

# PA CIRCULAR 2/19

## NEW REIMBURSEMENT PROCEDURES FOR LOCAL COUNCIL RELATED PA FUNDED PROJECTS

### ACRONYMS USED

|      |   |
|------|---|
| LC   | Local Council   |
| MEPA | Malta Environment and Planning Authority (forerunner to the PA) |
| PA   | Planning Authority  |

## 1 INTRODUCTION

- 1.1 The revision of the PA funding process in 2017 has further increased interest from LCs in utilising this opportunity. In 2018, more than €4.5 million worth of projects were contracted. This figure is far higher than the annual contracted amount for any particular year of PA/MEPA funding since 2003. Moreover, the pending caseload, mostly originating in late 2018, is of the order of €20 million.
- 1.2 When applying for PA funds, LCs were given the opportunity to divide the refund payments into phases, up to three phases. These all required the submission of the responsible perit's certification, coupled with verification by the PA's perit, prior to the refunding process being triggered.
- 1.3 In projects submitted for PA funding, the procurement process is entirely within the LC's remit. This process, together with the associated verification and auditing process, is covered by the respective legislation. Moreover, where planning consent is required, this is covered by the PA's enforcement procedures.
- 1.4 In the light of the foregoing, as well as cash flow issues associated with these types of projects, the PA is amending the current reimbursement procedures in order to further facilitate the execution of these projects which are mainly intended to improve public urban amenities within the community.
- 1.5 The provisions of this Circular are complementary to, and do not replace, the provisions in **PA Circular 2/18** and **PA Circular 3/18**. It is important to recall that after the 1<sup>st</sup> January 2019, projects qualifying for PA funding would qualify for up to 100% of the eligible expenses only in cases where an application is submitted jointly between two or more Local Councils or is submitted by the Regional Committee. In the rest of the cases, the qualifying funding would not exceed 70% of the eligible expenses.
- 1.6 For the purposes of this Circular, the term "eligible funding" refers to whichever is applicable of:
  - a) The reimbursement of up to 100% of the eligible expenses; or
  - b) The reimbursement of up to 70% of the eligible expenses

## 2 NEW PROCEDURES

2.1 The new LC related PA funding procedures will be as follows:

- a) Upon the signature of the PA funding contract, an upfront amount not exceeding 30% of the qualifying eligible funding related to the project, would be forwarded to the respective Local Council;
- b) The project may have the remaining refund payments sub-divided into up to two payments. In the case of one additional funding phase, the maximum refund shall not exceed 60% of the eligible amount. In the case of two additional funding phases, the payment for each respective phase shall be designed so as not to exceed a total of 60% of the eligible funding;
- c) In either case for **2.1b** above, each payment shall be effected upon the satisfactory completion of the indicated payment phase as certified by the responsible perit on templates provided by the PA. Apart from the perit's certification, the templates shall be accompanied by the respective latest BoQ's (preferably the one emergent from the awarded tender, if this is the case). Any variations should be indicated on the template that is provided by the PA and be cross referenced to the BoQ's indicated in the PA funding contract. The Authority reserves the right to consider or otherwise such variations depending on the specific circumstances;

In the case of the second payment, the BoQ's associated with the request for the second payment shall also include items deemed to be covered by the initial upfront payment referred to in **2.1a**;

- d) The final 10% of the contracted qualifying amount will be effected following a verification site visit conducted by a PA official. The Planning Authority will absorb the cost of this site visit. If it transpires that significant variations are noted on the PA funded interventions, the PA reserves the right to withhold all or part of this remaining amount. However, the PA may, at its discretion, give the opportunity to the respective LC to rectify the noted shortcomings. These would need to be effected within a time frame agreed with the PA. If, following a site visit by a PA official, it transpires that the shortcomings have been rectified, the PA may release part, or all, of the remaining 10% amount, this depending on the effectiveness of the agreed interventions. In all such cases, an amount of €250 would be deducted to cover the costs of both site inspections.
- e) In the event of misuse of funds or claims not backed by the respective correspondence, the Planning Authority reserves the right not to allocate further funds to the respective Local Council until a full audit is carried out. The Planning Authority may claim back all the monies from the Local Council according to the results of the Audit.

## 3 ANCILLARY NOTES

3.1 The procedure for PA funding reimbursement indicated in this Circular would be equally applicable to applications not originating from LC's but which use funds specifically associated with LC localities. These provisions would not however be applicable to other PA funding schemes (eg. Irrestawra Darek, Valletta Marsamxett Balcony Scheme etc.)

- 3.2 In order to facilitate contractual procedures, a template is to be used in the PA funding contracts when determining the refund phasing. This is being appended to this circular. A Variations Template to register changes between the contracted amounts and the requested amounts is being placed on the PA website at the following link:  
<https://www.pa.org.mt/en/file.aspx?f=23413>

# PLANNING AUTHORITY – DEVELOPMENT PLANNING FUND

## Doc. 4 - METHOD of Payment

### CASE 1 – WHEN 3 PAYMENT PHASES ARE CONTEMPLATED

Total Qualifying Funding - €XXX,XXX.XX

| Payment Phase ref. | Percentage of the Qualifying Amount covered by the respective payment phase | BoQ references which covers each funding phase will cover | Amounts     | Remarks   |
|--------------------|---|---|-------------|---|
| 1                  | 30%   | n/a   | €XXX.XXX.XX | Cheque forwarded upon signature of contract   |
| 2                  | 60%   | n/a   | €XXX.XXX.XX | Payment to follow forwarding to PA of architect's certification of completion of project. The overall payment for phases 1+2 should not collectively exceed 90% of the total qualifying funding in view of the payment contemplated in phase 4. |
| 3                  | 10%   | n/a   | €XXX.XXX.XX | To follow Inspection by PA officials to ascertain satisfactory adherence to contract conditions   |

Note: In the second or third payment, the indicated amount is the full amount that may be released. Amount released is dependent on adherence to contractual obligations

### CASE 2 – WHEN 4 PAYMENT PHASES ARE CONTEMPLATED

Total Qualifying Funding - €XXX,XXX.XX

| Payment Phase ref. | Percentage of the Qualifying Amount covered by the respective payment phase | BoQ references which covers each funding phase will cover            | Amounts     | Remarks   |
|--------------------|---|--|-------------|---|
| 1                  | 30%   | n/a  | €XXX.XXX.XX | Cheque forwarded upon signature of contract   |
| 2                  | Indicate percentage up to 30%   | BoQ references which relate to payments covered by phases 1 and 2)   | €XXX.XXX.XX | Payment to follow forwarding to PA of the perit's certification of completion of project up to the end of phase 2   |
| 3                  | Indicate percentage (60% - percentage indicated for phase 2)                | BoQ references which relate to the rest of the outstanding payments) | €XXX.XXX.XX | Payment to follow forwarding to PA of the perit's certificate of the completion of the project. The overall payment for phases 1+2+3 should not collectively exceed 90% of the total qualifying funding in view of the payment contemplated in phase 4. |
| 4                  | 10%   | n/a  | €XXX.XXX.XX | To follow Inspection by PA officials to ascertain satisfactory adherence to contract conditions   |

Note: In the second or third payment, the indicated amount is the full amount that may be released. Amount released is dependent on adherence to contractual obligations