



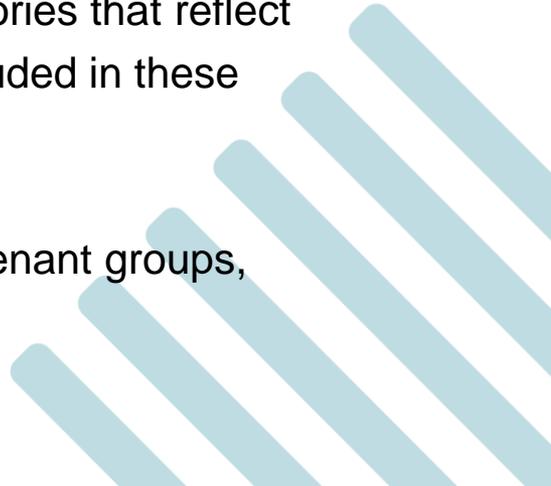
# A guide to your tenancy charges 2022/23

Community Health Partnerships is committed to ensuring that all tenants have a clear understanding of the charges for occupation of NHS LIFT buildings.

The following guide demonstrates the methodology of how your charges are calculated and what services are provided at your building in return for the service charge you pay.

Your charging schedule is a budget that contains a list of cost categories that reflect the services provided at your building. Further details of what is included in these cost category is included within the guide.

Where there are changes to the charging methodology for specific tenant groups, we will write to you separately.



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# Foreword

As part of the NHS, we are proud to offer high quality health buildings for our customers. After two particularly challenging years, we continue to be committed to the highest possible service standards supporting the NHS in tackling backlogs and continuing to offer high quality care to patients.

CHP is working very hard to ensure that you, our customers, get the best possible value for money as well as the highest quality customer service. This booklet sets out our charging for 2022/23. We aim to be as transparent and open as possible.

If you have any questions, please contact your Customer Relations Managers and/or your Operations Relationship Managers (formerly Tenant Liaison Managers) who will help.

Alexandra Slater, Executive Director – Customer Services

# Understanding your Annual Charge schedule



**Department of Health and Social Care** policy on charging remains extant with all tenants to be charged the full cost of occupied space unless a lease has previously been agreed that states otherwise. Where a lease sets out charges that recover less than the full cost, the balance will be charged to the appropriate commissioner.

This means that the costs associated with your occupancy will continue to simply be a function of the amount of space you occupy. A clear understanding of actual costs means that you will be able to **agree the appropriate level of funding (or reimbursement) with your commissioner.**

While there is no obligation to, CHP aspires to follow the highest professional standards in property management following the introduction of the RICS Service Charge Code – **Service Charges in Commercial Property (1st Edition)** - on 1 April 2019. Key aims of this RICS Practice Statement are that we are transparent and fair as well as communicating in a timely and effective way with our tenants.

# Understanding your Annual Charge schedule



**We will continue to bill monthly.** Invoices will be issued monthly, and you will normally receive the invoice by the fifth working day of each month; you are required to pay by the end of the same month. Where payments are late without a genuine reason for dispute, we reserve the right to add interest to your account.

Where you have a lease, the rate will be in accordance with the terms of that agreement and, where you do not, in line with the Government's rules on late commercial payments. We hope that it will not be necessary to add interest but borrowing and credit control expenses need to be recovered from those who do not pay in a timely manner.

# Understanding your Annual Charge schedule



For more information, please use the following link to the UK Government website.

[Government rules on late commercial payments](#)

Please note: If you have any specific funding issues relating to the services you provide or the space you occupy, you will need to work directly with your Commissioner to resolve those.

# How your charges are calculated



Your charges are calculated on a **cost recovery basis** in line with either the terms in your lease or, in the absence of a lease, the percentage of space you occupy within the building.

Your annual budget statement shows all costs we reasonably expect to be incurred in operating the building. Only those charges relevant to your organisation or occupation will be charged to you. At the end of the statement monthly billing amounts are shown, which we expect not to change in year unless there is a significant change and not without prior consultation.

**Any cost adjustments will be dealt with via the year end reconciliation unless they are significant, in which case we will make contact once they are known. Year end reconciliation statements will be issued within three months of the end of the financial year.**

# Basis of calculation



**The charges are calculated in the same way for all tenants**, either using the terms of a lease, or based on the amount of space you occupy within the building. The only difference in the way these costs are described is that for General Practice tenants we break-down costs into reimbursable and non-reimbursable charges.

The budget for this coming year is based on using current expenditure to date. A projection is then made for the following year.

A tenant's apportionment (share) of the whole building service charge is calculated by reference to the area of the building they occupy, expressed as a percentage of the total Net internal area of the building.

Our Property Managers will use a fair and reasonable basis to apportion charges.

# Empty units and bookable rooms



The Commissioner pays the service charge for void or empty rooms within a building. Bookable room charges are taken from a fairly apportioned amount of the building costs and pro-rated to a half hourly fee in agreement with the relevant commissioner.

# Annual Charge Schedule

The following section gives more detail on each of the cost categories within the annual charge schedule.

## Rent and Rates



**Rent or a Lease Plus Payment (LPP)** for the space you occupy increases in line with the retail prices index (RPI) issued in March each year. This cost covers the rent, Hard FM and LifeCycle for the building.

**Non-Domestic Rates** is the business rates provision for the building set by the Valuation Office Agency (VOA). Our retained consultants GL Hearn manage the business rates for and on behalf of CHP. Your rates demand will be generated from the local authority and a copy of their assessment can be seen on-line or via your Property Manager.

# Insurance and utilities



**Insurance** Under the terms of our head lease the LIFTCo insures the building for material damage, terrorism, business interruption and public /products liability. A copy of cover and premiums is available on request. **We do expect insurance costs to rise this year, as they are doing across all property in the UK.**

**Utilities** The utilities cost is for **electricity, gas, water and sewerage** charges for the whole building and prorated according to tenants' proportion of the building.

**Wholesale natural gas and electricity prices have spiked to unprecedented levels in the last quarter of 2021. At the time of publishing this guide we have had to make the best estimates we can for energy consumption and pricing for 2022-23. Should the true costs vary significantly in year, we will alert our customers to anticipate higher charges at year end.**

We are working to provide the best possible value for money, but unfortunately some of these costs are outside our control.

# Water and sewerage



**Water and Sewerage** Charges will apply based upon historic costs.

Any statutory charges (such as Climate Change Levy) will be applied as due.

Please note during the year Operations Relationship Managers (formerly TLMs) undertake quarterly energy walks of the buildings with occupiers. The primary purpose of the energy walk is to identify areas for reduction in energy usage through the reduction in waste and switching off applicable electronic devices, when not in use. This is focused on but not limited to switching off lights, making sure that taps are not dripping, checking that windows are all intact and ensuring that computers and other power-using devices are switched off when the tenant is not using the areas checked.

In addition, it also provides an opportunity to ensure the LIFTCo are adhering to their contractual obligations. Please speak to your ORM for further details.

CHP employ Energy Assessors who conduct Energy Performance assessments as required by law.

# Soft Facilities Management



Please refer to your **Annual Charge Statement** for what items are included for you and your building. For a further breakdown of what is included for your building please speak to your ORM, Customer Relationship Manager or Soft FM team. Examples of services we can provide are:

- **Cleaning services**
- **Cleaning consumables**
- **Pest control**
- **Security services (to include CCTV monitored, security guard, key holding services etc.)**
- **Window cleaning**
- **Waste**
- **Clinical waste**
- **Hygiene services/toiletries**
- **Grounds and gardens/landscaping**
- **Catering**
- **Laundry and linen**
- **Reception/Centre management**

# FM Contract Management



**Soft Services** are managed by an Internal CHP Contracts Team who work closely with your property team to ensure that each building has the appropriate soft services our customers want.

The contracts team are responsible for monitoring contractor performance and to see that building audits are carried out to ensure all services meet the requirements of the contract.

If you require any further information please contact your ORM who can put you in touch with your contracts manager.

We are very aware of the need to demonstrate good service and value for money in the services we manage. Some increases in cost are unavoidable where contractually entitled – such as national living wage, AFC or inflationary charges, but we will only implement these where necessary.

During the Covid pandemic services have been stretched at times and we have worked closely to restore normal services as best we can. We will budget for some reasonably expected Covid services in 2022-23.

# New NHS Cleaning Standards 2022

- To be fully implemented by November 2022
- All rooms have been reviewed and been given a Functional Risk Rating
- All cleaning contractors have carried out a gap analysis to identify the differences between the old standards and the new
- Cleaning Charters will be agreed and displayed in a CHP notice board
- Star ratings will be displayed from May 2022 which incorporates Soft FM, Estates and Nursing/Clinicians cleaning
- We aim to implement the new standards from May 2022 ahead of the deadline
- Auditing from June 2022 will be in line with the new standards



# Professional Services



## Health, Safety and Environmental

The team provides a range of services to tenants that includes **building-wide Fire Risk Assessments, Health, Safety & Fire advice and support, ski pad training, health and safety reports, water safety management and providing specialist advice. Fire Warden training can be arranged through your ORM for delivery by external training providers**

Also included with the charge are essential items such as evacuation equipment supply and fit, fire drill/evacuation exercises and audit documentation for CQC purposes.

**Fire Safety** Included within this charge is the Fire Risk Assessment (FRA) which covers tenants' own demised areas as well as common and shared zones which negates the need for you to expend on your own assessment, ensures the appropriate fire standards are applied and maintains consistency across the property. The FRA will be shared with you for your action and records once it is completed.

If you would like a copy of your building's FRA please speak to your ORM.

# Overheads



The **CHP Management Fee** is for managing the building and administering the service charge - the charge is approximately 2% of the total operating cost in accordance with current DHSC guidance.



The **Contract Management Fee** is for the contracts management team who audit and manage the Soft Facilities contractors' services, charges and performance. The contract management fee is only paid by customers who use the services we manage and that is a pro rata charge.

# Understanding your tenancy invoices



Unless specifically agreed otherwise, you will receive two invoices each month for your Tenancy Charges:

**Invoice 1** - covers rent, rates, insurance, clinical waste, water and management fees.

**Invoice 2** - covers the other remaining utilities and soft services.

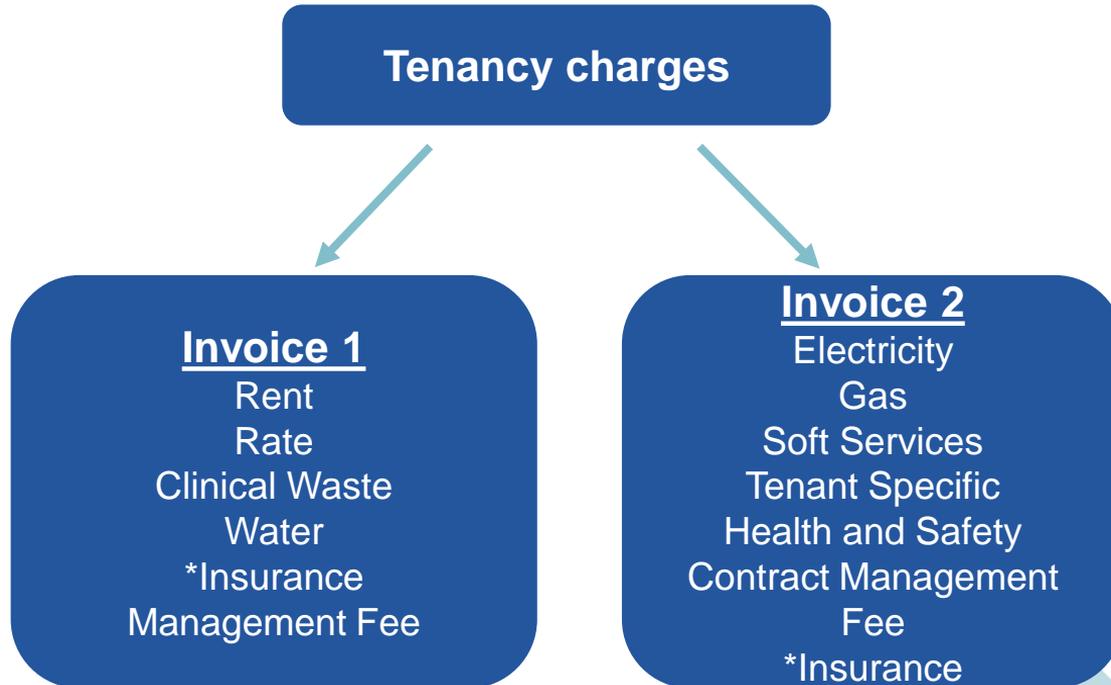
There may be instances where other cost lines are included in Invoice 1. This could happen if a Commissioner has agreed to reimburse other cost lines e.g. Insurance.

We separate these tenancy charges so that GPs can present one invoice to their Commissioner for the reimbursable element.

Cost lines which are deemed to be reimbursable costs for GPs are starred on your Annual Charging Schedules.

**We mirror the same billing methodology for non-GP tenants** as well. The management fee is included in the reimbursable invoice as NHSEI have confirmed that this is a reimbursable cost for General Practice tenants. If you require more information on this, please contact your Customer Relations Manager.

# Understanding your tenancy invoices



**CHP's priority is to ensure that all our tenants have access to safe, efficient, high quality, well maintained buildings and receive excellent levels of customer service.**

Clarity on the costs associated with your occupancy of an NHS LIFT building is just one element of what you can expect from us. We will also be continuing to work with all tenants who do not have a formal tenancy agreement in place to establish an agreed under lease.

**There are numerous advantages to agreeing an under lease:**

- It provides a clear understanding of your rights and obligations as a tenant as well as all the information you need to know for occupying the premises.
- It is most likely that you are required to have a formal tenancy agreement (lease) in place to be compliant with your commissioning contract.
- It will ensure you are covered by the insurance terms set out in the Lease Plus Agreement and may be a requirement of any other insurance you hold.

We also want to ensure that the space within our buildings is used as effectively as possible. If your requirements change, please contact your Customer Relations Manager.

# Your questions answered



## 1. How do I pay my invoice?

Wherever possible, we ask that a monthly standing order is put in place, for the full amount asked for on your Annual Charge Statement. The minimum payment being no less than the value of the reimbursable elements of the charge. If a standing order is not possible then payment should be made by BACs or cheque.

## 2. My charge is much higher than last year, and I do not have the funding in place to pay it. What can I do?

Given that the basis of charging has not changed, it is unlikely that your charges will have increased beyond RPI on the rent and the adjustments to rates and Soft FM unless you now occupy more space than you did previously.

If this is the case and you have not already had an explanation from your Customer Relations Manager, please do contact him or her but please also speak to your commissioner as a matter of priority if you believe your funding base is insufficient.

# Your questions answered



## 3. My invoice is lower than last year, is this correct?

This is possible if you benefit from a reduction in business rates and/or SoftFM charges or if you now occupy less space.

If this is the case and you have not already had an explanation from your Customer Relations Manager, please do contact him or her. If you have reduced the space you occupy you should also speak to your commissioner as it is possible that in such circumstances they will seek an adjustment to your funding base.

There may be additional costs associated with your occupation that are not captured by the charge statement and these are explained in Question 4.

# Your questions answered



## 4. Does my charge cover all services?

The Annual Charge Schedule gives details of what charges are included in the service charge.

It does not include charges for sundry items such as telecoms, franking, minor works, tenant damage, IT or other costs associated with sessional use and licenses. Such costs will be invoiced separately as they arise and will be detailed accordingly.

## 5. I need the actual costs (not an estimate) to secure my reimbursement from commissioners

The Annual Charge Schedule identifies those fixed elements that are known and can be evidenced at this stage. It is only possible to provide the variable costs as an estimate - based on contract costs or the costs actually incurred during 2020/21.

If you require additional evidence to support these costs, please contact your Customer Relations Manager.

# Your questions answered



## 6. I already have a lease in place that differs from this approach to calculating costs.

Any extant lease arrangements will take precedence over the charging methodology we have outlined. If you already have a lease in place, then the terms of this will determine how you are charged, and CHP will invoice you on that basis.

## 7. Why does CHP add VAT to things like rates?

The tax status of CHP means we are obliged by HMRC to add VAT to all charges. All expenditure is therefore shown exclusive of VAT and VAT is charged at the appropriate rate on all service charge payments invoiced by CHP and shown as a separate item on a VAT invoice. The tax status of most of our tenants means that the VAT charged can be recovered from HMRC. Although most General Practices cannot recover VAT, in most cases your commissioner will meet the tax charge on reimbursable items.

# Your questions answered



## 8. Under the Primary Care Trust I didn't pay for my accommodation, so why do I have to now?

Unlike the former Primary Care Trusts, CHP does not have any funding other than the charges made to tenants and commissioners. Payments must be made directly to us to ensure we can meet the total costs of operating the NHS LIFT properties and in maintaining the provision of services for the benefit of all occupiers. Any bespoke services are also supplied on this principle and require a direct payment agreement with CHP to maintain these 'direct' services.

## 9. Why do I need a lease?

As NHS LIFT buildings are not NHS owned assets, landlords are obligated to require occupiers to enter into a lease. A lease provides you with a clear understanding of your rights and obligations as a tenant as well as all the information you need to know for occupying the premises.

# Your questions answered



## 10. As a GP, can I have my CCG/NHSE pay reimbursable expenses directly to CHP to reduce administration and costs?

Current regulations allow any General Practice to request direct payment of reimbursable expenses. A standard letter can be supplied by your Customer Relations Manager on request and we encourage this to help reduce your overhead costs and improve cashflow.

## 11. Does CHP charge a management fee?

CHP is mandated to operate on a cost recovery basis only, and it is necessary and reasonable to recover the actual costs incurred in delivering services to tenants and commissioners.

These costs include CHP's directly-employed Property Management and Centre Management Teams, the overheads associated with these staff and engaging third parties to manage some property functions it is not cost effective for CHP to deliver directly.

These costs are then apportioned to each building as a share of total operating costs and will be included in service charge estimates for 2022/23 in accordance with Department of Health and Social Care Guidance and CHP's Service Charge policy.

# Your questions answered



## 12. Why do CHP reserve the right to charge interest on late payments?

As head tenant CHP is contractually obliged to pay landlords and other suppliers and a failure to do so could mean an interruption to services.

Servicing these obligations means we need to collect income from tenants promptly. Late payments mean that we incur interest charges and credit control costs that it would not be fair to charge to all tenants as an overhead.

## 13. I cannot find the contact details for who is responsible for my building?

Your Tenant Handbook has full details of who is who for your building.

## 14. What is the interest charge for late payments?

Where you have a lease, the rate will be detailed in that agreement. Where you don't have a lease, or where a lease is silent on such issues, we will follow Government's guidance on late commercial payments. Interest charges will be the Bank of England Base Rate plus 8.0% meaning a total of 8.5% in February 2022. More details on the calculation of interest and other charges can be found at:

<https://www.gov.uk/late-commercial-payments-interest-debt-recovery/charging-interest-commercial-debt>

# Contact Us



If you would like to discuss any aspect of your Annual Charge Schedule or tenant invoices, please contact your Customer Relationship Manager.

Our corporate Customer Services details are included below.

## **Customer Services:**

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