

2019

NHS

**Property
Services**

Understanding true-up

What is true-up?

The service charge and facilities management charges outlined in your Annual Charging Schedule (ACS) are forecasts for the year ahead. At the end of the financial year, NHS Property Services (NHSPS) will compare the estimated costs outlined in the ACS against the actual costs of the facilities or services provided at your property. This is known as the “true-up” or reconciliation process, an industry standard practice that enables the calculation of any balancing charges required and provides cost transparency.

What happens during true-up?

During the true-up process, NHSPS will review invoices from suppliers/contractors who have delivered services to your property during the year, against the budgeted amounts so we can review and finalise the amount that has been spent on the property.

As well as reviewing the costs, there are a few other key points that are reviewed as part of the true-up process:

1. The length of time you occupied the property during the year:

This is to ensure you are not charged for any period you were not occupying the property.

Help us keep your property data correct by letting us know of any changes. Occupiers with a formal occupancy agreement must refer to the terms of their agreement when considering any occupancy changes.

Occupiers without a formal occupancy agreement must inform us of any planned changes to occupancy, at least three months in advance, by completing an Occupancy Change Notice which

can be found at www.property.nhs.uk/occupancy-change-notice, ensuring that you also inform your Clinical Commissioning Group.

Once the form has been completed and submitted, a member of NHS Property Services will contact you to discuss your occupancy requirements. This process ensures occupancy data is correct and drives accurate billing. If you have any questions please contact your Senior Property Manager.

2. The space you occupied within the year:

This is to ensure costs are fairly and correctly apportioned to all occupiers. The area you occupy/occupied can be found in your occupancy

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agreement. If you do not have a occupancy agreement in place, your ACS will detail the area you occupy and are being charged for. For a copy of the floor plan you should contact the SPM for the property.

3. Services that you receive directly:

This is to ensure we have correctly allocated costs which are delivered directly to the space you occupy.

Why might the actual costs be different from the estimated costs outlined in the ACS?

If you remain in the same area for the entire year, the ACS relating to your rent will not change. This means that your actual rent costs will match those stated in the ACS. An exception to this would be if there is a rent review provision within your lease. Please note it is important to agree and sign a lease to have certainty with regards to your rent.

However, some costs such as those included under the service charge and the facilities management charge can fluctuate throughout the year dependent on their usage. For example, emergency works may be needed, or additional services required on an ad-hoc basis.

Unless there is a significant change to the property or the services being delivered, the service charge and facilities management charge that are billed to you in advance at regular intervals will not change during the year.

What outcomes can I expect from true-up?

The outcome of this process will result in one of three ways:

- 1. Bill** – The costs outlined in the ACS are less than the actual costs during the financial year. This means that there are additional charges based on the actual costs paid by NHSPS and you will be billed for the difference.
- 2. Credit** – The costs outlined in the ACS are more than the actual costs paid by NHSPS during the financial year. This means that you will receive a credit note on your account.
- 3. Match** – The costs outlined in the ACS and the actual costs match. This can happen occasionally and means there are no additional charges for you to pay and NHSPS will not need to provide any credit notes.

What happens at the end of true-up?

At the end of the true-up process, you will receive a statement to confirm that the process has been completed and costs have been analysed. This will include details of any further charges you have to pay or any credit notes that will be added to your account.