

Premises Costs Directions, GP rents and landlord and tenant issues



Wootten
Dean

Principle of NHS Rent reimbursement

Background

- Statement of fees and Allowances 'Red Book'
- Premises Costs Directions 2004 and 2013
- <https://www.gov.uk/government/publications/nhs-general-medical-services-premises-costs-directions>

GP practice expectations

Principle of NHS Rent reimbursement (continued)

- ▶ Market based assessment of rent reimbursement
- ▶ Current Market Rent defined in Premises Directions
- ▶ Available for both Practice owned and occupied surgeries and leased surgeries
 - ▶ Owner occupied – assumed notional lease terms
 - ▶ 15 year term
 - ▶ Rent reviews every 3 years
 - ▶ Upwards and downwards rent reviews sub floor initial rent
 - ▶ Tenant Internal Repairing and insuring obligations

Principle of NHS Rent reimbursement (continued)

- ▶ Lease occupied - adjust to actual lease terms
- ▶ Part 5 Premises Directions – prior approval requirement for new leases
- ▶ Includes new build proposals, lease renewals and new leases on existing surgeries (e.g. Sale and Leaseback)
- ▶ Part 5 approval of VFM

New scheme proposals and Value For Money

- ▶ In principle early stage NHS support
- ▶ Next Steps
 - ▶ DV appointment and role of DV
 - ▶ Scheme details
 - ▶ Development appraisal
 - ▶ Blended cost and value assessment
 - ▶ DV Value For Money Report to NHS
 - ▶ Conditional nature of DV offer

New scheme proposals and Value For Money (continued)

- ▶ Development Risks

- ▶ Potentially abortive costs
- ▶ Construction cost changes
- ▶ GPs !

Notable lease terms and other issues

- ▶ Lease term
- ▶ Alienation provisions
- ▶ Rent review provisions
- ▶ L & T '54 Act
- ▶ Last Man Standing
- ▶ Armageddon Clauses
- ▶ RICS Guidance Note 60 and Code of Measuring Practice