



# **Local Implementation Plan Finance & Reporting Guidance**

**April 2019**

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## **1 Introduction**

- 1.1 This Finance Guidance should be used by local authorities when reporting progress and claiming financial assistance for Local Implementation Plan (LIP) and non-LIP schemes administered through the Borough Portal.
- 1.2 Under section 159 of the GLA Act 1999, financial assistance can be provided by TfL to the London boroughs and other relevant authorities to support local transport improvements that accord with the Mayor's Transport Strategy goals and outcomes. In exercising its duties under section 159, TfL can impose conditions on the funding to ensure it is used for the purposes for which it was provided. Where the recipient breaches these conditions, TfL may require repayment of any funding already provided and / or withhold provision of further funding.
- 1.3 This document is provided as an overview of the processes to be followed for submitting Invoice Claim Statements (ICS) and year-end and audit requirements. It is not intended to be a detailed step-by-step guide to procedures (see the borough extranet for actual processes [http://boroughs.tfl.gov.uk/quick\\_reference\\_guides.aspx](http://boroughs.tfl.gov.uk/quick_reference_guides.aspx)).

## **2 Control and Release of Funds**

- 2.1 LIP financial assistance will continue to be managed through the Borough Portal. This is a web-based tool developed by TfL to manage the allocation of funds and the reporting, forecasting and subsequent claiming of funding. It is essential that the information on the Portal is kept up to date by individual boroughs to enable TfL to accurately forecast spend and ensure correct records are maintained on planned, current and historic expenditure.
- 2.2 TfL pays boroughs for LIP projects in arrears, once information is provided to show that the work has been completed and supplier invoices paid, which should be confirmed through the ICS as per the payment terms (see section 2.4 – 2.8 below). The amount that can be claimed via the Portal reflects allocations by scheme and programme areas. The following sections of the guidance deal with specific payment and claims matters.

### Financial allocations

- 2.3 The financial allocation to an authority is a fixed amount approved by TfL in line with guidance and updated on an ongoing basis as reflected in the TfL forecast each quarter.
- 2.4 Funding is only allocated to schemes with a description of the deliverables and locational information. Any change to the amount of funding for a particular scheme requires TfL's approval. This should be done via the Portal, following discussion with the relevant TfL programme manager. There should be no presumption that additional funding will be available to cover contractual or other commitments associated with individual schemes, including future financial years, unless this has been specifically agreed by TfL in advance.

- 2.5 Once funding for a scheme has been agreed by TfL, a Value of Work Done (VOWD) profile should be entered onto the Borough Portal. It is essential that this information is accurate and kept up to date. Failure to enter VOWD information for specific schemes can result in TfL withdrawing the financial support, or reallocating the funding for other purposes.

#### Income Claims Statements (ICSs)

- 2.6 An ICS is to be submitted by a borough for completed works, such as where a contractor's invoice has been certified and paid by the borough, or where works have been certified for payment to in-house contractors or for borough staffing costs.
- 2.7 ICSs submitted via the Portal by early afternoon (before 2 p.m.) on a Thursday will normally be authorised (subject to borough confirmation) for payment the following week. Payments will be made through the BACS transfer system and usually will be completed within 30 days of TfL authorising a Borough's submitted claim on the portal. Borough staff should advise relevant colleagues when to expect such payments.
- 2.8 Exceptional payments exceeding a weekly forecast total may be held back, particularly around the year-end. To avoid such situations it is essential the information on the Portal is kept up to date (see section 2.1 above).

#### Authorisation of claims

- 2.9 TfL must receive confirmation via the Portal from an appropriate senior borough officer other than the person submitting the ICS, of both the amount of the claim and that it has been duly approved. It is a borough responsibility to ensure TfL is notified of changes to the list of authorised Borough Officers.
- 2.10 Funds will only be released for works on schemes that have an up to date Value of Works Done (VOWD) profile.
- 2.11 In the event that TfL needs to recover an amount that it has overpaid or incorrectly paid, an equivalent deduction should be made from a succeeding claim whenever possible. When this is not possible TfL will make other arrangements with the borough for the return of funds.

### **3 End of Year Arrangements**

- 3.1 TfL will confirm via e-mail the year end financial requirements, including matters relating to claims and VOWD, together with key dates for year end business.
- 3.2 Boroughs must ensure that VOWD reported on the Portal is accurate and that the scope of work is in accordance with the LIP guidance. Any claim for work that does not accord with the LIP guidance will be rejected by TfL. The VOWD enables TfL to establish accruals and allows invoices up to that amount to be claimed later via an ICS; it also avoids persistent overstated or under-claim accruals.

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<sup>1</sup> It is recognised that for certain schemes a significant amount of in-house staff time/resources may be necessary (for example during the design, consultation and contract stages of a project). Where in-house staffing costs are expected to be greater than 10 per cent of the total project budget, these should be discussed and agreed in advance with the relevant TfL Sponsor.

- 3.3 All scheduled work funded within a financial year should be complete by the end of March of that same financial year (e.g. works funded from 2018/19 financial year funding should be completed by the end of March 2019). TfL does not support the use of underspend from scheduled works to commence or deliver any alternative works after this date, even if the activity was due to have been delivered in that financial year.
- 3.4 Boroughs should highlight to TfL any issues relating to programme underspend or overspend, or likely delivery of works beyond the financial year end, as soon as they become apparent.
- 3.5 Any changes to VOWD must be submitted to TfL before the end of the financial year (exact date to be advised – see section 3.1) to ensure that the year end accruals made by TfL are accurate. It is recognised that boroughs may not receive some invoices until after this date and that some invoices received before this date may not have been included in compiling the last ICS. In such instances invoices can be claimed later provided the recorded VOWD is not exceeded. Although the final date for claims is usually in August of the following financial year, this will be confirmed by TfL as part of the year end notification process.
- 3.6 Failure to comply with the end of year deadline for the final claim submission will result in accrued funding being released and deployed elsewhere if appropriate. Should there be circumstances that prevent claims being completed by this date these should be communicated to TfL, including estimates of the outstanding amounts, as soon as is practical and in advance of the year-end deadline.

#### **4 Slippage & Carry-Over**

- 4.1 Slippage is where schemes cannot be completed in the relevant financial year and the same activity is due to take place in a subsequent year. This normally requires a borough to adjust their following year's programme to accommodate the slippage as TfL is unable to provide additional funding to support such situations.
- 4.2 Boroughs can, by exception, request agreement from TfL to carry forward funding from one financial year to another for specific schemes, where:
  - (a) sufficient notice is provided to TfL (TfL officers will advise the London boroughs of the relevant dates within the financial year when such requests can be submitted), and
  - (b) where the rationale is considered reasonable by TfL.
- 4.3 Alternatively, boroughs can propose the re-allocation of the funding to other agreed schemes in order to expand the scope/benefits of such projects, and/or put forward replacement schemes. Any such requests should be notified to TfL's Network Sponsorship team as soon as they are identified.
- 4.4 For new proposals, or where the scope of an existing project is changed, an updated LIP Proforma A (which is used to confirm details of the scheme impacts and other matters) will be required and the financial changes will need approval from TfL via the Boroughs Portal in the normal way.

## **5 Audits**

- 5.1 The London boroughs will have their own requirements for auditing. In addition, TfL may exercise its right to carry out audits in respect of the financial assistance provided. TfL audits will be carried out in accordance with section 4.34 of the Guidance for Borough Officers on Developing the Third Local Implementation Plan (March 2018): <http://content.tfl.gov.uk/third-lips-guidance-2018.pdf>
- 5.2 This means audits will generally be undertaken on the basis of identified risks and / or potential exceptions. This may involve site visits and requests for records and other information relating to the provision of financial assistance for the purpose of conducting the audit. In addition, the claims for at least one scheme in each borough will be audited each year to confirm compliance with this guidance. This will require the submission of appropriate supporting documentation, which may include:
- Invoices readily associated with schemes for which expenditure was incurred,
  - Certified documents relating to work carried out by in-house borough organisations,
  - Claims for staff time spent on approved projects, and
  - Interviews with relevant personnel
- 5.3 Where an issue is identified as part of a scheme specific audit, TfL may expand the audit to cover all or part of a boroughs funding to ensure relevant funds are being used for the purposes intended and in accordance with relevant guidance.

## **6 Advice & Support**

- 6.1 A list of the current TfL contacts in the Network Sponsorship Team is provided in Appendix 1.

**Appendix 1**  
**TfL Network Sponsorship Team – contacts**

<b>Name</b>	<b>Sub-region</b>	<b>Email details</b>	<b>Boroughs</b>
Penny Rees Sam Monck		<a href="mailto:pennyrees@tfl.gov.uk">pennyrees@tfl.gov.uk</a> <a href="mailto:sammonck@tfl.gov.uk">sammonck@tfl.gov.uk</a>	Head of Network Sponsorship
Rob Edwards	Central (North/West)	<a href="mailto:Rob.Edwards@TfL.gov.uk">Rob.Edwards@TfL.gov.uk</a>	LB Islington LB Camden City of London City of Westminster RB Kensington
Dave McKenna	Central (South/East)	<a href="mailto:David.McKenna@tfl.gov.uk">David.McKenna@tfl.gov.uk</a>	LB Wandsworth, LB Lambeth, LB Southwark, LB Tower Hamlets, LB Hackney
Zoe Vidion	South	<a href="mailto:Zoevidion@tfl.gov.uk">Zoevidion@tfl.gov.uk</a>	LB Richmond RB Kingston LB Sutton LB Merton LB Croydon LB Bromley
Julie Clark	East	<a href="mailto:Julieclark@TfL.gov.uk">Julieclark@TfL.gov.uk</a>	LB Waltham Forest LB Redbridge LB Havering LB Barking & Dagenham LB Newham LB Redbridge LB Lewisham LB Bexley RB Greenwich
Harun Khan	North-West	<a href="mailto:Harun.Khan@tfl.gov.uk">Harun.Khan@tfl.gov.uk</a>	LB Enfield LB Haringey LB Barnet LB Brent LB Harrow LB Ealing LB Hounslow LB Hillingdon

## Glossary of Terms

<b>Term</b>	<b>Explanation</b>
Value of Work Done (VOWD)	VOWD is the value of goods or services undertaken, over a specified period of time, regardless of whether or not they have been paid for. The value in the portal, should reflect the value of work done on the scheme.
Accrual	An accrual is a provision for the cost of goods and services received/provided by a specified date i.e. period end date, but where no invoice has been received from the supplier by that date i.e. period end date.
Income Claims statement (ICS)	This document is used to support a payment request to TfL to confirm the actual expenditure incurred by a borough on a particular project.
Financial Year / Fiscal Year	This is the business accounting year. TfL's Fiscal Year runs from the 1 April to 31 March each year.
Slippage	Occurs where schemes cannot be completed in the relevant financial year and the same activity is due to take place in a subsequent year.
LIPS	Local Implementation Plans are a statutory document prepared under section 145 of the GLA Act 1999 which set out how a London borough proposes to implement the Mayor's Transport Strategy in their area.
Programme	A group of related projects managed in a co-ordinated way.
TfL	Transport for London
GLA	Greater London Authority
Audit	A systematic and independent examination of records to ensure compliance with guidance and other requirements.