

17 May 2013



Department  
of Health

Quarry House  
Quarry Hill  
Leeds LS2 7UE  
Tel: 0113 2545550  
Fax: 0113 2546233  
Ben.masterson@dh.gsi.gov.uk

To: Chief Exec and FD - NHS PS, CHP and NHS England  
Accountable Officers of CCGs and ATs

Dear Colleague

**Properties transferring to NHS Property Services Ltd and Community Health Partnerships Ltd – Notification of charges to commissioners in 2013-14:**

On 15th April 2013, I wrote to inform you of the arrangements that have been agreed between NHS England, Department of Health, NHS Property Services Ltd (NHS PS) and Community Health Partnerships Ltd (CHP) for funding the costs to the companies of operating the portfolio of properties that were transferred to them on 1 April 2013.

Both companies are operating on a no profit basis, and it is therefore essential that all costs incurred by them in operating the portfolio are covered.

As noted in the letter of 15th April 2013, the new property companies will not be able to recover the full costs of operating and holding the properties directly from tenants. This is because PCTs have historically not recovered all of the costs from tenants, either because they subsidised the occupancy costs of some of the tenants, or because buildings contained void spaces for which tenants could not be charged. They funded the difference between gross costs incurred and amounts charged to tenants from their allocations.

The letter of 15th April clearly set out that this difference should continue to be met in full directly by the commissioning organisations in 2013-14.

Attached to this letter are two schedules: one for properties for which NHS PS is now responsible; the other for properties for which CHP is responsible. Each schedule provides an estimate of the total annual costs that you will be billed for during 2013-14. For CCGs, the costs are divided between those that can be attributed to running costs (admin) and those that relate to commissioned services (programme). For Area Teams, the distinction is made between cost relating to GPs and those attributable to other commissioned services.

The figures in the schedules have been agreed by the two companies and NHS England and are based on the PCT baseline collection exercise that took place during early 2013. They should be treated as estimates and, in effect, represent a payment on account to ensure that there is cash available in both property companies to enable them to meet the costs of holding and operating the portfolio when they are due for payment. From quarter three, more accurate data based on actual costs incurred will improve the accuracy of billing by NHS PS and CHP.

The schedules show high level costs whilst the invoices, which will be provided later this month, will contain cost information by property to inform planning.

To help answer any queries that you may have, a suite of Frequently Asked Questions has also been attached. If you have further queries relating to the schedules please contact NHS PS at [finance.AR@property.nhs.uk](mailto:finance.AR@property.nhs.uk)

There will be a contact point on each invoice issued for specific queries about the invoice

Yours sincerely



Ben Masterson  
Acting Deputy Director  
Procurement, Investment & Commercial Division

CC

Regional and Area Directors of Finance in the three organisations