

Customer responsibilities for self-managed properties in a SIPP

This document aims to help you understand your responsibilities in respect of self-managed commercial properties that are held in a SIPP. *If there's anything you're unsure about, please don't hesitate to get in touch. Our contact details are at the end of this document.*

As the SIPP provider, we aren't responsible for carrying out the general management of any self-managed property. This may instead be done through an external property manager, or by you. Either way, you must ensure the property is managed in accordance with good commercial estate management practice at all times. To help with this, we have detailed below some of your key responsibilities as the property manager:

Letting the property

Where the property is let, you're responsible for responding to all tenant queries and for ensuring compliance with any landlord's covenants in the lease, where appropriate. The property must be managed in line with the requirements of statute and legal regulations, and in accordance with the rules of the SIPP.

Lease terms

If the property is occupied, there must be a formal tenancy agreement, such as a lease. Ideally this should be a full repairing and insuring (FRI) lease to ensure that your SIPP is protected from liabilities connected with owning and maintaining the property. This means that the tenant will be responsible for maintaining the property demised to them in the lease and for adhering to all legal obligations set out within it.

Lease events

For any lease transactions, such as a new lease, renewal, expiry, assignment, subletting and/or surrender, it's your responsibility to agree heads of terms with an unconnected tenant, and provide instructions to the relevant professionals such as a solicitor and valuer. You may choose to appoint a surveyor to determine and negotiate these terms.

You'll need to ensure any lease events are recorded and managed commercially and in accordance with property law and the provisions of the Lease documentation. Please send all copy correspondence to us so that we, as landlord, may approve and sign.

If you're connected to the tenant company, any lease must be on terms as advised by a Royal Institution of Chartered Surveyors (RICS) qualified surveyor to ensure compliance with HM Revenue and Customs (HMRC) regulations. The advice must be addressed to the SIPP trustee.

Rental income

You must monitor ongoing rent payments and issue any necessary invoices to the tenant. We don't collect unpaid rent or tell you about outstanding rent arrears but can issue invoices to you directly on request. All rent is due into the SIPP property account and these payments are shown on your annual SIPP statement.

It's your responsibility to ensure the correct amount of rent has been paid as per the terms of the lease, and the rent is up to date. A copy of the SIPP bank statement can be provided on request each month.

You're also responsible for the collection of any other sums due under the terms of the lease, such as insurance and service charges (where applicable), ensuring such sums are collected in a timely fashion.

If you're connected to the tenant company, you must ensure you pay all monies due as tenant in line with the terms of your lease to ensure compliance with HMRC regulations.

Rent review

You must ensure the rent review is undertaken as per the terms of the lease. For any rent review due, please provide instructions to any relevant professionals, such as a valuer. Appointment of a solicitor for a rent review is not required unless the property is located in Scotland. Please send all copy correspondence to us so that we, as landlord, may approve and sign.

If you're connected to the tenant company, any change in rental value must be on terms as advised by a RICS qualified surveyor to ensure compliance with HMRC regulations. The advice must be addressed to the SIPP trustee.

Common areas

Common areas are shared parts of the property that are not formally let to a tenant. They are typical in multi-let properties and can include areas such as stairs, shared kitchens and communal receptions. If there are common areas in the property, it's your responsibility to ensure these are managed and maintained in line with the applicable health and safety legislation. **Please read the 'Vacant property requirements' section below for further information on the types of legislation that would apply.**

Energy Performance Certificate (EPC)

An EPC is required for all commercial property to be offered for sale or to rent. You're responsible for obtaining this where an existing EPC has expired. If an exemption applies, you'll need to ensure the property is registered on the exemption register and the exemption remains current and valid. Please contact an accredited energy assessor to prepare the certificate.

Minimum Energy Efficiency Standards (MEES) regulations for commercial properties in England and Wales require landlords to ensure that let properties have a minimum EPC rating of E. From 1 April 2023, the scope of MEES expanded to include existing tenancies, making it illegal to continue letting properties with an EPC rating of F or G. You must make sure that the property complies with MEES regulations.

Building works

You can build, develop or renovate property held in your SIPP, by using funds from your SIPP or from arranging borrowing. Any works to be taken forward by the landlord will need to remain compliant with HMRC regulations, meaning a valuer will be required to determine whether it's reasonable for your SIPP to pay for the work. Planning permission must also be obtained if appropriate. Quotes from contractors will be required and the rent may change as a result of the completed works. Please contact your dedicated administrator, who will be happy to discuss our detailed requirements with you.

Insurance

Block policy insurance

It's vital that you tell us about any changes which may impact the insurance policy, as this could have an impact any future claim.

Off block insurance

For properties not insured on the block policy, please ensure you provide us with an up-to-date insurance certificate each year. Please ensure you have read and understood your chosen insurer's requirements or guidance because, as a self-managing member, it's your responsibility to ensure you always adhere to such requirements.

Leasehold properties

If the property is held on a long lease, please ensure ongoing compliance with any tenant covenants within that lease.

Financial obligations

Outgoing charges

You agree to monitor outgoings such as service charges, ground rent and head landlord insurance.

Loans

Whilst we are responsible for any loan repayments where there is a loan, it's your responsibility to ensure liquid funds remain available to cover such expenses, particularly in the event of the property becoming vacant. All loan payments, both capital and interest, must be paid from the SIPP fund and must not be paid direct to the lender.

Third party invoices

The SIPP fund is responsible for the payment of third-party invoices, provided they are relevant SIPP costs. Please provide copies of invoices to us promptly so that we can arrange settlement.

Selling the property

If you wish to sell the property, you'll need to agree Heads of Terms with the buyer and provide instructions to the relevant professionals, such as a solicitor and valuer. If you choose to proceed with one of our panel solicitors, we can issue these instructions directly. Please send all copy correspondence to us so that we can work with the third-party professionals and sign the necessary documents to approve the sale.

If you're connected to the buyer, any disposal must be on terms as advised by a RICS qualified surveyor to ensure compliance with HMRC regulations. This includes any surrender premium if a lease to a connected party is being surrendered to facilitate the sale. Any advice and reports should be addressed to the SIPP trustee.

Re-ownership

If the property is jointly owned, and a change in ownership is required, you'll need to agree terms and provide instructions to the relevant professionals, such as a solicitor and valuer. If you choose to proceed with one of our panel solicitors, we can issue these instructions directly. Please send all copy correspondence to us so that we can work with the third-party professionals and sign the necessary documents.

If the parties are a connected person, terms must be advised by a RICS qualified surveyor to ensure compliance with HMRC regulations. The advice must be addressed to the SIPP trustee.

Pension regulations

While we hold the property in your SIPP, you'll need to work with us to make sure the property is managed in line with HMRC requirements. Failure to do so can incur tax charges to you and your SIPP. It's important that HMRC taxable property and connected tenant regulations are robustly adhered to. More information can be found in the Pensions Tax Manual at [gov.uk](https://www.gov.uk).

Vacant property requirements

If the property or any area within the SIPP's ownership falls vacant, you'll be responsible for making sure the property is secure and properly maintained. If appropriate, you'll need to take any meter readings and contact the Local Authority to notify them the property is vacant. We've detailed below your primary responsibilities for managing a vacant property:

Insurance requirements

You must notify the insurers as soon as the property becomes vacant.

For SIPP properties not insured on the block policy - please ensure you have read and understood your chosen insurer's void or vacant property requirements and guidance. As a self-managing customer, it's your responsibility to ensure you always adhere to such requirements.

For properties insured on the block policy - please note the 'best practice guidelines enclosed. Please adhere to the insurers requirements to ensure the insurance policy is not invalidated or any future claim is negatively impacted.

Access and security

You must hold the keys to the property and visit it to check its condition. Arrangements should be made with any outgoing tenant to collect the keys and ensure the property is secure. If an intruder alarm exists, you should obtain the code and/or keys for the system.

While the property remains vacant you'll need to grant access to any third parties as appropriate, such as valuers, building surveyors and agents. You should also arrange for any ongoing maintenance contracts to be placed in the name of the trustees or cancelled as appropriate. Please ensure you share these contracts with us where required. The insurer may also require further security measures, such as security windows, door screens or CCTV.

Vacant inspections

The property should be regularly inspected in line with the insurer's recommendation to ensure that the building, or unoccupied portion, is secure and that no damage has occurred.

You're responsible for the general upkeep of property and boundary areas.

Should the property require any repairs while vacant, you'll need to organise this, but please keep us updated.

You also have a duty of care to anyone who enters the building, whether they have permission or not. Carrying out a risk assessment will help avoid the risks to the building itself and anyone who enters the property.

Your risk assessment should ensure compliance with:

- The Regulatory Reform (Fire Safety) Order 2005
- Health and safety legislation
- Environmental legislation
- Public liability legislation

Marketing

To make sure that the property remains income-producing, it's important that steps are taken to re-let the property as soon as possible. You should instruct a letting agent of your choice to market the premises. The level of fees payable to the agent can be agreed by you but will be payable from your pension fund.

Dilapidations

It's likely that the lease contains repair obligations for the outgoing tenant to meet. You may wish to consider appointing a Chartered Building Surveyor to act on behalf of the trustees and your SIPP to ensure that those obligations are met. Should you need any assistance, please contact your dedicated administrator who will be happy to help.

Asbestos

Arrangements must be made with the outgoing tenant to obtain the asbestos survey and management plan. If one has not been completed or can't be located, you should consider whether an asbestos report needs to be prepared.

While it's your responsibility to consider whether an asbestos report needs to be prepared and obtained, if we determine that such a survey is required and you have not organised this, it may be commissioned by us directly. In either case it should be paid for from your SIPP and any invoice addressed to the SIPP trustee.

If asbestos is identified, you must take appropriate action immediately and costs may be met from your SIPP.

Fire risk assessment

Please ensure you comply with the Regulatory Reform (Fire Safety) Order 2005, and associated regulations and legislation. Arrangements will need to be made with the outgoing tenant to obtain a copy of the Fire Risk Assessment, and this will need to be updated regularly. If one has not been completed or cannot be located, you should arrange for one to be obtained. By removing all combustible materials, you could help to minimise the risk of the vacant property being targeted for arson.

Utilities and rates

It's your responsibility to obtain a final meter reading from the tenant for all utility supplies (electricity, gas and/or water, as applicable) and notify the relevant supply authority. You should continue to read the meters on a regular basis (we would suggest monthly) and advise the billing authority of the readings at least quarterly, to ensure that utility invoices remain accurate. You will need to negotiate the charge rate with the relevant supplier and ensure that all invoices are addressed to the trustee.

Reducing the risk of gas and water leaks can be achieved by disconnecting supplies from the source and not leaving water tanks full.

The responsibility for payment of void business rates will fall to your SIPP to pay from the expiry date of the lease. You'll need to notify the local Rating Authority of the date that the previous lease expired, and that from the following date, void rates will be payable by the trustee. You may wish to consider seeking to appeal the level of Rateable Value applied to the property. More information can be found at www.voa.gov.uk/business_rates/index.htm.

Your SIPP's terms and conditions will help you identify the name of the trustee to whom these documents should be addressed.

We understand that managing property within a SIPP is a complex process. If you're unsure about any of the above, please don't hesitate to get in touch.

For literature in alternative formats, such as Braille, large print, audio or E-text, please call us on 0115 841 5000, or via the Typetalk service on 18001 841 5000.

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