

# Accessing funding from the £1b Transformation Fund for GP Premises: Practical Guidance for GPs and LMCs\*

## What GPC knows about funding

NHS England recently announced that £250 million is to be invested in GP premises every year for the next four years. GPC, who have long advocated for the need for greater investment in GP premises, welcomes this news.

Of the initial £250 million available in 2015/16, £75 million will be allocated for capital investment with the remaining £175 million allocated for revenue (recurrent) costs. The capital / revenue split for 2016/17 onwards is currently unclear.

- **2015/16 funding and link to improvement grants**

GPC encourages all practices to apply for this funding, however, practices should cross reference their application with the criteria listed below. GPC understands improvement grants will fund the majority of schemes in 2015/16, in accordance with the processes set out in Paragraphs 8 and 9 of the 2013 Premises Cost Directions.

According to NHS England, and in line with Part 2, Paragraph 12 of the 2013 Premises Cost Directions, a minimum of 34% of funding for the project must be provided by the GP contractor(s).

- **2016/17 funding and link to larger, strategic premises development**

Funding for larger, more strategic activity – moving practices, constructing new buildings - is likely to be considered in subsequent years. NHS England are due to announce the timescales for proposals for the following three years in April 2015.

Sections of the 2013 Premises Cost Directions relating to improvement grants can be found in Annex 1. The full 2013 Premises Cost Directions can be found [here](#).

## How will the applications will be assessed?

NHS England is clear that they will prioritise projects that deliver on the following metrics:

- Access to general practice (including increased appointment and patient contact time); and/or
- Enhanced services to support patients manage their conditions in community settings, with a measurable reduction in emergency attendances or admissions to hospital for those over 75

NHS England has also indicated that applications will also be assessed based on:

- Clear identified need
- Value for money
- Extent to which the scheme supports the longer-term strategic direction for the local health and care system
- Ability to work with wider public services
- Deliverability in 2015/2016
- Longer term sustainability

## How do I submit my application for premises funding?

All applications must be submitted by 16<sup>th</sup> February 2015 to [england.gppremisesfund@nhs.net](mailto:england.gppremisesfund@nhs.net)

### If your application is for an improvement grant:

- Bids for improvement grants should be submitted on the **IG1 form**. All applications must meet the criteria set out in paragraphs 8 and 9 of the NHS (GMS Premises Costs) Directions 2013. GPs should also have regard to other relevant sections of the Directions (See Annex 1).
- Section 5 of the pro-forma has been marked as not required at this stage.

### If your application is for a wider ranging premises projects (i.e. something that isn't eligible for an improvement grant):

- Bids for projects which are wider ranging than improvement grants should be submitted using the **Project Initiation Document (PID)**

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\* Guidance published: 20<sup>th</sup> January 2015

## **Annex 1. Extract from 2013 Premises Cost Directions**

### **SCHEDULE 1 PART 2**

#### **Projects that may be funded with premises improvement grants**

**8.** The types of premises improvement projects that may be the subject of a premises improvement grant include—

- (a) improvements to practice premises in the form of building an extension to the premises, bringing into use rooms not previously used to support delivery of primary medical services or the enlargement of existing rooms;
- (b) improving physical access to and within practice premises, and alterations or additions made necessary by the Equality Act 2010<sup>(1)</sup>;
- (c) improving lighting, ventilation and heating installations (including replacement of other forms of heating by central heating) of practice premises;
- (d) the reasonable extension of telephone facilities within practice premises (but not the initial purchase or replacement of telephone systems);
- (e) the provision of car parking required for patient and staff use, subject to the number of parking spaces being agreed by the Board (access to and egress from each parking space must be undertaken without the need to move other vehicles);
- (f) the provision of suitable accommodation at the practice premises to meet the needs of children and elderly or infirm people;
- (g) fabric improvements to practice premises such as double glazing, security systems and work required for fire precautions and other statutory building requirements;
- (h) refurbishment of a building not previously used for the provision of primary medical services but which is to be used as practice premises on a temporary basis;
- (i) improvements which are necessary in connection with emergency planning, such as the provision of electronic storage facilities at a location remote from the practice premises or the installation of a connection for an emergency generator;
- (j) improvements which are necessary to meet infection control or decontamination requirements at practice premises, including the installation of specialist floor covering in areas used for the treatment of patients; and
- (k) the installation of a water meter.

#### **Projects that must not be funded with premises improvement grants**

**9.** The Board must not agree to fund the following expenditure with a premises improvement grant—

- (a) any cost elements in respect of which a tax allowance is being claimed;
- (b) the cost of acquiring land, existing buildings or constructing new buildings;
- (c) the repair or maintenance of premises, or the purchase, repair or maintenance of furniture, furnishings, floor covering (with the exception of the specialist floor covering referred to in direction 8(j)) and equipment;
- (d) restoration work in respect of structural damage or deterioration;
- (e) any work in connection with the domestic quarters or the residential accommodation of practitioners, caretakers or practice staff, whether or not it is a direct consequence of work on surgery accommodation;
- (f) any extension not attached to the main building by at least a covered passage way;
- (g) improvements designed solely to reduce the environmental impact of premises, such as the installation of solar energy systems, air conditioning or replacement windows, doors or facades;
- (h) any work made necessary as a result of fair wear and tear;

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<sup>(1)</sup> 2010 c.15.

**10.**—(1) Before determining whether a proposal from a contractor for premises development or improvement of a type mentioned in direction 7 should be included in the Board’s estates strategy for investment prioritisation the Board must—

- (a) Consult the Local Medical Committee (if any), for the area in which the development or improvement is to take place;
- (b) satisfy itself that the proposal—
  - (i) is required to support, and will support, the delivery of the services that the contractor has agreed to provide under its GMS contract, and
  - (ii) will provide a safe and secure environment for the delivery of those services;
- (c) satisfy itself, where appropriate in consultation with the District Valuer, that the proposal represents value for money;
- (d) if the premises are held on a lease or a licence —
  - (i) has adequate security of tenure and, for premises held on a lease, the unexpired portion of the lease is at least as long as the period of guaranteed use (see direction 12(4)(d)(i) and (ii)), and
  - (ii) intends to occupy the premises for at least as long as the period of guaranteed use (see direction 12(4)(d)(i) and (ii)) and will enjoy protection under Part 2 of the Landlord & Tenant Act 1954(**[1]**) (security of tenure for business, professional and other tenants) for that period;

### **Documentation required in respect of premises developments or improvements**

**11.** The Board must refuse an application for financial assistance in respect of a premises development or improvement proposal from a contractor unless—

- (a) where the nature of the work is such that, in the opinion of the Board, it requires architect’s plans for the development or improvement to be drawn up, the contractor supplies the Board with such plans;
- (b) where the nature of the work requires building work, the contractor—
  - (i) carries out a tendering process for a building contractor to undertake the work, resulting in at least three written quotes, and
  - (ii) agrees with the Board which of those written quotes represents best value for money;
- (c) the contractor supplies to the Board copies of any necessary planning and building regulations consents; and
- (d) where the premises development or improvement is to premises that are held on a lease or a licence, the contractor supplies the Board with a copy of the written consent to the development or improvement of the landlord or licensor, as appropriate.

### **Priority funding projects and conditions attached to payments**

**12.**—(1) Where the Board determines that a proposal from a contractor for premises development or improvement of a type mentioned in direction 7 is to be included in the Board’s estates strategy for investment prioritisation, and is to be one of its priority funding projects, the Board must seek to finalise a project plan with the contractor.

Where the financial assistance is by way of a premises improvement grant, the Board must not commit itself to covering less than 33% or more than 66% of the total cost of the premises improvement, plus any Value Added Tax for which the contractor cannot claim a refund.

The Board must only agree to a finalised project plan with the contractor where the requirements specified in paragraph (4) are met.

The specified requirements are that the project plan includes—

- (a) a payment schedule (“the project payment schedule”) setting out the financial assistance to which the Board has committed itself in respect of the project and that project payment schedule is included in any payment schedule in the contractor’s GMS contract;
- (b) a condition which has the effect of making payments to the contractor under that payment schedule subject to a requirement that the contractor adheres both to the specifications for the project which are set out in the

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(**[1]**) 1954 c.56. In Part 2 of the Landlord and Tenant Act 1954, sections 24A to 24D, 31A and 41A were inserted by section 3 of the Law of Property Act 1969 (c.59) and amended by S.I. 2003/3096; sections 29A, 29B and 37A were inserted by S.I. 2003/3096; sections 29 and 40 were substituted by S.I. 2003/3096; and section 43A was inserted by section 3 of the Law of Property Act 1969.

finalised project plan and to any standards to be met during the development or improvement work which are set out in the finalised project plan;

- (c) a condition which has the effect of making payments to the contractor under that payment schedule subject to a requirement that the contractor, when carrying out the development or improvement work, does not depart significantly, in the Board's view, from the version of the project in the finalised project plan (which may be varied with the consent of both parties);
- (d) a condition (unless such a condition is unreasonable in the circumstances) that has the effect of making the payments to the contractor under that payment schedule subject to a requirement that the contractor guarantees that the premises will, once the development or improvement work has been completed, remain in use for the delivery of NHS services—
  - (i) for projects costing up to £100,000 plus Value Added Tax for at least 5 years,
  - (ii) for projects costing between £100,000 and £250,000 plus Value Added Tax, for at least 10 years; and
  - (iii) for projects costing over £250,000 plus Value Added Tax, for at least 15 years;
- (e) where the development or improvement work is in respect of premises held on a lease or under a licence by the contractor, a condition (unless such a condition is unreasonable in the circumstances) that has the effect of committing the contractor to repaying a proportion of the grant ("the repayable amount") should the premises cease to be used to provide NHS services before the 5, 10 or, as the case may be, 15 year period of guaranteed use has expired.

In paragraph (4)(e), the repayable amount is to be calculated by multiplying the amount the Board has paid by the fraction produced by dividing the amount of time (expressed in whole and part years) left before the 5, 10 or, as the case may be, 15 year period of guaranteed use has expired, by 5, 10 or, as the case may be, 15 years.

#### **Abatement of notional rent payments**

**43.**—(1) Where—

- (a) capital has contributed to the cost of building or refurbishment work done in respect of the practice premises of a contractor, and
  - (b) that capital was not borrowed or otherwise provided by the contractor,
- on completion of the building or refurbishment work, the amount of the notional rent payable by the Board must be the abated notional rent for those premises, calculated in accordance with Part 1 of Schedule 3, rather than the full notional rent, determined in accordance with direction 40, but after the abatement period the full notional rent again becomes payable.

- (2) The abatement period in paragraph (1) is, where the cost of the building or refurbishment work is—
- (a) up to £100,000 plus Value Added Tax, a period of 5 years;
  - (b) between £100,000 and £250,000 plus Value Added Tax, a period of 10 years;
  - (c) more than £250,000 plus Value Added Tax, a period of 15 years.

## SCHEDULE 3

### PART 1

#### NOTIONAL RENT ABATEMENTS

1. Where capital has contributed to the cost of building or refurbishment work done in respect of practice premises, and the capital was not borrowed by or provided by the contractor, the notional rent payable in respect of those payments is to be abated (in proportion to the level of the capital contribution) as follows—

- (a) determine the current market rent for the premises prior to improvement (***Pu***);
- (b) determine the current market rent for the whole of the improved premises (***Pi***);
- (c) subtract one from the other (***Pi - Pu***), which will produce the current market rent value of the enhancement (***I***);
- (d) determine the amount of the capital provided by the contractor as a proportion of the whole cost of the improvement, expressed as a percentage (***A***);
- (e) (***A***) is then to be enhanced by adding 10% to cover normal landlord expenses, which is then applied to (***I***) and the resultant is added to (***Pu***).

2. Accordingly, expressed as a formula, the post-improvement notional rent is—

$$I \times (A+10)\% + Pu$$