)</b></li> <li>Works and land development opportunities of more than £25,000 (excluding VAT) and up to £4,000,000 (excluding VAT)</li> </ul>	<ol style="list-style-type: none"> <li>Engage TfL Procurement &amp; Commercial</li> <li>Develop a Procurement Strategy with TfL Procurement &amp; Commercial if over £125,000 (excluding VAT), or if the requirement is deemed to be novel, contentious or repercussive</li> <li>Seek a call-off from an appropriate and compliant framework, where possible and optimal</li> <li>Undertake a formal tender process, which will be managed by TfL Procurement &amp; Commercial via SAP Ariba</li> </ol>
<ul style="list-style-type: none"> <li>Goods and services and works and land development opportunities up <b>to £25,000 (excluding VAT)</b></li> </ul>	<ol style="list-style-type: none"> <li>Seek a call-off from an appropriate and compliant framework, where possible and optimal</li> <li>Seek at least one written quote from appropriate potential suppliers and attach all quotes received to the Purchase Order Requisition</li> <li>Seek advice from TfL Procurement &amp; Commercial only in exceptional circumstances</li> </ol>

9.3 The estimated of the contract must be based on the total cumulative amount (based on the relevant market pricing) over the maximum term of the contract, including all optional extension periods; i.e. not solely on an annual or initial fixed term basis. It should include any amount included

in the contract to cover risks, as a contingency and for optional extensions and additions. **NB:** Where an award of contract without competition or extension/related variation of contract is proposed (irrespective of its specific value) and a current contract is or previous contract was in existence with the same supplier for the same/substantially similar services, the valuation of the contract to be used to determine the procurement process required should be the aggregated value of the contract in place/previously in place and the new contract value.

9.4 Contract values should not be estimated with a view to securing that any requirement of this Code does not apply.

## 10. Exemptions from normal procurement processes

10.1 Exemptions to standard procurement processes will only be considered where there is a clear and specific rationale. These include:

- urgency – the legal definition of ‘urgent’ has to be satisfied; for example, an unforeseen situation like fire, flood or civil unrest
- complete absence of competition
- technical, artistic, exclusive right or intellectual property rights (IPR)
- previous involvement in a specific current project or continuation of existing work that cannot be separated from the new project/work
- the supplier is unique in its ability to provide compatibility with an existing service (not applicable to the majority of contracts with contract values exceeding £150,000 excluding VAT)
- bargain advantageous conditions; for example, bankruptcy and liquidation

10.2 When seeking approval for an exemption, you must:

- clearly set out the proposed exemption as a recommendation in the decision box of the decision form
- explain why the proposed exemption applies and is required in the decision form – you will need to make a very strong case
- set out any competitive process that you will conduct
- explain how you know the proposed supplier will provide value for money (VfM) based on the ‘most advantageous tender’ (MAT)

10.3 Financial and legal comments on the decision form must reflect on the exemption so a fully informed decision can be made.

### Single Source and/or Direct Award exemption

Approval to award a contract flows from the approval to spend the associated budget, and normally through a decision form (in advance of the procurement process). Legal advice must be sought on the potential application of any procurement exemptions at an early stage of development proposals and well in advance of the related decision form (including Assistant Director decision forms). The TfL Procurement & Commercial single source request form should be circulated with the GLA decision form.

If expenditure has already been approved, but with no corresponding approval for a single source exemption, please consult the Governance Team who can advise as to whether a decision form is separately required for the exemption, which will depend on value and risk. A Single Source request form will still be required above relevant thresholds.

## 11. Specifications and evaluation criteria

### *Invitations to tender*

11.1 An effective invitation to tender (ITT) document (i.e. the formal call for bids) will articulate what you need – and why and by when. It should be written with the perspective of the third-party bidder firmly in your mind: it must be clear not just to you but to a third party what you are seeking to procure.

11.2 An Invitation to Tender (ITT) will typically:

- describe the GLA – its role and remit

#### **Relevant thresholds under the Procurement Act 2023 regulations**

This Code has set £150,000 (excluding VAT) as the GLA threshold for goods and services and £4,000,000 (excluding VAT) for works and land development opportunities for the application of the rules and procedures prescribed in the regulations. Specific advice must be sought from TfL Procurement & Commercial for procurement of contracts above the GLA thresholds.

- make clear what it is you wish to procure – and why, including relevant background
- include a schedule of requirements – what you want the service to provider to deliver (the outputs), by when and to what extent or quality
- set out the high-level governance arrangements for the contract, such as how progress will be reported and overseen and any issues dealt with.

11.3 You will also need to provide bid response instructions, which will include details of timings, selection and evaluation criteria, weightings and scoring scales/methodology.

### *Award criteria and process*

11.4 An ‘award criteria’ refers the criteria set at the start of the procurement process against which tenders will be assessed for the purpose of awarding a public contract.

11.5 You must establish an Award criteria early on and before you go to the market – making sure they are intrinsically linked to your specification; the criteria are likely to relate directly to the specification’s outputs and deadlines, as well as price. You will need to consider which criteria you consider most important and can weight them accordingly.

11.6 Selection criteria concern bidders rather than bids and are used to identify organisations, having what the GLA considers to be sufficient technical and financial standing, to be invited to submit a bid for evaluation. Evaluation criteria concern the bids themselves – and so look forward to proposed provision rather than back at past provision – and are usually split between:

#### **Frameworks**

A framework is a pre-procured list of suppliers. TfL Procurement & Commercial and the GLA have access to a number of different frameworks; speak to TfL Procurement & Commercial for advice.

Using a framework can save time and money:

- they avoid the need for a full tender process
- headline prices, terms and conditions are pre-agreed
- the opportunity to include bespoke terms and conditions, providing they are not ‘substantial modifications’, to the original framework terms.

Frameworks are set up so that you can either appoint one supplier directly (without the need for a mini-competition) and/or you can run a mini-competition with the suppliers on the framework and select one of them after this.

- technical (quality) – can the supplier do what you want them to do and to the desired quality?
- commercial – how much will it cost?

11.7 Typically, these criteria will, in respect of each other, be weighted between 80:20 and 60:40 in favour of technical. A more detailed breakdown of scoring within these categories is, however, generally required.

11.8 In line with the Procurement Act 2023, when setting an award criteria, you must be satisfied that it (a) relates to the subject-matter of the contract, (b) is sufficiently clear, measurable and specific, (c) you do not break any rules or requirements on the technical specifications (as set out in the Procurement Act 2023), and (d) is a proportionate means of assessing tenders, having regard to the nature, complexity and cost of the contract.

11.9 Award criteria must clearly describe how tenders are to be assessed by reference to them and, in particular, specify whether failure to meet one or more criteria would disqualify a tender (the “assessment methodology”), and (b) if there is more than one criterion, indicate their relative importance by (i) weighting each as representing a percentage of total importance (ii) ranking them in order of importance, or (iii) describing it in another way. Further supporting guidance on this and other Procurement matters is available on the intranet.

11.10 Through the GLA Group’s Responsible Procurement and Social Value Policy and supporting Implementation Plan, we aim to design and frame contracts and projects so as to make London a more equal, fair and sustainable city. For contracts over £150,000 (excluding VAT), you must (generally) devote at least ten per cent of the evaluation criteria to relevant responsible procurement and social value considerations. Lower value contracts can also include responsible procurement requirements in a relevant and proportionate manner, including reserving spend for SMEs, local businesses and voluntary, community, and social enterprises (VCSE).<sup>2</sup>

11.11 If you are using a framework, the criteria will already be wholly or partially determined. For contracts worth over £10,000 (excluding VAT), bids must be assessed by a panel to ensure fairness. Depending on the value and nature of the contract, you may need to ensure different panel members evaluate the commercial and technical aspects of the bids separately. You may also want to hold a moderation meeting to explore other panel members’ responses and explore variances in scoring.

11.12 If necessary, and depending on the number and quality of bids you receive, the panel may follow up with bidders to clarify points on which it needs more information, ordinarily in writing but occasionally via interviews. It is important you set these potential steps out in the procurement documents – businesses spend a lot of time bidding for contracts and need to assess whether

#### **HM Government ‘Central Digital Platform’**

All competitive procurements over £25k (excluding VAT) must be advertised on HM Government ‘Central Digital Platform’, an online platform to help connect businesses with public sector contract opportunities. That is unless you are using a framework or a pre-selected list of suppliers (ie. you know which three or more suppliers you would like to approach).

TfL Procurement & Commercial will manage this process on your behalf.

<sup>2</sup> The Social Value Portal is a free tool that helps organisations procure, measure, manage and report social value. This includes guidance on developing and evaluating tenders. Procurement Policy Note 005 (<https://www.gov.uk/government/publications/ppn-005-reserving-below-threshold-procurements/ppn-005-reserving-below-threshold-html>) provides guidance on reserving lower value contracts to local, SME and VCSE organisations. Contact the Central Responsible Procurement Team for further advice.

or not they have the resources to see the process through to the end.

11.13 Note that if an organisation asks for notification while a procurement process is still in train, it must be informed in writing that:

- its tender or request for funding is being considered, but no final decision has been taken
- any expenditure by them prior to executing the contract or funding agreement is incurred or committed at their own risk (this should be flagged expressly in all procurement and funding exercise documentation in any event).

### *Contracts and terms and conditions*

11.14 For contracts under £25,000 (excluding VAT), it may be sufficient to rely on the standard purchase order (PO) terms and conditions.<sup>3</sup> For contracts over £25,000 (excluding VAT), and where a framework is not being used, TfL Procurement & Commercial will identify suitable terms and conditions (liaising with TfL Legal where necessary).

11.15 The relevant terms and conditions to which the chosen supplier will be subject must be shared with the potential bidders during the procurement process when the specification and procurement documents are issued.

11.16 For all procurements over £150,000 (excluding VAT), you must summarise the process you have followed, the result and the basis on which you selected the successful supplier. This is done through a Contract Award Recommendation document. It is good practice to follow this process for lower value contracts also.

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<sup>3</sup> Estimated contract value should not be taken as the sole factor in determining the appropriate form of contract for use, e.g. if the GLA's requirements are of a particularly: technical nature or there are significant risks associated with a prospective contract advice should be sought from TfL Procurement & Commercial.

# Part D. Grant funding and sponsorship

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## 12. Grant funding

12.1 There are important distinctions between grant funding agreements and contracts for services, supplies and works. This is a potentially complex matter and where you are uncertain if it is appropriate to follow a grant funding or contract route, you should seek early input from TfL Legal.

12.2 Similarly, you should seek early legal input if your grant arrangement cannot readily be facilitated through the standard GLA grant agreement template (or relevant programme-specific form of agreement, e.g. Adult Skills Fund, Skills for Londoners ) and approach. When such standard forms of agreement are being used they do not require legal review although if officers have specific legal questions they should contact TfL Legal.

12.3 Arrangements will need to be considered on both a programme and case-by-case basis to determine whether it is in fact a funding arrangement or if instead a contract for goods or services should be put in place. Again, you will need to be aware of any additional processes and rules that are attached to specific programmes), as well as social value considerations (specific Responsible Procurement guidance for GLA grants programmes is available through the Central Responsible Procurement Team).

12.4 The table at paragraph 4.1 will help you determine if a funding agreement is appropriate. Remember, a funding agreement is not appropriate where the GLA:

- is looking for a third party to deliver a programme, project or initiative on behalf of or for the GLA
- is to receive goods, services, works or any other benefit (whether direct or indirect) from the third party
- wishes to maintain particularly robust controls over delivery by third parties
- is at risk, as a result of third-party breach of funding conditions, of suffering losses exceeding the value of funding paid to the third party at any point.

12.5 Decisions to award grant funding should generally be made on the basis of the outcome of a transparent and open competitive application process and financial and other due diligence should be carried out on applicants. All of the GLA's other Financial Regulations continue to apply and value for money (VfM)) must be demonstrated.

12.6 Ensure that the chosen organisation is made aware in writing that any spending they incur before the award has been approved and the funding agreement has been signed by both it and the GLA is at their own risk. A pre-agreement letter that essentially protects the Authority's position before a formal decision is made is available on the intranet.

### Funding agreement templates

Drafting a funding agreement is the responsibility of the Unit managing the grant. You should in the first instance use one of the funding agreement templates on the intranet, tailoring it to your needs. There are two templates: a shorter one for simple, low value agreements (typically under 50k) and a more extensive template. Ensure that you understand the agreement terms and conditions, and your role in ensuring they are met. You should get legal advice before finalising the agreement and particularly if you need to adapt the template.

12.7 You must always take steps to demonstrate why it is appropriate and within the Mayor's priorities and strategic objectives to make the funding available.

12.8 The effect of a funding arrangement is that the recipient is entitled to make claims for and be paid (and keep) the GLA's funding – provided it has complied and continues to comply with all of the conditions attached to the funding. Conditions must set out clearly:

- a statement of what the GLA wants to achieve or support with the funding
- what the funding can (and cannot) be used for
- the measures the GLA expects to be taken and the measures it will take to protect the funding from fraud or irregularities
- how the recipient must demonstrate the funding has been properly applied and how payments have been linked to clear, specified milestones, outputs and outcomes.

12.9 If the recipient does not meet these conditions, it is not entitled to make claims and/or the GLA may require some or all of the funding to be repaid to the GLA. However, because this is a funding agreement and not a contract for goods or services, the GLA may not be able to impose any other sanctions. Therefore, particular care must be exercised in using funding agreements when large sums are involved or if there are particular risks associated with the use by the recipient of funding that may lead to the GLA suffering loss.

12.10 Any multi-year grant agreements must include break clauses to enable programme review, or to reflect changes in Mayoral priorities including where there has been a change in Mayor.

12.11 You must obtain approval of funding arrangements from a Senior Member of Staff (as defined in Mayoral Decision-Making in the GLA) before informing the proposed recipient that funding is to be granted, giving details of:

- the proposed recipient and how they have been selected
- the purpose of funding
- why it should be granted
- the duration and amount of the funding
- the measures the GLA will take to ensure that the funding is used only for the prescribed purpose

and providing:

- a copy of the funding agreement for signature.

As noted at 12.6 above, you should notify the proposed recipient in writing that any spending they incur or to which they commit before the agreement has been signed by it and the GLA is at their own risk.

12.12 VAT is not payable by the GLA on payments made under funding arrangements. Care must be taken to ensure that potential recipients are made aware the amount of any funding awarded will be the gross value of the payment and the costings in their proposals for funding must take account of this. No additional funding will be provided to cover a recipient's VAT costs not included in its proposal.

## 13. Sponsorship opportunities and donations

13.1 The GLA's Events and Partnerships team, based in External Relations, leads on sponsorship. You should refer to that policy, available on the intranet, and contact the team at the outset if you are thinking about seeking sponsorship for an activity or event.

13.2 The team will be able to advise on which activities are likely to attract sponsorship.

13.3 It is vital that the GLA acts in a fair and open manner and gives a wide range of organisations access to sponsorship activities. Companies tendering for GLA contracts should not be approached for sponsorship as this could be misinterpreted by third parties.

13.4 For due diligence, potential sponsors are subject to the vetting process for approval before any contractual arrangement. All sponsorship must be subject to a formal sponsorship agreement so that it is clear what is being received by each party.

### *Distinguishing between sponsorship and donations*

13.5 A donation has no conditions attached whereas, under a sponsorship arrangement, the sponsor receives discretionary services from the GLA in return for a sponsorship fee (either financial or benefit in-kind); for example, a mention in a brochure or branding in the marketing of an event.

13.6 Sponsorship, including sponsorship in kind, is subject to VAT. Donations are not subject to VAT.

13.7 Invoices must be raised for all sponsorship arrangements and donations. Please contact Financial Services for advice.

# Part E. Recruitment and procurement of professional services

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## 14. Employee, temp, off-payroll worker or consultant?

14.1 If you are thinking about bringing in an individual or individuals in your work area, the first question to answer is whether that person or persons will be an employee, a temporary worker, an off-payroll worker<sup>4</sup> or a consultant<sup>5</sup>. This will determine:

- whether you should progress the appointment through Strategic Resourcing (in the People function) or a procurement route (i.e. the approval and procurement requirements)
- the type of contractual relationship and, where applicable, contract management
- the arrangements for payment (via payroll, an agency or as a supplier).

14.2 The Employment Status Indicators (ESI) at Appendix 1 can give you an indication of whether this engagement is one of employment/deemed employment or consultancy.

14.3 A definitive assessment of employment status can only be undertaken once you have selected the individual or Personal Service Company (PSC). At this point, and prior to finalising the contract, please contact the [Technical Accounting team](#) who will advise whether to use the HMRC CEST tool or whether an assessment is required using Qdos (a company specialising in complex employment assessments).

14.4 Please ensure that you speak to the team very early on in the sourcing/procurement of an individual where an employment status assessment may be required prior to the signing of the contract.

### IR35

When considering whether to engage an individual in a consultancy, temporary or similar capacity, it is important you consider their employment status, which could be:

- self-employed
- operating through their own limited company, known as a Personal Services Company (PSC); including as a freelancer, via an agency, or through another intermediary company.

Under tax legislation (IR35), these individuals, though not employed by the GLA, may be subject to tax and NI if they are undertaking work in a manner similar to that of an employee. If this is the case, such individuals are referred to as 'off-payroll workers'.

It is the GLA's responsibility, as the engager, to determine whether the individual is providing services in a manner similar to that of an employee; or if this is not the case and a contract for consultancy/professional services exists. HMRC has developed a Check Employment Status for Tax (CEST) tool (previously called the Employment Status Service). The GLA will be held liable for the PAYE tax, NI and penalties for failing to correctly determine the employment status of individuals engaged to provide services.

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<sup>4</sup> An off-payroll worker refers to contractors, freelancers, consultants, individuals working through their own company in a manner similar to that of an employee.

<sup>5</sup> A consultant can be a director of a limited company, a partner or a self-employed individual. It does not refer to consultants who are employees of a company.

14.5 Once you have determined whether an employee, a temporary agency worker, an off-payroll worker or consultant is required, you must obtain approval to proceed, as described below.

## 15. Employees

15.1 If you wish to recruit someone as a GLA employee (someone on a GLA contract, for a fixed-term or on a permanent basis), you must first determine whether an approved post exists. If not, funding for the post will need to be identified. Once funding for the post has been identified by your unit and finance business partner, People function will support the unit through relevant establishment processes.

15.2 Once the post is approved, or if you are recruiting to an existing post, the People function and/or the TfL Recruitment /HR Shared Service will lead on recruitment.

## 16. Temporary agency staff

16.1 You should normally only engage a temporary agency worker to cover a short-term requirement for additional resource (up to 12 weeks); for example, to cover time-limited and exceptional work demands or project work that cannot be covered by already established posts.

16.2 Temporary agency workers may, however, be engaged to cover posts on the establishment; for example, to cover long-term sickness absence or a vacant post while the permanent recruitment process is finalised.

16.3 Units wishing to engage a temporary worker should seek approval from their Executive Director and Finance Business Partner. Once approved, all temporary agency workers should be sourced via the Strategic Resourcing team within the People function, using the GLA Group framework contract.

## 17. Consultants and off-payroll workers

17.1 You must not use consultancy arrangements to avoid the approval process for new posts. Note also that initial approval – prior to the proposed appointment being taken forward via the GLA’s decision-making framework – from the Chief Officer is required for any appointments exceeding £600 (excluding VAT) per day per person.

17.2 If the Employment Status Indicators at Appendix 1 point to a consultancy (i.e. not an employee/off-payroll worker) arrangement, then you should proceed as follows.

Value of contract	Process
Above £10,000 (excluding VAT)	<ul style="list-style-type: none"><li>Secure approval including, where required, through a decision form at the appropriate level (as per Mayoral Decision-Making in the GLA).</li><li>Source the services, as per the procurement guidance at Part C.</li><li>Once the consultant has been selected and prior to signing the contract, an employment status check is required. Contact the <a href="#">Technical Accounting team</a> who will advise whether to use HM Revenue &amp; Customs (HMRC) ‘Check Employment Status for Tax’ (CEST) tool or whether an assessment is required using Qdos (a company specialising in complex employment assessments).</li></ul>

Value of contract	Process
	<ul style="list-style-type: none"> <li>• See paragraph 18.1 for payment arrangements.</li> </ul>
Up to and including £10,000 (excluding VAT)	<ul style="list-style-type: none"> <li>• Secure approval through a Delegated Authority Record (DAR) form.</li> <li>• Source the services as per the procurement guidance at Part C.</li> <li>• Once the consultant has been selected and prior to signing the contract, send the DAR to <a href="#">the technical accounting team</a> for the section on employment status to be completed.</li> <li>• The team will advise whether to use HMRC’s CEST tool or whether an assessment is required using Qdos (a company specialising in complex employment assessments).</li> <li>• See paragraph 18.1 for payment arrangements.</li> </ul>

17.3 You will need to assess the employment status afresh, or for the first time if you did not do so initially, if during the procurement process your service requirements or arrangements change; or if you have selected an individual or a PSC and the final service delivery arrangements indicate that an employment status review is now required.

*Procurement documentation*

17.4 To ensure professional services deliver optimum value (based on quality and price), you must ensure appropriate documentation is put in place to govern procurement exercises and the engagement.

17.5 The documentation required will differ depending on the procurement process. For engagements procured via TfL Procurement & Commercial you must as a minimum provide TfL Procurement & Commercial with a completed Procurement Pipeline Engagement eform, with details of the services required and a copy of the proposed specification.

17.6 Whether or not you procure via TfL Procurement & Commercial, you must issue to prospective consultants a service specification that sets out specific details of:

- the services required, tasks to be undertaken and deliverables
- the date by which the services must be provided or dates by which any particular phases/stages of those requirements must be met
- the proposed payment approach, structures and/or milestones
- any particular technical, legislative or policy requirements
- the GLA officer who is to manage the contract and any other governance arrangements.

17.7 The documents issued to prospective consultants in order to solicit responses, quotations or tenders will form the basis of any consultancy contract awarded. Where required, you should liaise with TfL Procurement & Commercial to ensure that all appropriate documentation is signed for the GLA and consultant prior to the contract starting.

## 18. Payment and contract management

18.1 Payment should be made as follows.

Employment status	Process
Employees	<ul style="list-style-type: none"><li>• Paid via payroll and organised by HR shared services.</li></ul>
Consultants and professional services	<ul style="list-style-type: none"><li>• If they are a new supplier, they will need to register as a supplier on the supplier registration portal, SAP Ariba.</li><li>• Purchase Order Requisitions and Purchase Orders must be raised once the contracts have been signed.</li></ul>
Off-payroll workers	<ul style="list-style-type: none"><li>• If HMRC's CEST tool/Qdos gives an 'employment' result, this means that the service contract falls within HMRC's off-payroll worker rules and any payments under this contract will be a 'deemed employment payment'. PAYE tax and National Insurance will have to be deducted from payments.</li><li>• You need to speak to People Function to arrange for the individual to register with the employment agency that the GLA is in contract with for the provision of agency staff. Their payments will be subject to PAYE tax and NI deductions.</li><li>• You will need to inform the consultant and advise them of the outcome of the employment assessment and the need to register with an agency if they are assessed as an off- payroll worker.</li><li>• If the consultant/PSC is also VAT registered, VAT will also be paid on the provision of a VAT invoice.</li></ul>

### *Contract management*

18.2 Consultants should not be treated as or in a manner similar to employees. For example, they should not be line-managed, manage other members of staff or undertake tasks falling outside the scope of their contracted services.

18.3 The contracts should be monitored in line with the agreed milestones and deliverables and Purchase Orders should only be goods receipted once you are satisfied that the agreed milestones have been delivered to the required standard.

18.4 More information about contract management is at section 22.

# Part F. Approved signatories, record keeping and contract management

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## 19. Executing contracts and other formal documents

19.1 Mayoral Decision-Making in the GLA gives certain senior members of staff a Signatory Permission allowing them to sign contracts and other formal documents without going through an additional approval process.

19.2 Certain contracts and other formal documents will need to be executed as deeds. The GLA may execute deeds by applying its seal and having this authenticated by the Mayor or any member of staff with Signatory Permission, or if authorised by such a person, one of the GLA's legal advisors.

19.3 The Governance team may set down procedures and provide advice and guidance, consulting with TfL Legal, on the execution of formal documents. This may include the use of digital and/or electronic signatures and, otherwise, the execution of formal documents via electronic means. It is important staff are aware of the latest procedures and guidance, available on the intranet.

## 20. Record keeping, transparency and subsidy control

20.1 You must keep detailed and accurate records of any and all procurement and grant funding exercises. This ensures there is a proper audit trail. The information you and TfL Procurement & Commercial should retain includes:

- details for the procurement database; including reference number, title, lead officer, process applied and outcome
- the evaluation report
- a summary of financial appraisals
- a copy of the final contract, signed electronically by the supplier(s) and on behalf of the GLA, must be held within SAP Ariba
- Funding agreement details in order to comply with the requirements of the Local Government Transparency Code in respect of grant giving, following the guidance within the GLA's Grants Lifecycle process on the intranet

20.2 Any information retained by the GLA may be subject to requests for its release under the Freedom of Information Act (FoIA) or Environmental Information Regulations (EIR). Both pieces of legislation provide that information must be disclosed in response to a request unless it is subject to an exemption provision.

20.3 No information is automatically exempt from disclosure. Non-Disclosure Agreements do not prevent information from being disclosed under FoIA or EIR. The most relevant exemption provisions will relate to information which would prejudice commercial interests or involve the disclosure of genuinely confidential information. However, these provisions have limited scope and

can only be used to withhold discrete pieces of information; they rarely apply to whole documents. Exemptions are considered on a case-by-case basis and you will need to seek advice from the GLA Information Governance Team.

20.4 More information about FoIA exemption provision can be found on the [Information Commissioner's Office website](#) and information about document retention is set out in the GLA's Records Management Policy.

### *Transparency*

20.5 The GLA has a published commitment to openness and transparency. That includes meeting and seeking to go beyond the requirements of government's mandatory [Local Government Transparency Code](#). To this end, the GLA publishes:

- a register of all its contracts
- contract opportunities and invitations to tender
- contracts, with appropriate redactions
- details of subsidy control assessments
- details of GLA grants on the London Datastore.

20.6 GLA teams must support the good data quality in respect of the above by complying with any procedures and record-keeping arrangements established corporately. It is the responsibility of the policy team awarding the funding agreement to ensure compliance with transparency requirements outlined in section 20.

20.7 It is important those the GLA engages are aware of and agree to comply with our transparency obligations, whether arising from legislation or policy choice, and that this is reflected in contract documentation.

### *Subsidy Control*

20.8 The GLA must adhere with the Subsidy Control Act 2022, which regulates the giving of subsidies out of public resources. Subsidies can include grants, but also cover a wide range of other assistance using public resources (guidance on subsidy control can be found on the intranet.

20.9 The GLA's obligations under the Subsidy Control Act 2022 will only be triggered where all of the following tests are satisfied:

- Financial or other assistance is to be given by the GLA.
- That assistance confers an economic advantage on one or more organisation which is engaging in economic activity (providing supplies, services or works on a market on which it has competitors) Please note that this question is activity rather than sector focused, as voluntary/community/charity sector organisations can and often do operate on competitive markets).
- The assistance is specific and benefits one or more or organisations engaging in economic activity over others engaging in economic activity.

- The assistance has, or could have, an effect on competition or investment in the UK or affect trade or investment between the UK and a country outside the UK.

20.10 If the assistance proposed is a subsidy under the Act, GLA officers must self-assess the proposed subsidy against seven subsidy control principles (see subsidy control guidance on the intranet), completing a Subsidy Control Assessment Form, which is available on the intranet, when developing proposals in respect which they are considering seeking approval. The outcome of that assessment where remaining applicable to the decision sought, or the must be set out clearly in section 4 of the decision form under a sub-heading “Subsidy Control”. The assessment must also be retained alongside other decision-recording documents in accordance with the GLA’s transparency obligations. Where the award of standalone subsidies with value over £100,000 are approved details of the subsidy must also be uploaded to the national Department for Business and Trade database, where another enterprise or interested party may make a challenge for up to 30 days.

20.11 Officers should have regard to the further guidance and templates available on the intranet at the Performance and Governance, Grants and Procurement pages.

## 21. Project management and risk assessment

21.1 Procurement and grant funding processes can be complex in of themselves or because they are part of a bigger piece of work. Project management best practice should therefore be deployed to assure effective delivery.

21.2 It is important also to consider the risks associated with your procurement and for larger projects you should maintain a risk register. See the [GLA’s Risk Management Framework](#) for further information.

21.3 Examples of the risks associated with procurement exercises include:

- failure to follow correct procedure and/or comply with relevant laws
- procurement not completed in time or not successful
- insufficient staff time to manage process
- insufficient resources to cover cost.

21.4 Where risks are identified you should take action to mitigate them as far as possible. Examples include:

- identifying the budget provision and any external funding at outset
- appointing a project team
- developing a clear timetable and a procurement strategy
- putting together a clear specification and pricing schedule
- ensuring staff involved have had appropriate training
- engaging TfL Procurement & Commercial and other experts early on, including Legal, Financial Services and the Equalities team.

21.5 Examples of risks associated with grant funding exercises include:

- Team capacity to monitor and manage funds
- Unrealistic timelines impact efficacy of delivery
- Risk of fraud or loss of public money
- Due diligence issues related to the grant recipient causing reputational damage
- Payments are not made promptly or accurately to grant recipient

21.6 Where risks are identified you should take action to mitigate them as far as possible:

- Ensure sufficient budget and resources to manage funds throughout the grants lifecycle
- Allow sufficient time for planning and delivery of grant programmes
- Identify and manage risks to funding programme
- Develop robust and proportional due diligence processes
- Engage with experts early on in developing proposals (well in advance of seeking approvals), including Grants Services, Legal, Financial Services, and GLA Governance, and refer to guidance on Intranet

## 22. Contract management and Key Performance Indicators

22.1 All GLA staff must hold to the following principles in managing contracts:

- senior staff should identify where and what resources are needed to support high standards of contract management, putting in place named contract managers that are suitably skilled and trained, and taking an approach that is proportionate to risk
- there should be sound financial control of all contracts, including clear links to the wider management accounts process
- in line with the Procurement Act 2023, before entering into a contract that has an estimated value of more than £5 million (**inclusive** of VAT), the GLA (with the support of TfL Procurement & Commercial) must set at least three key performance indicators (KPIs) in respect of the contract. (Unless the contract is from a framework, or it is considered that the supplier's performance under the contract could not appropriately be assessed by reference to key performance indicators).
- a KPI is a factor or measure against which a supplier's performance of a contract can be assessed during the life-cycle of the contract
- contract managers should hold good quality information on all our contracts, working closely with TfL Procurement & Commercial and obtaining information and evidence on timely basis from contractors, checking it for accuracy
- contract managers should use performance and risk management disciplines to support contractor performance that meets or exceeds expectations, undertaking regular monitoring of progress against contract expectations and deliverables, reporting to senior managers as appropriate<sup>6</sup>

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<sup>6</sup> Where the Social Value Portal has been used during the tender process, this will verify supplier claims and a dashboard will be made available to view supplier social value performance over the contract term.

- contract managers should identify and proactively seek to resolve delivery failures and/or declining contractor performance at an early stage, in line with contractual remedies and escalating matters to senior managers
- working closely with TfL Procurement & Commercial, senior staff and contract managers should periodically review contracts, adapting them (where lawfully permitted) to meet changing needs, considering GLA’s operational and strategic priorities. All commercial changes to a contract should be discussed with Procurement & Commercial before agreeing the changes with the supplier
- contract managers should effectively manage relationships with contractors, and others involved to unlock value.

22.2 Contract management can be divided into three elements: service delivery, relationship management and contract administration.

Element	Key points
Service delivery	<ul style="list-style-type: none"> <li>• This is about ensuring the contract is delivered in line with the specification, timescales and any other performance indicators – and identifying any need to vary the contract.</li> <li>• The contract manager, normally the client, is responsible for managing service delivery.</li> <li>• One of the tools the contract manager might use to help is a contract management plan. This plan identifies the resources required to deliver the contract, with responsibilities allocated to client and supplier and the processes and performance criteria to be used on the contract. It might also include a communications plan.</li> <li>• The contract manager needs to monitor regularly the supplier’s performance against the contract criteria and ensure improvement plans are developed to bring performance back on line where there are issues.</li> <li>• Successful supplier improvement plans will look at the performance issue both from the client and supplier perspective, set clear improvement objectives, identify constraints and enablers, and establish measures against which the improvement plan will be monitored.</li> </ul>
Relationship management	<ul style="list-style-type: none"> <li>• This is about maintaining a sound, business-like relationship with the supplier.</li> <li>• The day to day relationship with the supplier is the responsibility of the contract manager. But this is sometimes supplemented by an account manager from both parties to whom any day-to-day matters can be escalated. This is particularly relevant where the supplier is contracting with more than one area at the same time and some degree of coordination is required.</li> <li>• The account manager holds regular meetings with their supplier counterpart to discuss general performance issues, identify and resolve problems early and to discuss ways in which performance can be enhanced in the future.</li> </ul>
Contract administration	<ul style="list-style-type: none"> <li>• This is the formal governance of the contract, including the way in which any changes to the contract are made.</li> </ul>

## Element

## Key points

- Contract administration is normally carried out by TfL Procurement & Commercial with assistance from Legal if required.
  - It normally results in amendments to the terms and conditions of the contract; be it a variation to the scope or value, an update to the contract rates as the result of an elapse of time or a change necessitated by a change in legislation.
  - A variation to the scope or value would normally be instigated by the contract manager, who would complete a variation request with a full justification for the need for the variation.
  - A variation in rates would normally be instigated by the supplier as a result of a pre-agreed price variation clause included in the contract terms.
  - A variation brought about by a change in legislation would normally be instigated by the procurement agent who carried out the original tender.
  - All variations would be processed by TfL Procurement & Commercial, which prepares the formal variation document for signature by the supplier.
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# Appendix 1. Employment Status Indicators

The table below sets out the indicators that need to be considered when engaging an individual as a contractor. This will in turn help you complete HMRC’s online Check Employment Status Tool (CEST).

Employee /off-payroll worker indicators	Consultants / Professional Services Company/Self-employed indicators
<input type="checkbox"/> Working solely or largely for the GLA	<input type="checkbox"/> Works for several clients at the same time
<input type="checkbox"/> The GLA has engaged the services of a specific individual. You will not accept a replacement/substitute	<input type="checkbox"/> The GLA will accept that the individual/firm provides a replacement/substitute if they are unable to work
<input type="checkbox"/> The work brief is a list of open-ended duties to be undertaken	<input type="checkbox"/> Required to deliver a particular specialist service with clear deliverables in accordance with a brief or specification
<input type="checkbox"/> Training on how you wish the work to be undertaken is provided at the start of the contract	<input type="checkbox"/> No training is provided as the individual is a highly trained specialist in her/his field and has been engaged to deliver specialist services
<input type="checkbox"/> Paid by the hour, day or month for the time worked	<input type="checkbox"/> Paid a pre-determined fixed or measurable-based fee for the work on the achievement of milestones
<input type="checkbox"/> Managed by someone at the GLA who takes responsibility for checking or reviewing the work carried out	<input type="checkbox"/> Responsible for determining how the work is done and for producing the work to the required standard (as set out in specification) and making any necessary amendments in their own time and at their own expense
<input type="checkbox"/> The GLA determines the days or hour worked	<input type="checkbox"/> Decides when to work and the key requirement is to deliver the output by the agreed dates
<input type="checkbox"/> Manages or supervises GLA staff or contractors	<input type="checkbox"/> Does not manage or supervise GLA staff or GLA contractors
<input type="checkbox"/> Based at City Hall or other GLA premises and uses GLA equipment and services	<input type="checkbox"/> Works at their own premises – and they provide their own equipment and services and insurance
<input type="checkbox"/> The GLA is unable to charge costs or withhold payments to the individual for unsatisfactory or delayed work and/or pays for the additional time the individual takes to correct failures	<input type="checkbox"/> Bears the risk for services provided and work produced. The consultancy agreement specifies what happens if services or work are not provided on time or if they are not to the standard required

## *HMRC's Check Employment Status for Tax (CEST) Tool/Qdos Assessments*

The law mandates that the Authority reviews contracts for services to ensure that individuals providing services in a manner similar to employees pay the correct tax and National Insurance contributions.

Before signing the contract or engagement letter, email the Technical Accountancy team with details of the services to be contracted. They will advise whether to use HM Revenue & Customs (HMRC) 'Check Employment Status for Tax' (CEST) tool or if an assessment by Qdos, a specialist in complex employment evaluations, is required. When raising the Purchase Order Requisition (POR) on SAP Ariba ('My Buy'), a copy of the CEST/Qdos result in PDF format must be attached to the Purchase Order Requisition. The CEST result must include HMRC generated reference number.

It is the responsibility of the budget holder to ensure these requirements are complied with prior to approving the Purchase Order Requisition (POR).

If the employment status is questioned in the future, HMRC will only be bound by the CEST outcome if the questions were answered honestly, the nature of the engagement has not changed over time and you are able to provide copies of the CEST result.

The CEST tool/Qdos assessment will need to be run when an individual/company has been selected, towards the end of the procurement process and prior to the contract being signed.

### *Frequency of assessments*

A new CEST/Qdos assessment is required if you enter into a new contract with the same individual or if there are changes to the current contract that impact on what or how services are delivered.

## Appendix 2. Overview of Procurement Process at different values

<b>Estimated Value* (Excluding VAT)</b> <small>(*the total cumulative value for the contract estimated by the GLA)</small>	<b>GLA approval</b>	<b>TfL Procurement &amp; Commercial involvement</b>	<b>Procurement Pipeline eForm</b>	<b>Procurement Strategy</b>	<b>Route(s) to market</b>	<b>Single Source and/or Direct Award Requests</b>	<b>Transaction Award Report</b>	<b>Evidence to attach to the Purchase Order Requisition (note some of this should not be made available to the vendor)</b>	<b>Indicative procurement timescales depending on estimated value (not including timescales for governance and assurance activity)</b>
£0k - £10k	Delegated Authority Record (DAR)	No	Not necessary	Not required	Use framework or at least one written quote is required, unless instructed otherwise by a senior manager in order to secure best value for the organisation	Allowable	Not required	The quote(s) (email, written quote or catalogue reference) DAR	Approximately up to 6 weeks
>£10 - <£25K	As per Mayoral Decision Making in the GLA (MDM)	Advice needed only in exceptional circumstances	Only needed if engaging TfL Procurement & Commercial	Not required	Use framework or at least one written quote is required, unless instructed otherwise by a senior manager in order to secure best value for the organisation	Allowable	Preferable, but not compulsory	The quotes (written quote on headed paper, signed) Evidence of declining to quote (if relevant) Procurement Pipeline Engagement eForm (if using) Transaction Award Report (if using)  GLA Decision Form	Approximately up to 10 weeks

<p>&gt;£25k - £150K</p>	<p>As per Mayoral Decision Making in the GLA (MDM)</p>	<p>Required - contact early</p>	<p>Required</p>	<p>Required if &gt;£125k</p> <p>Note: The Procurement Strategy may be required if the requirement is deemed to be novel, contentious or repercussive</p>	<p>Use framework or minimum 3 quotes required Must be advertised on HM Government's 'Central Digital Platform' (unless using a framework or pre-selection list of suppliers) - Pre-agreed award criteria Must be managed through the e-Tendering portal Consider ability to reserve under threshold contracts for SMEs/VCSEs and/or local businesses as per PPN 11/20</p>	<p>Will be considered, but must be discussed up-front (the higher the value, the less likely to be approved) Should normally be approved in the ADD / DD and requires a Single Source and/or Direct Award Request Form</p>	<p>Required</p>	<p>The quotes Single Source and/or Direct Award Request (If using) Procurement Pipeline Engagement eForm Transaction Award Report GLA Decision Form</p>	<p>Approximate timescales depending on estimated contract value:</p> <p>up to £50k- up to 3 months</p> <p>up to £125k - up to 4 months</p> <p>up to £1 million - up to 6 months</p> <p>up to £5 million- up to 12 months</p> <p>£5 million or over- 12+ months</p> <p><b>Note:</b> All timescales provided are indicative estimates only and will vary depending on the specific requirements of each procurement activity. Specialist, novel, complex, or higher-risk procurements may require significantly longer timelines.</p>
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150k	As per Mayoral Decision Making in the GLA (MDM)	Required - contact early	Required	Required	Use framework or Open Procedure or Competitive Flexible Procedure <sup>7</sup> (will typically take a minimum of 6 months, but is usually 9-12 months) Including 10% minimum total evaluation score allocated to relevant responsible procurement and social value (see Social Value Portal to assist).  Note: In line with the Procurement Act 2023, before publishing a tender notice, TfL Procurement & Commercial (on behalf of the GLA) may publish a 'Planned Procurement Notice' setting out to the market that the GLA intends to publish a tender notice along with any other information specified.	Not permitted	Required	The signed contract The successful bid Procurement Pipeline Engagement eForm Procurement Strategy Transaction Award Report GLA Decision Form	
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<sup>7</sup> A “competitive tendering procedure” is either (a) a single-stage tendering procedure without a restriction on who can submit tenders (an “open procedure”), or (b) such other competitive tendering procedure as considered appropriate for the purpose of awarding the public contract (a “competitive flexible procedure”). The GLA (in conjunction with TfL Procurement & Commercial) must ensure that the procedure is a proportionate means of awarding the public contract, having regard to the nature, complexity and cost of the contract.