

Dr Duggleby and Partners
Stokesley Health Centre
North Road
Stokesley
TS9 5DY

NHS North Yorkshire Clinical Commissioning Group
1 Grimbald Crag Court
St James Business Park
Knaresborough
HG5 8QB

[INSERT DATE]

Dear Sirs

**Capital Funded Premises Improvements at Stokesley Health Centre
Multi-party Agreement**

We are writing regarding a proposed premises improvement project to be carried out at Stokesley Health Centre, North Road, Stokesley, TS9 5DY ("**the Building**") which is to be funded in whole by a grant payment to you from NHS England out of the Estates and Technology Transformation Fund ("**NHS England Funding**")¹.

As you know, we hold a legal interest in the Building and it forms part of our estate. In this letter, the proposed improvement works will be described as ("**the Works**").

This letter is addressed to you, Dr Duggleby and Partners ("**the Practice**") and to NHS North Yorkshire CCG ("**the CCG**"). The purpose of this letter is to set out, in clear terms, the agreement reached between us and each of you (the Practice and the CCG) about the carrying out of the Works.

This letter (when counter-signed) forms an agreement between us. The Works are intended to benefit the provision of NHS services, to NHS patients and is entered into by parties that are within the NHS or are contractors to the NHS. As a result, the parties all agree to work together in good faith and in a reasonable manner to give effect to the intentions of this agreement and to conclude the Works successfully.

We have agreed the following with you:

General

1. We have agreed to procure and manage the carrying out of the Works at the Building. The Practice and the CCG² have agreed to pay for the Works. The Practice must have a lease with us or have entered into an Agreement for Lease before the Works can commence.

¹ References to NHS England Funding may not always be relevant, for example, where the grant is a standard improvement grant made pursuant to the Premises Costs Directions.

² Consider whether the CCG are also contributing to the cost of the Works.

2. The budgeted cost of the Works is [£] ("the Budgeted Cost") made up of the costs set out in Annexure 1 ("Works Costs"). The Works Costs include our fixed fee for procuring and managing the Works and will also include VAT where we are required to charge it.
3. If the Works Costs exceed the Budgeted Cost, paragraphs 9 to 12 shall apply.

Payment Terms

4. For all Works Costs payable by us to our main building contractor under a building contract, ("**the Building Contract**") the following payment obligations will apply:
 - 4.1. the Practice [and the CCG] will pay us the sums due under the Building Contract by instalments as specified in the Building Contract (the anticipated payment schedule is attached at Annexure 2);
 - 4.2. the sums referred to in paragraph 4 will only become payable when we supply an invoice specifying:
 - 4.2.1. the amount due; and
 - 4.2.2. how that sum is calculated.
 - 4.3. our invoice will where available be accompanied by the relevant certificate under the Building Contract (whether an interim certificate, Certificate of Practical Completion or a certificate that all defects have been made good) provided however where the relevant certificate is not available at the time of invoice it will follow promptly thereafter;
 - 4.4. the date for payment of sums due under paragraph 4 will be [ten days] after the later of the date that those sums were due under the Building Contract or where the sum due is covered by the NHS England Funding the date you have received the instalment of NHS England Funding to cover such sum; and
 - 4.5. It is acknowledged that we have reviewed and inputted into the NHS England Funding payment schedule you have agreed with NHS England (attached at Annexure 3) in order to give us transparency as when you will be receipt of instalments of NHS England Funding and you have agreed to apply for draw down of the instalments promptly in order that you can pay the relevant sum to us so that we may comply with our payment obligations in the Building Contract.
5. For all Works Costs not covered by paragraph 4, those Works Costs will become due for payment within [ten] days of receipt of an invoice from us properly identifying the sums due.

Payment Cap

6. Unless paragraph 11 applies, the Practice will not be required to pay any Works Costs above an aggregate sum of [£]. This sum represents the NHS England Funding you will receive from NHS England.

7. Unless paragraph 11 or 12 applies, the CCG will not be required to pay any Works Costs above an aggregate sum of [£]. This amount does not include any Works Costs paid by the CCG on behalf of the Practice in accordance with paragraph 13 below.
8. You will only ever be asked to reimburse us for Works Costs actually incurred. The Budgeted Cost does not operate as a fixed cost and the Works Costs may be lower than the Budgeted Cost.

Cost Overruns

9. We have used our professional expertise to calculate the Budgeted Cost however you acknowledge that the Works Costs may in certain circumstances be greater than the Budgeted Cost. If, at any time, we anticipate that the Works Costs will exceed the Budgeted Cost we will serve a notice on you informing you of the anticipated overrun and the reason(s) that it has arisen or is likely to ("the Overrun").
10. If any Overrun has been caused by a negligent act or omission on our part, then we will bear the cost of the Overrun. [These are the only circumstances in which we will bear the cost of any Overrun.]
11. Where the Overrun has been caused by a variation to the Works requested by you then that Overrun will be borne by you and you will pay the Overrun or must agree how that Overrun will be apportioned between the Practice and the CCG.
12. [The CCG] will bear the cost of any Overrun not covered by paragraphs 10 or 11 above. We will use reasonable endeavours to minimise Overruns of this nature, but in certain circumstances they may be inevitable.³

[CCG Payment on behalf of Practice⁴

13. The Practice appoints the CCG as its agent to hold its contribution to the Works Costs and to apply that money in accordance with the terms of this agreement. In fulfilling that role, the CCG will act in good faith and, provided that it does so, will not be liable to the Practice for any loss arising from the making of a payment to us on the Practice's behalf.

This letter operates as an agreement between us regarding payment for the Works Costs. Please counter-sign the letter to acknowledge that you have safely received it and agree to its terms.

We look forward to working with you to successfully conclude the Works.

Yours faithfully

NHS Property Services Limited

³ NHS PS acknowledges that the CCG may not have capital funding for cost overruns at the time that they arise. As a result, the CCG will discuss with NHS PS and the Practice whether either of those parties will initially fund the overrun on the CCG's behalf, with reimbursement over time by payment of revenue (for example, by payment of a supplemental rent on the usual quarter days for an agreed period).

⁴ Include where the CCG will hold any funds on behalf of the Practice and make payments to NHS PS.

We have received a copy of the above letter and agree to its terms

Signed:

For and on behalf of Dr Duggleby & Partners

Date:

We have received a copy of the above letter and agree to its terms

Signed:

For and on behalf of NHS North Yorkshire CCG

Date:

Annexure 1 – Works Costs

1. Building Contract Works -
2. Professional Fees -
3. Our fee -

Annexure 2 – Payment Schedule

Annexure 3 – NHS England Funding Payment Schedule



**Property
Services**
