



# Lease Advisory

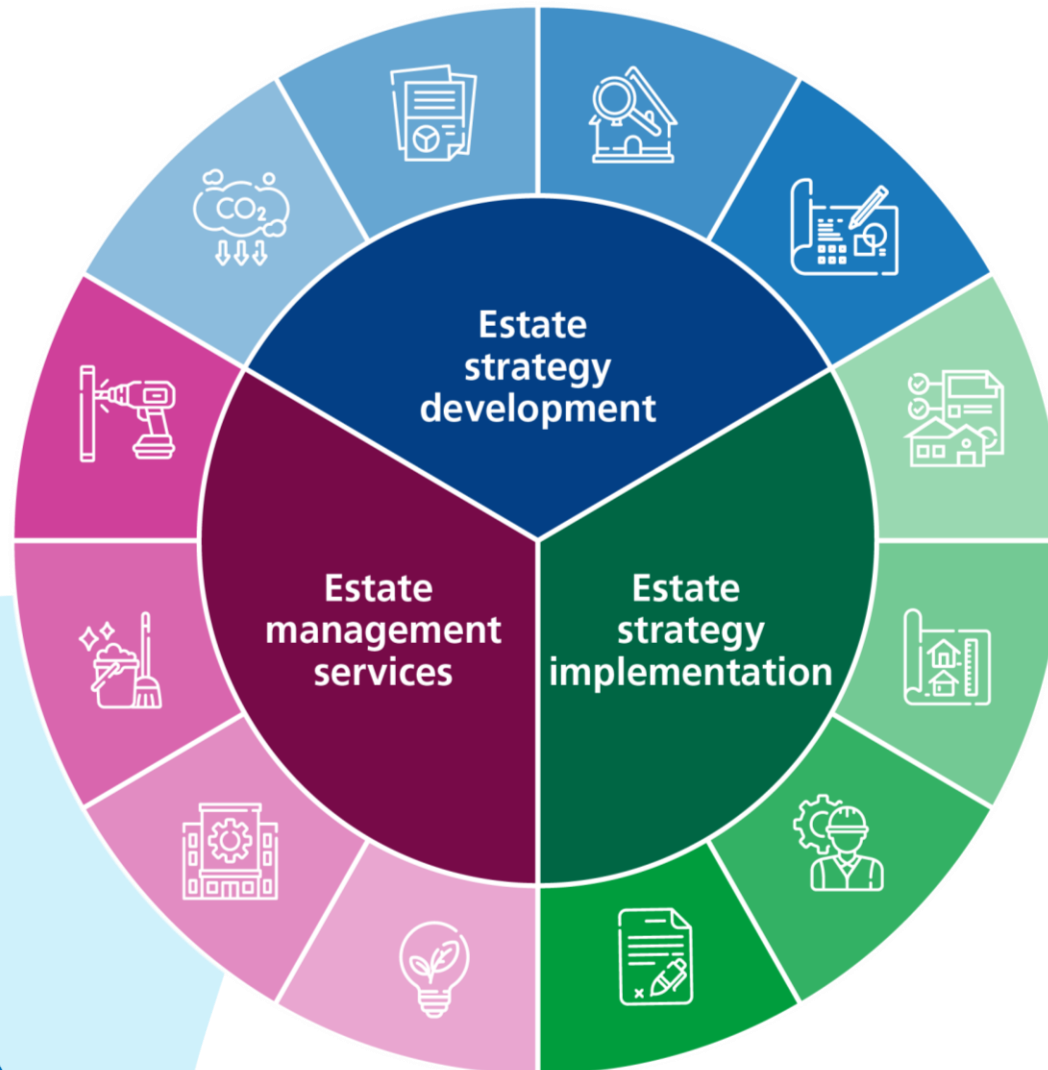


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Lease Advisory Partner



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Head of Lease Advisory

# NHS Property Services' service offer



## Estate strategy development

- Strategic estate planning
- Options appraisals and funding solutions
- ICB business case development
- Net zero strategy

## Estate strategy implementation

- Estate optimisation and space utilisation
- Town planning
- Property development
- Lease advisory
- Property disposal and re-investment
- Capital project management

## Estate management services

- Hard facilities management
- Soft facilities management
- Property management
- PFI management
- Statutory building compliance
- Carbon reduction and energy management

# Lease Advisory team experience and capability



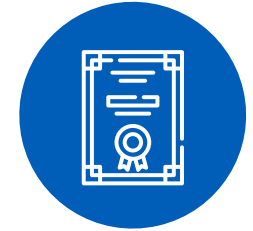
**Established  
April 2023**



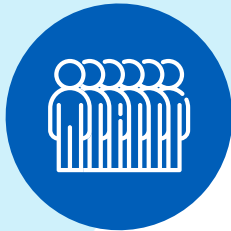
**Centre of  
excellence for  
NHS**



**Team of 20. Now  
25 growing to 30**



**22 RICS  
qualified  
surveyors**



**Graduates,  
apprentices, APC  
support and  
assessors**



**Health sector  
and commercial  
experience**



**Growing the  
team to partner  
with customers**

# What we do



## Property Services



**Manage and negotiate lease events**



**Manage commercial occupiers**



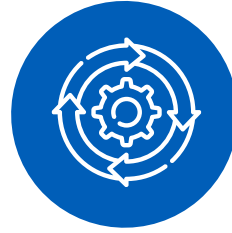
**New leases and 3PD scheme negotiation**



**Manage dilapidations claims**



**Reduce void space and hold costs**



**Renew or re-gear lease s**



**Procured consultants framework**



**c.1000**  
Transactions per annum



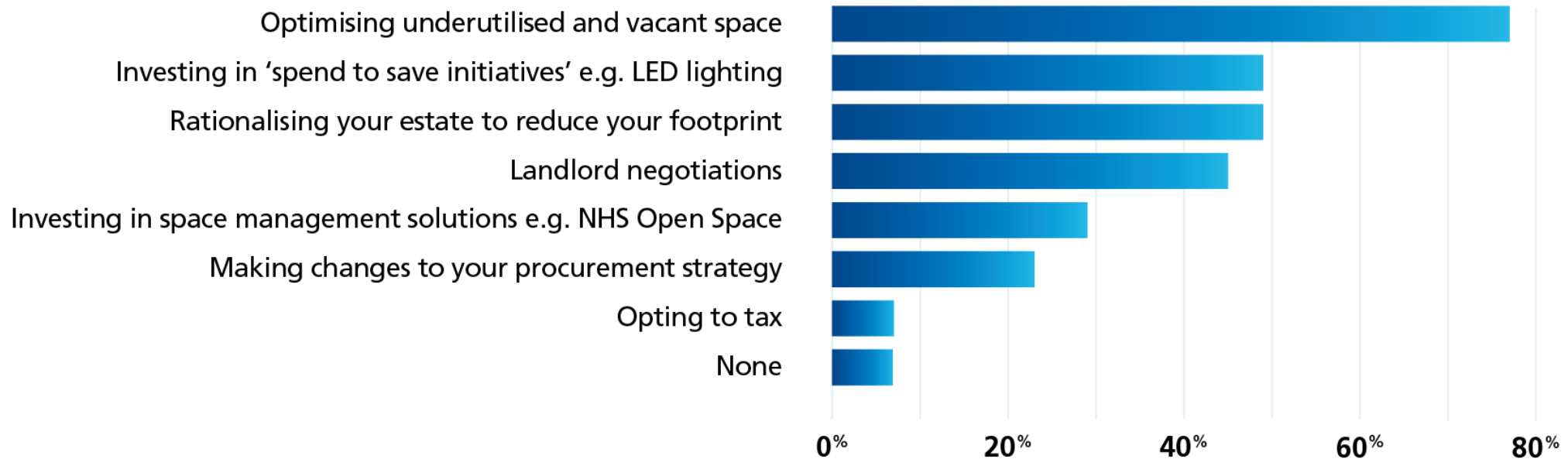
Current Partnerships with  
**3 ICBs**



**650**  
Headleases in NHS portfolio managed plus documented subtenants

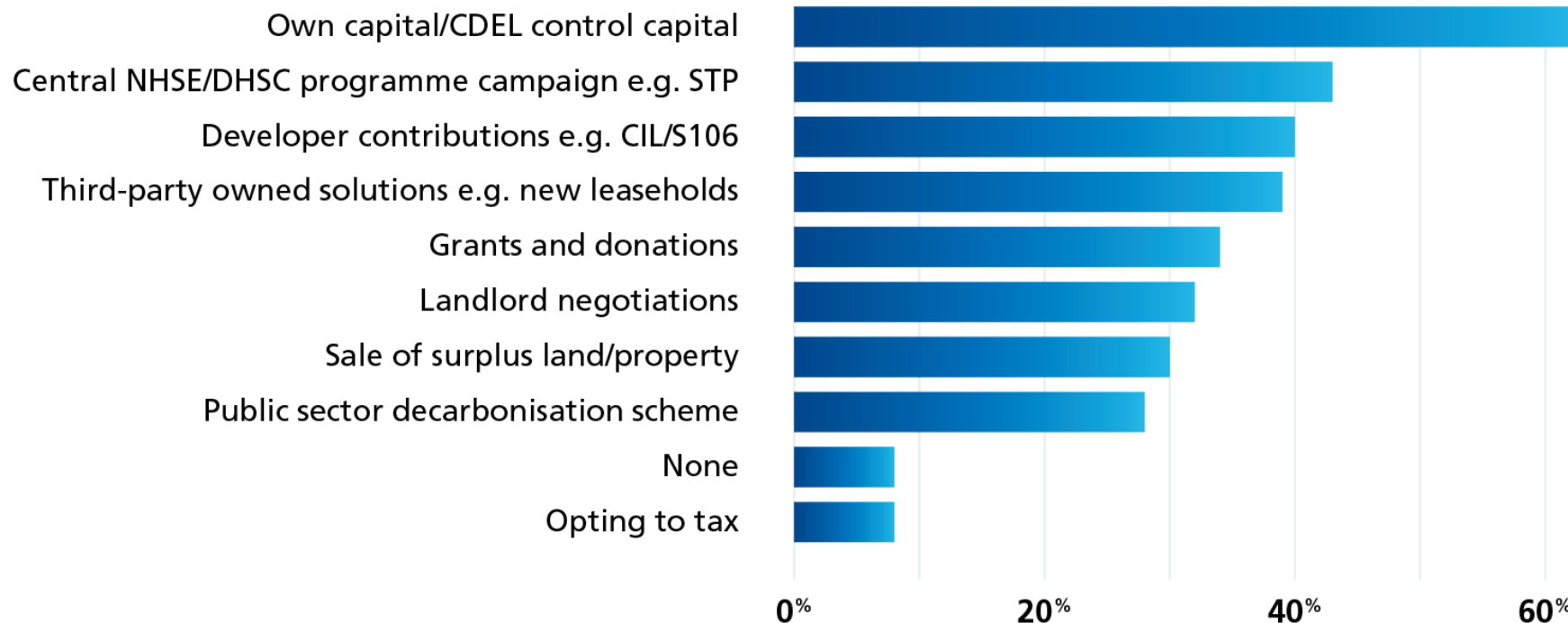
**We partner with customers to facilitate or deliver system value**

## Which of the following are most relevant to support your revenue needs in delivering your estates strategy?



**43% selected landlord negotiations**

## Which of the following are most relevant to support your capital needs in delivering your estates strategy?



**38%**  
**selected**  
**new**  
**leaseholds**

**26%**  
**selected**  
**landlord**  
**negotiations**

# Customer case study – South East London ICB

## Scheme



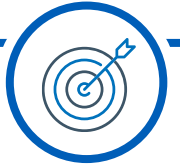
- The ICB has well documented financial challenges
- The recovery plan identified a number of workstreams, one of which was focussed on lease review
- The aim was to undertake a comprehensive review of the entire portfolio, identifying areas for improved utilisation, potential disposals and maximising income & savings' opportunities
- The ICB asked NHSPS Lease Advisory team to assist in delivery of this project

## Solution



- SLA put in place to formalise NHSPS appointment
- Dedicated NHSPS resource with additional support from Legal, Transactional, Strategy and Delivery teams
- NHSPS met with all Trust providers and collated a robust set of data, enabling detailed overview of the entire estate
- Primary Care estate review carried out to identify legal tenure and outstanding or upcoming lease events

## Impact



- £18m in opportunities identified
- Recommendations linked to the ICB's Estate Strategy
- List of 'too difficult' cases identified, which is currently being reviewed, to understand and remove the blockers
- NHSPS appointment extended to deliver the opportunities
- Data set ready for upload into Horizon for continued management

# Customer case study – Manchester ICB

## Scheme



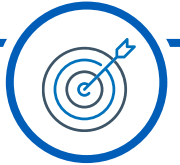
- ICB identified requirement for a broad range of current and future estate services
- Backlog of priorities building
- Planning implementation of estates strategy
- Needed support for their estates team due to resource/capability constraints

## Solution



- Pre-contract engagement – spending time to understand the customer
- SLA 12 months prioritising Lease Advisory support
- NHSPS provide resource equivalent to 1 FT Senior Manager
- But access to cross functional services across NHSPS services– not a secondment
- Services and support which can flex to customer needs
- **Recharge at cost by NHSPS**

## Impact



- Integrated with ICB
- Review Top 5 ICB Priority Projects
- Weekly new cases call – live tracker
- 33 ongoing cases
- Reviewing terms/onerous leases/ disputes/abatelements
- Leasing support on corporate office accommodation
- **Savings made on release of one disposal funded NHSPS annual SLA cost**



# Case examples

## 1. New 15 year GP Lease in Rochdale (negotiations led by GP)

- No Break Clause
- No Armageddon Clause



### Outcome

Renegotiated to include break clause to allow flexibility to the practice at 5 yearly intervals. And added Armageddon clause in the event rent funding decreases below 75% or core funding ceases.



## 2. New 20 Year Lease of part in a multi-occupied building in Salford on a EFRI basis

- Dated building with known maintenance issues.
- Service charge included items which were of no direct/indirect benefit to the tenant.



### Outcome

Renegotiated a TIR lease and excluded items of no direct benefit from the service charge.

## 3. GP Lease for 20 year Term

- Upwards only 3 yearly rent reviews.
- No rental incentive offered from Landlord on the back of long term and strong covenant.



### Outcome

Renegotiated to upwards/downwards reviews along with securing £85k towards energy efficient upgrades to reduce running costs.

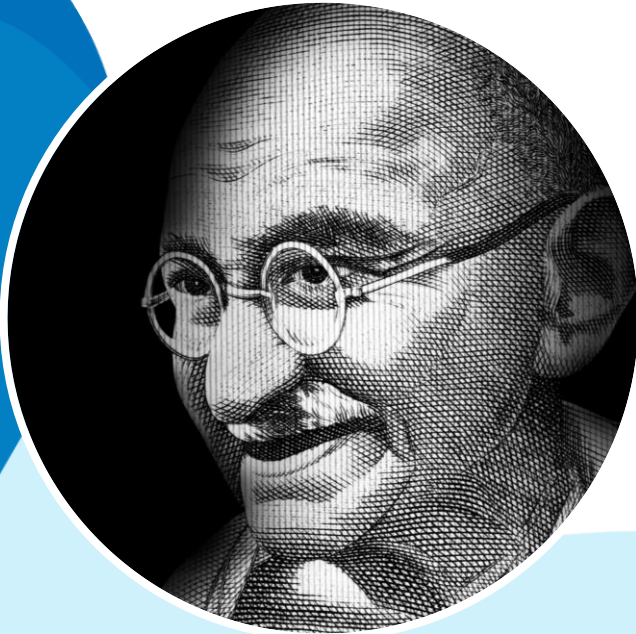
# Negotiate for value

“

If you don't ask, you don't get it

*Mahatma Gandhi*

”



NHS covenant creates **significant investment** value for Landlords and Developers



Where value is created for landlords NHS occupiers should reasonably expect to share that value



What do we mean by a share? Capital sum, rent free, flexible terms, LL contribution to greening the property, MEES, net carbon zero, fit out costs, dilapidations, investment to improve layout or operational efficiency, extensions for expansion



Rent is reimbursed, but the negotiation is not solely about rent. Take advice. Fair terms for both parties provides the basis for investment

# Challenges and Opportunity



**Portfolio Data Review** – Core-flex-tail classification; implementation of estates strategies; utilisation; void reduction; backlog maintenance; quality/ suitability



**Identify Deliverable Opportunities to Deliver Better Estate**- ICB priority projects; delivery options; 3PD; ownership



**Support for ICB's, GP's and Trusts in negotiations**  
Investors and stakeholders – funding opportunities – s106/CIL - OPE



**NHSPS Lease Regear Review** – NHSPS and customer portfolio review of opportunities; CDEL impact versus long term benefit; value share to improve the operational asset; onerous leases can prevent investment



**Work together with NHSPS - Alignment**  
All stakeholders; explore value creation and investment opportunities





## NHS Estate Funding

Helping you navigate  
and unlock capital  
and revenue funding



## Guide to NHS Estate Funding



How to prepare your negotiation



Timings to be aware of



Skills needed



Five key insights to help you negotiate

**Get  
your  
copy**



Pick up a copy of the summary at our booth and download a full copy at [www.property.nhs.uk/nhs-estate-funding](http://www.property.nhs.uk/nhs-estate-funding)

# Thank you for listening!

