BMA House
Tavistock Square
London WC1H 9JP

BMA

17 August 2017

Dear practice

We are writing to you in connection with the letter you may have received from Mark Day, Chief Financial Officer at CHP (Community Health Partnerships), regarding and indeed headed '**charges for occupation of NHS LIFT premises 2017/18'**. A copy of this letter is attached for your reference ("the CHP Letter").

Within the CHP Letter, Mr Day has confirmed that both NHS England and CHP are aware that the premises financial regime that they sought to establish in 2013 following the introduction of the Health and Social Care Act 2012 created non-reimbursable costs pressures on practices which have resulted in disputed charges. As a consequence, and in an attempt to address these disputes, CHP have sought to offer certain commitments.

Whilst GPC welcome some of the commitments outlined in the letter, there are still a number of issues we wanted to highlight so that you are fully aware of the situation.

With the above in mind, we refer to the commitments made and our comments on the same in the order to which they are referred to in the CHP Letter.

1. **Subsidised Occupations.**

   What CHP have committed to? The CHP letter acknowledges a commitment by CHP to honour documented arrangements that exist between a practice and their former Primary Care Trusts (PCTs) (whether the form of a contract, side letter or some other agreement) in connection with charges provided that it was signed by both parties.

   What are GPCs concerns? Whilst we are pleased that CHP have committed to meeting documented arrangements it is important to recognise that they stop short of committing to undocumented arrangements as well and have instead suggested that any support to meet the increased costs that have arisen out of their decision to unilaterally change the way in which they provide and indeed charge for services must be referred to a practices' commissioner.

   The GPC position remains clear and consistent on this point. Historical arrangements, whether documented or not, must be honoured.

With the above in mind, and given that CHP are seeking to encourage many practices in occupation of their premises to sign up to leases, we would strongly recommend that you do not sign any lease or Heads of Terms (including those which purport to pull across those terms or principles that were agreed between the BMA and NHSPS) unless and until you fully understand and are comfortable with your potential liabilities and that any historical arrangements that you have historically benefitted from are maintained.

2. Value Added Tax

What CHP have committed to? CHP have committed to meeting the VAT on any non-reimbursable charges from April 2017.

What are GPCs concerns? As general practices are not NHS bodies and as a result the majority are not VAT registered, meaning that VAT cannot be reclaimed, GPC welcomes this commitment. However, we urge caution here for three reasons: -

(i) The commitment is that CHP will meet the VAT on your non-reimbursable charges from April 2017 onwards only. The obvious questions are, what happens with VAT on all other charges and indeed on charges pre April 2017?

In answer to these questions CHP indicate that there may be **some** non-recurrent funding available from commissioners to meet these costs. We take the view that the VAT payable on all charges (whether pre or post April 2017) should be reimbursed. To this regard GPC will be seeking further details on the funding that is said to be available to make sure it covers practices' in this way.

(ii) The commitment is conditional on practices' having a lease or under lease in place. Whilst this is fine in principle, we reiterate that practices should not feel pressured into signing up to leases in order to unlock this commitment towards VAT. Practices must be comfortable with the terms they are being asked to sign up to and should ensure that any historical charging arrangements are preserved.

(iii) The commitment is conditional on practices' account with CHP being 'in good order'. Ordinarily this would be a reasonable requirement but we must not forget that we are facing a situation where CHP have unilaterally sought to vary and increase their charges which have, in turn, led to large levels of disputed charges. Albeit an obvious point, we would urge practices to refrain from paying these disputed sums simply to unlock this commitment towards VAT.

3. Management Charges.

What have CHP committed to? CHP have agreed to apply the management charge to the rent. This means that it will be classified as reimbursable for all practices.

What are GPCs concerns? Again, GPC welcomes this very positive development. We do, however, note that this benefit will not be applied retrospectively meaning that management charges that accrued to date remain an issue. In many respects we see this as a similar issue to the points raised in section 1 ('subsidised occupation') above. Any unilateral increase in charges, including management charges, should only be made where they are agreed by the practice and they are comfortable with meeting the costs themselves or they are being reimbursed for the same.

4. **Streamlining processes.**

   What have CHP committed to? In relation to reimbursable property expenses, CHP have committed to working with NHS England to streamline and speed up the process whereby payments are made to practices to ensure that you are able to meet your obligations and therefore, minimise the cash flow issues which has been reported.

   What are GPC's concerns? On this particular point we have no immediate concerns and see this as a good development that the GPC welcomes.

In summary the CHP letter outlines a number of positive steps which we welcome. There are, however, residual issues that must be addressed and as such we will continue to engage with CHP to push for a reasonable and fair solution to those concerns outlined above.

We will provide you with an update at the next appropriate interval.

Yours sincerely

Ian Hume
GPC premises lead