

Case Study

Helping the NHS vacate under-used property, saving £1.5m

DOUGLAS MILL BRADFORD

Background

Site:

Historical mill covering six floors

Context:

NHSPS inherited the leasehold in 2012, with four to five years of expired term on the lease

Customers:

- Bradford City Clinical Commissioning Group (CCG)
- NHS England
- North England Commission Support Unit (NECS)

NHSPS representatives:

- Daniel Burdett (Principal Property Manager)
- Karen Thewliss (Senior Property Manager)

The Challenge

NHS Property Services (NHSPS) identified that the space wasn't fully used, with two floors already handed back but still not achieving optimum space utilisation. However, with four to five years left on the lease and no break option, it was difficult to relocate.

The landlord was then approached by the Education Funding Authority, looking for sites for free schools, and wanting to buy the site. The landlord asked if we would consider an early exit deal (vacating October 2018) to enable this sale, and so we had to find a good deal for vacating and relocating the tenants.

The Solution

NHSPS Strategy and Property teams negotiated exiting the building early and set zero dilapidation fees to be due, as the school moving in wanted to rip out and start again.

They then moved onto finding a new location for the CCG, as they still had a requirement for space (albeit smaller than the Douglas Mill site). NHS England and NECS left the site and managed their own relocations.

NHSPS took a new 10 year lease of an office block in the centre of Bradford, negotiating a good incentives package: **£8 per square foot (below market rent), 13 months' rent free (coming to £230,000 in savings), and £550,000 towards capital fit out works.**

The Result

By coming out of the original lease early and moving to smaller site, **NHSPS helped the NHS save £1.5 million**, in addition to the competitive incentives package on the new lease for the CCG.

