

Standard Operating Procedures (SOP)**D****Process for approvals of new or varied lease agreements in Primary Care****Primary Care Commissioning Committee meeting**

16 September 2021

Author(s)	Louise Robinson – Primary Care Contract and Estates Lead
Sponsor Director	Sandie Buchan – Director of Commissioning Development
Purpose of Paper	
To ask Primary Care Commissioning Committee (PCCC) to approve the new Standard Operating Procedure (SOP) to manage the approval process where new or varied lease agreements are received from GP practices.	
Key Issues	
<p>Following delegation of co-commissioning responsibility in April 2016, Sheffield CCG's Primary Care Team has been looking to develop policies and procedures to support the management of change in Primary Care.</p> <p>Where possible national policies are adopted, however there is no national policy for managing the process where a new or varied lease agreement requires approval by a CCG.</p> <p>Currently all lease agreements are taken to PCCC for final approval after receiving a report from the District Valuer (DV). Implementing a local process will reduce the need to bringing future agreements approval except in exceptional circumstances and give assurance to PCCC that an equitable and consistent approach is being followed.</p>	
Is your report for Approval / Consideration / Noting	
Approval	
Recommendations / Action Required by the Primary Care Commissioning Committee	
The Primary Care Commissioning Committee is asked to approve the new SOP for managing new or varied lease agreement requests from GP practices. (Appendix A)	
What assurance does this report provide to the Primary Care Commissioning Committee in relation to Governing Body Assurance Framework (GBAF) objectives?	
Which of the CCG's Objectives does this paper support?	
4 – Improve health care sustainability and affordability	
Description of Assurances for Primary Care Commissioning Committee	
Does this report relate to a formal statutory / delegated Primary Care responsibility of the CCG?	
Yes	

Are there any Resource Implications (including Financial, Staffing etc)?
There may be resource implications arising from new or amended lease agreements. This SOP describes how these will be managed.
Have you carried out an Equality Impact Assessment and is it attached?
An Equality Impact Assessment if not required for this paper
<i>Have you involved patients, carers and the public in the preparation of the report?</i>
Not required for this paper

Standard Operating Procedure (SOP)

Process for approvals of new or varied lease agreements in Primary Care

Primary Care Commissioning Committee meeting

16 September 2021

1. Introduction

- 1.1. Since April 2016 NHS Sheffield CCG has taken on an increased role in the commissioning of GP services as delegated commissioner of primary medical services. This offered an opportunity for the CCG to assume full responsibility for the commissioning of general practice services.
- 1.2. NHS Sheffield CCG is accountable for decision making processes within primary care, therefore it is essential that relevant processes are in place to help make informed decisions.
- 1.3. The National Health Service (General Medical Services – Premises Cost) Directions 2013 (PCDs) require CCGs to consider all lease applications (prior to being agreed or signed) and ensure that the terms on which the new or varied lease is to take effect represent value for money as follows:.

Part 5 para 31(b)

PART 5: RECURRING PREMISES COSTS

Leasehold premises rental costs

31. Subject to the following provisions of this Part, where-

- (a) a contractor which rents its practice premises makes an application to the Board for financial assistance towards its rental costs; and*
- (b) the Board is satisfied (before the lease is agreed or varied), where appropriate in consultation with the District Valuer Service, that the terms on which the new or varied lease' is to take effect represent value for money.*

the Board must consider that application and, in appropriate cases (having regard, amongst other matters, to the budgetary targets it has set for itself), grant that application.

- 1.4. By implementing the SOP, PCCC will no longer be required to approve individual lease agreements, allowing the approval process to flow more efficiently and will reduce the burden on PCCC.

2. Current position

- 2.1. The PCDs require all lease applications to be approved by 'the board', in this instance that refers to Sheffield CCGs PCCC as being fully delegated commissioners.
- 2.2. Until now, following a formal assessment by the DV and recommendation by the estates lead, every individual lease application has been approved at PCCC.

3. Process

- 3.1. The SOP (Appendix A) outlines the proposed process for managing new or varied lease agreements in order to meet its responsibilities as delegated commissioner.
- 3.2. The purpose of this SOP is to ensure a compliant and consistent approach with respect to the review and approval of lease agreements presented to the commissioner.
- 3.3. The SOP contains a check list at Appendix 1 of criteria on which a decision to approve or reject an application will be based. These criteria will be reviewed and updated where necessary to align with any national or local changes and any recommendations by the DV.
- 3.4. Where an application falls outside of the SOP process, or presents novel or contentious issues, the proposal will be presented to PCCC for decision.
- 3.5. The SOP has been developed to provide a more efficient, process to manage the approvals process and to provide PCCC with the necessary assurance that a robust process is in place.
- 3.6. The SOP will be implemented to provide PCCC with the required level of assurance that all lease agreements will be endorsed properly. All decisions taken in accordance with the SOP will be reported to PCCC through the Primary Care Update Report.

4. Action for Primary Care Commissioning Committee / Recommendations

The Primary Care Commissioning Committee is asked to:

- Approve the new SOP for managing new or varied lease agreement requests from GP practices. (Appendix A)

Paper prepared by: Louise Robinson

On behalf of: Abigail Tebbs

Date: 19 August 2021

Standard Operating Procedure for Approval of General Practice lease agreements

SOP Number:	001	Effective from: 17.09.2021
Version Number & Date:	V1, 04.08.2021	Review date: 03.08.2022
<i>Previous version details</i>		

Author: Louise Robinson Designation: Primary Care Estates Lead	Signature	Date
---	------------------	-------------

Revisions				
Version Number	Date	Changes	Author, job title	Authorisation, Job title
V1	04.08.2021	first written	Louise Robinson, Primary Care Estates Lead	Jackie Mills, Director of Finance
V2	<i>mm-yyyy</i>	<i>Updated and extra section added</i>	<i>Author of V2</i>	<i>[supervisor or PI's name, job title]</i>



1.1 BACKGROUND

In line with The National Health Service (General Medical Services - Premises Cost) Directions 2013 (PCDs), the commissioner is responsible for reimbursement of both rent and rates of GP premises, following a Current Market Rent (CMR) review undertaken by the District Valuer (DV).

Where premises are owned by the GMS contract holder and are deemed 'owner occupier' a 'notional' rent review will be undertaken. However, where the premises are not owned by the GMS contract holder and are leased, an 'actual' rent review will be undertaken requiring a formal lease agreement to be in place before the DV can undertake an appropriate CMR assessment.

1.2 PURPOSE

The purpose of this SOP is to ensure a compliant and consistent approach with respect to the review and approval of lease agreements presented to the commissioner.

This SOP will ensure that Sheffield CCG meet the required standards and are fulfilling their delegated responsibilities.

This SOP will allow the estates lead to manage and assist with queries (within their remit) prior to requesting a formal assessment report by the DV. The report issued by the DV will provide the relevant advice required to the commissioner to allow for final approval by the DoF.

It will provide a level of assurance to the Primary Care Commissioning Committee (PCCC) that all lease agreements (including proposed sale and lease back) will be endorsed appropriately.

1.3 SCOPE

This SOP will be the core reference document when approving GP lease agreements and will apply to:

- all GP practices where necessary
- the CCG

Appendix 1 – Check List will be used by the estates lead (and or CCG colleagues) as a point of reference when reviewing all new and varied lease agreements. The Appendix will be under continuous review to ensure alignment with any updates made to the Sheffield Primary Care Estates Strategy, PCDs or suggestions made by the DV.

1.4 RESPONSIBILITIES

It will be the responsibility of the Primary Care Team – Estates Lead to ensure that this process is followed accordingly.

When reviewing lease agreements, consideration of the following will need to be taken into account in addition to using this SOPs check list;

Are the premises that the lease agreement relate to in a suitable state of repair and fit for purpose.



Are there any potential future changes or developments which could impact on the practice and or its premises.

The estates lead will be required to review all lease proposals to ensure that the cost to the CCG is affordable. This will be required where both a newly negotiated lease is proposed to identify any potential financial differences due to yearly inflation rates, and where a new lease is being proposed.

An additional reason where a lease rent cost could be higher, might be where a request has been made to occupy more space within a GP practice (that isn't currently reimbursed). This requires the practice to seek approval from the CCG that the space will be reimbursed before entering into a formal agreement.

Should an application fall outside of this process or present novel or contentious issues for approval, a separate paper will be presented to PCCC for discussion.

All approved lease agreements will be presented to the PCCC by exception via a summary report when required.



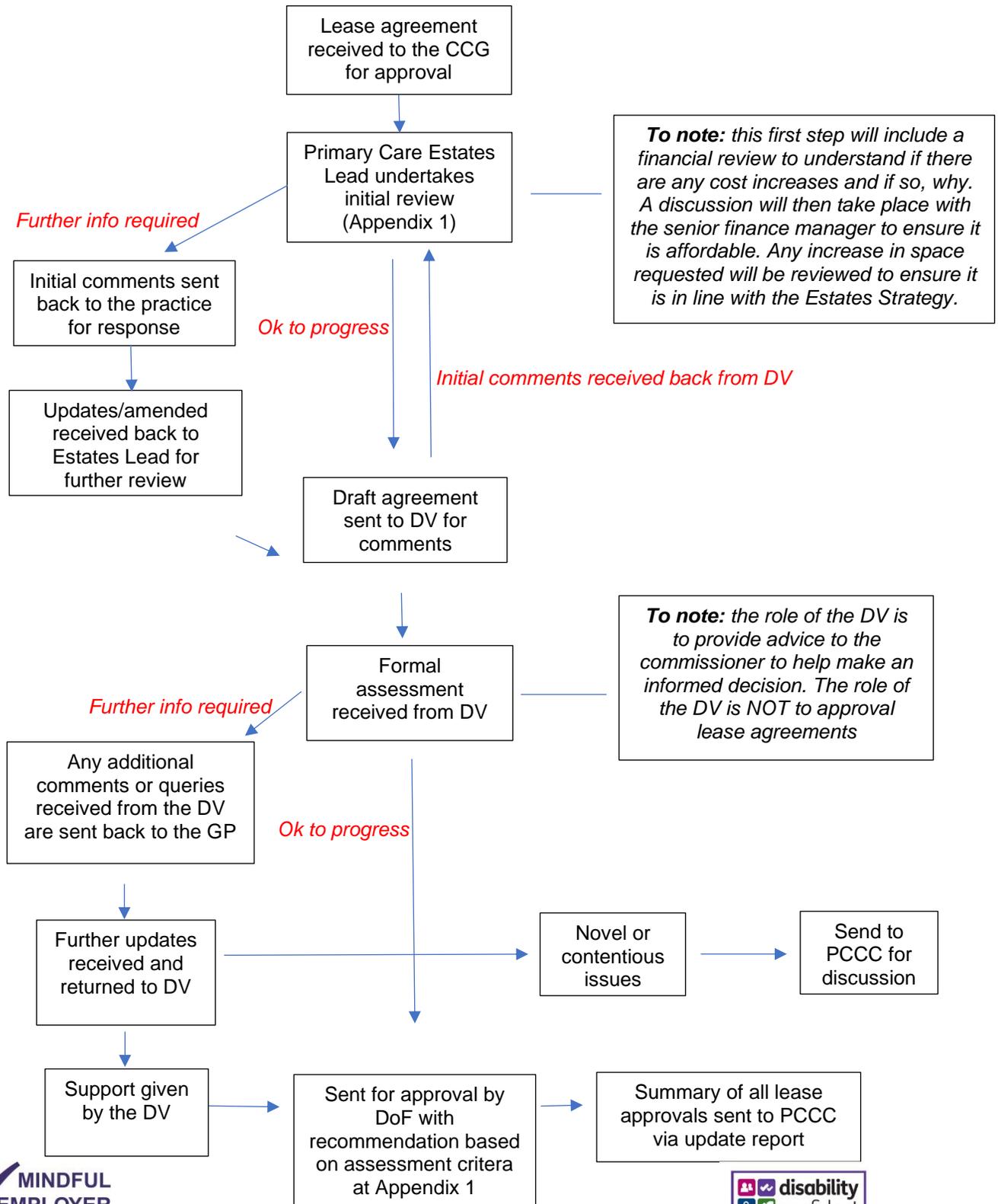
Chair: **Dr Terry Hudson**



Accountable Officer: **Lesley Smith**

1.5 PROCEDURE

On receipt of any lease agreement for approval by the commissioner, the following process will apply;



1.6 ABBREVIATIONS

Definitions and an alphabetical list of abbreviations that may be contained anywhere in the SOP are listed here:

CCG:	Clinical Commissioning Group
DoF:	Director of Finance
DV:	District Valuer
GMS:	General Medical Services
GP:	General Practitioner
PCCC:	Primary Care Commissioning Committee
PCDs:	Premises Cost Directions
SOP:	Standard Operating Procedure

1.7 REFERENCES

The National Health Service (General Medical Services - Premises Cost) Directions 2013

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/184017/NHS_General_Medical_Services_-_Premises_Costs_Directions_2013.pdf



Chair: **Dr Terry Hudson**



Accountable Officer: **Lesley Smith**

Appendix 1 – Check List: Criteria for Consideration

- Is the lease a renewal of an existing lease? If so, have the terms materially changed?
 - Is the proposed lease a result of a 'sale and leaseback' arrangement?
 - What type of lease is being proposed? – Full Repair and Insure (known as FRI) or Tenant Internal Repair (known as TIR)
 - How long is the lease term? Break points?
 - Has there been any significant change regarding the current rent reimbursement and if so, what is the proposed increase and why?
 - Are the proposed reimbursements materially different to the previous rent review?
 - What is the stated Rent Review process and period? Is the rent review 'upwards only'?
 - Does the lease reference RPI or CPI as being applicable?
 - Does the lease attract VAT?
 - Are there any service charge obligations, and are they reasonable?
-
- Is the demise clearly defined, appropriate to the needs of the practice and suitable for use as a GP practice / core contract obligations?
 - Does the lease provide exclusive use of the demise to the lessee or tenant, to the exclusion of all others including the landlord? Are there any shared or common areas to the lease?
 - Is the demise (scale and facilities provided) appropriate to the list size of the practice?
-
- Are the premises in a good state of repair and compliant for use as GP premises? Is there a 'snagging list' / schedule of defects of items for the landlord to rectify if not, with timescales?
-
- Are the GPs/ parties to the lease also the GPs / parties named on the core contract?
 - What rights are granted and reserved by the lease?
 - Are the hours / days of use aligned to the operating expectations of the contract/ any planning constraints?
 - Does the lease pose any restrictions to the practice fulfilling their contractual requirements?
-
- Is there any parking provision included within the lease? What terms / costs apply?
 - Has the practice taken suitable and sufficient legal advice in agreeing the lease?
 - Does the lease require Land Registry registration and is Stamp Duty Land Tax due, and to be paid by the practice (typically both apply to leases of 7 years or more)
-
- In the case of a new or varied lease request, is it aligned to the objectives of the Primary Care Estates Strategy and PCN Estates Plan?
 - Are there any potential known changes or developments for that practice and or Primary Care Network.



Version control log

Master/Copy	Location	Authorised by	Copy Authorised to	Copy Authorised Date	Archive date (if procedure no longer in use)
Master e-version (Word doc)	<i>e.g. Electronic version - kept in folder "Study X/Quality Assurance/SOPs"</i>	<i>QA or SOP manager's name here plus their job title</i>	n.a.	n.a.	
Master paper	<i>e.g. SOP folder in field workers' room</i>	<i>QA or SOP manager's name here plus their job title</i>	n.a.	n.a.	
Printed copy	<i>e.g. On the wall next to weighing scales; model number 3321 in room ### or field site name or building name</i>	<i>QA or SOP manager's name here plus their job title</i>	<i>Study X research team in room ###</i>	25-Nov-10	

