

Case Study

Recovering £40,000 backdated rent for the NHS and enabling a refurbishment of a Health Centre

GALLIONS REACH HEALTH CENTRE, LONDON

Background

Site:

NHS Property Services owns the freehold on this Health Centre, with various NHS occupiers.

Customers:

- C Jaypharm (owned by Worthcare Limited)
- Greenwich Clinical Commissioning Group (CCG)
- NHS England

NHSPS representatives:

- Aneta Ausareny, Lease Events Manager
- Amanda Challis, Senior Property Manager
- Anne Cawley, Facilities Management Service Delivery Manager
- James White, Senior Property Management Accountant

The Challenge

This private pharmacy was undocumented in their occupation of the Health Centre, and upon NHS Property Services (NHSPS) Pharmacy and Lease Events team reviewing the occupancy we found they were paying £9,000 per annum in rent, well below the market rate.

We need to ensure that private occupiers are paying a fair price for the NHS space they occupy, in order for us to properly manage and optimise the NHS estate.

This was even more the case for this health centre, as it was undergoing refurbishment funded by the Estates and Technology Transformation Fund (ETTF), meaning it needed all leases in place and debt cleared to comply with acceptance criteria.

The Solution

NHSPS issued a section 25 notice (in accordance with the provisions of the Landlord & Tenant Act 1954) to Worthcare Ltd and began negotiations on a new lease, at a market rate rent.

We managed to keep proceedings out of court and successfully agreed the terms: rent increasing from £9,000 to £35,000 per annum, and backdated to October 2017.

The Result

We secured over £40,000 in backdated rent for the NHS, as well as signing the pharmacy on a new lease at £35,000 p/a for 20 years. Bringing this private occupier up to a fair market rate will generate a further £700,000 to the NHS over this period and secure a consistent pharmacy provider to the local community.

It is also the first new lease to complete at this health centre in preparation for the ETTF funded refurbishments, which will deliver a new and improved health centre for the community.