

A photograph of two men in a professional setting. One man, with a beard and glasses, is wearing a blue button-down shirt and is gesturing with his hands while speaking. The other man, seen from the side, is wearing a light blue shirt and is listening. The background is a blurred office or meeting space.

How lease advisory can help unlock value in your NHS estate

About us

NHS Property Services provides strategic estates services to enable excellent patient care. We partner with Integrated Care Boards, Trusts and GP practices across England to better assess, adapt, and manage around 3,000 buildings – **safely and sustainably**.

As **part of the NHS**, we know how it works and help our customers navigate the system more easily. Last year, for example, we **unlocked more than £150 million** to reinvest or reimagine spaces. With over **5,500 experts**, our local teams make the real difference by understanding individual estates and community needs.

From estate strategy to town planning and cleaning, through to selling inefficient assets and reinvesting the proceeds, our end-to-end service supports every life stage of an NHS building. Saving significant time and money so our customers can spend more time delivering the **best patient care**.

Because we're part of the NHS, every penny stays within the health system and is reinvested across the NHS. So we can continue to focus on **delivering brilliant service** and building an NHS estate that's **fit for the future**.

We are part of the NHS. We invest in the NHS.
We support the NHS.



Agenda

NHS

Property Services



Introduction to lease advisory in the NHS



Case study: North East North Cumbria



How lease advisory unlocks value in the NHS



Q&A



Introducing the team



**David Elstob,
Head of Lease
Advisory, NHSPS**



**Helen Galey,
Lease Advisory
Partner, NHSPS**



**Stephanie Dedrie,
Lease Advisory
Partner, NHSPS**



**Aneta Ausareny,
Lease Advisory
Partner, NHSPS**



**Simon Quirke,
Lease Advisory
Partner, NHSPS**





Introduction to lease advisory in the NHS

Team background

- Team of **30** including **23** Chartered Surveyors with significant experience in both healthcare and commercial sectors
- Largest team of lease advisory healthcare surveyors in England* – a dedicated centre of excellence for the NHS
- **Unlocked value of £67m** from lease advisory activity since 2023
- Successfully completed **over 1,000 transactions** per annum since 2023
- Formally **partnered with multiple NHS bodies** to drive best value and work collaboratively
- **We recharge our time at cost**

What is lease advisory? How are we supporting the 3 shifts?

What is lease advisory?

We help manage and negotiate lease events for the NHS – helping you **identify and implement savings opportunities, increase rental income, and reduce void space.**

Lease events include rent reviews, lease expiries and dilapidations, break clauses and renewals. New leases and 3PD schemes.

We can partner with you to achieve the **best outcomes** and **support your long-term estates strategy.**

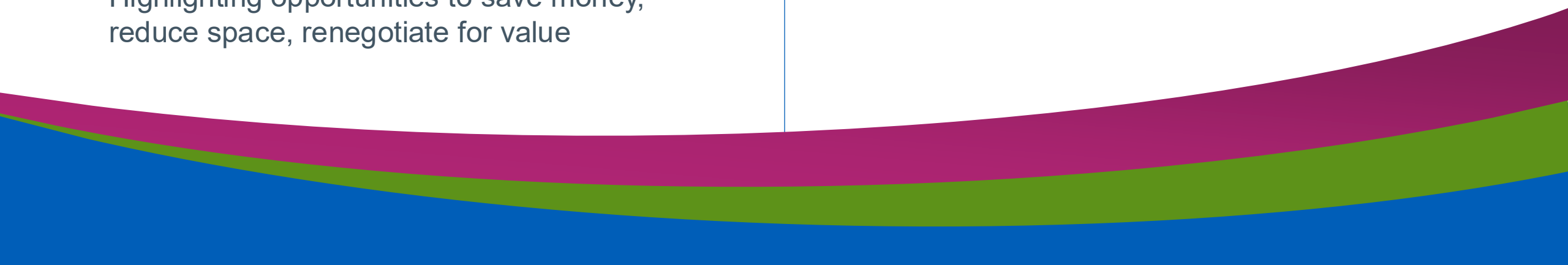


Portfolio

- We can support with a strategic overview – accurate data/record of portfolio
- Understanding portfolio
- Strategically planning for lease events
- Highlighting opportunities to save money, reduce space, renegotiate for value

Transactional

- Understanding options and implications of individual leases
- Highlighting opportunities to save money, reduce space, renegotiate for value
- Negotiating better lease terms = savings



Some of the customers that we are supporting

NHS
Property Services

NHS
Lancashire and
South Cumbria
Integrated Care Board

NHS
Greater Manchester
Integrated Care

**South East
London**
Integrated Care System

NHS
North East London
Integrated Care Board

NHS
Norfolk and Waveney
Integrated Care Board

 **Cambridgeshire & Peterborough**
Integrated Care System

NHS
South London
and Maudsley
NHS Foundation Trust

NHS
Hampshire and Isle of Wight

 Department
of Health &
Social Care
NHS
England

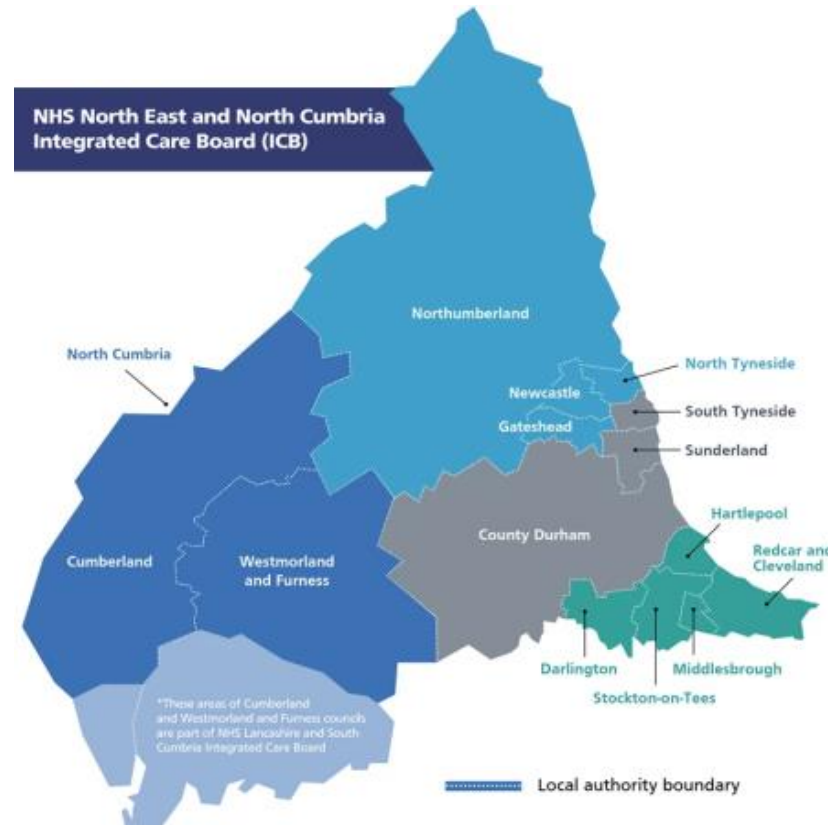
NHS
Commissioning
Support Units

NHS
Cheshire and Merseyside
Integrated Care Board

NHS
North East and
North Cumbria

**Graeme Earl, Strategic Head of
Commissioning Estates and Premises**

NHS North East and North Cumbria ICB



Key points about NENC:

- Population of 3.2M
- Largest geographical ICS
- 481 GP practices within NENC ICS
- 83 are tenants of NHSPS



How lease advisory unlocks value in the NHS

How does lease advisory impact and provide opportunities to the NHS?



Lease events



**Acquiring
new leases
& 3PD**



**Reduce void
space &
associated
costs**



**Negotiating
exits &
agreeing
dilapidations**



**Renewing or
regearing a lease**



**Commercial
occupations &
service charge
advice**



Acquiring new leases

How we can help

New Leases

- If NHS body consider CDEL budget implications - IFRS16
- Can be limited supply of space but don't accept first offer from a Landlord – seek advice
- For all occupiers – list your requirements and the flexibility you require now or in future
- Understand condition and future liabilities. Fit out – LL or Tenant lead? Funding?
- Terms & Incentives – 3 months rent free or something more?

3PD Schemes

- Often limited options
- Capital and funding constraints
- Consider s106/ CIL contributions
- Be advised on the developer's appraisal and all inputs – each one affects the rent you pay
- Ensure the correct contract structure and lease terms
- Manage specifications and variations
- Ensure warranties are available

Shopping Centres

- Along with High Streets, can be a good option
- Availability/ Location
- Landlords benefit from footfall
- Layout/ configuration of converting a retail unit
- Take advice on the lease and service charge which can hide big ticket items



Managing lease obligations - rent reviews and dilapidations

Managing lease obligations

Obligation

- Rent reviews
- Dilapidations

Opportunities

- Strategic advice on outstanding actionable events
- Helping you understand what you need to budget for
- Market evidence and trends
- Help you achieve the best outcome

Benefits

- Clarity around legal and financial commitments
- Cost avoidance / savings against budget

Managing lease obligations

Case study #1: Medical Centre

Challenge

- Indexed rent review (increase linked to inflation)

How Lease Advisory supported

- Challenged landlord's ability to increase rent

Impact

- Nil uplift agreed at two separate review dates
- Lease Advisory secured **savings of £120k** for GP practice

Case study #2: Office building

Challenge

- Dilapidations claim
- Landlord's claim £3 million (£80 sqft)

How Lease Advisory supported

- Negotiated a settlement sum of £500k

Impact

- Lease Advisory secured **savings of £2.5m**



**Reduce void space &
associated costs**

How we can help

Challenges

- Building or space is partly or completely vacant
- Underutilised or poorly managed space
- Surplus space
- Solutions stifled from existing leases

Opportunities

- Strategic review of space on a portfolio / property level
- Understanding obligations and opportunities within current leases
- Implementing effective asset management strategies
- Securing new occupiers
- Open Space
- Repurposing Space
- Disposal / Surrender

Benefits

- Reduction in costs and liability
- Optimising space aligned to strategic requirement
- Directing funds from void to core properties
- Unlock investment in other priorities

Case study

Sydenham House, Essex



- >2,000m², 56 bed Care Home in Essex
- Transferred to NHSPS in 2013
- Onerous lease

Challenge

- Became fully vacant in 2023
- Earliest opportunity to exit - 2028 (break clause in lease)
- Significant void holding costs of >£600k p.a

How Lease Advisory supported

- Proactively sought strategic solutions
- Collaboration
- Negotiation and facilitation of a beneficial agreement
- Oversaw legal aspects of surrender

Impact

- Lease Advisory team secured **savings of £1.9M** to be reinvested back into the NHS
- Building re-purposed for beneficial community use



Negotiating exits & breaks

Break clauses

What is a break clause?

- Contractual provision in a lease
- Allows the landlord and/or the tenant to terminate the lease prematurely, before the end of the fixed term
- Notice period
- Often subject to conditions

How can we help?



Negotiated lease exits

What is a negotiated lease exit?

- Mutual agreement
- Terminate a lease before the date on the original contract
- Landlord regains control of the property and the tenant is no longer liable for future obligations

How can we help?



Negotiated exit – case study

Property overview

- LH interest – 2 years left remaining on the term.
- Under utilised asset.
- Remaining leases costs c.£1,550,000+ (plus VAT where applicable)

Options

Three options were considered:

1. Increase utilisation

2. 'Mothball' the Property.

Business Rates relief.

Savings generated from reduced utilities usage.

Rent, Service Charge and the Estate

Service charge would still remain payable until lease expiry.

3. Explore opportunities and terms for an **early surrender** of the lease. The Landlord was under no obligation to agree to this.

Result

- Analysis identified that option 3 could drive the best value/savings.
- NHS PS negotiated a settlement of c. £800,000 (plus VAT where applicable)
- Property vacated and fully decommissioned
- Costs avoided - £750,000 (plus VAT where applicable)
- NHS PS' fees were recovered on a time incurred basis.
- 10/10 customer feedback '*couldn't have achieved this level of savings without PS*'



Renewing or regearing a lease

How we can help

Scenarios

- Commercial Lease Expiry
- 1954 Act Lease Renewal
- Lease Re-gear

Lease Advisory

Portfolio

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Transactional

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Case study



- 1,445m² NIA health centre in central London
- Lease had a faulty rent review clause
- Risk of costly litigation

Challenge

- Existing lease with a compounded rent review that would result in the rent of ca. £32 trillion at the end of the term in 2112

How Lease Advisory supported

- Options appraisal and detailed financial analysis of options
- Close collaboration with the ICB to establish future strategy for the property
- Surrender of the existing lease and agreement of a new lease for a term of 15 years, aligned with ICB's commissioning intentions
- Substantial rent-free period and OMRV rent reviews secured

Impact

- Lease Advisory team secured a new lease at a rent 9.22% lower than DV recommendation, **immediate savings of £586,000** for the NHS and risk of litigation and future forfeiture removed



Commercial occupations & service charge advice

How we can help



Pharmacy



Telecoms



Service charges



Valuations



Q&A

You might also be interested in...



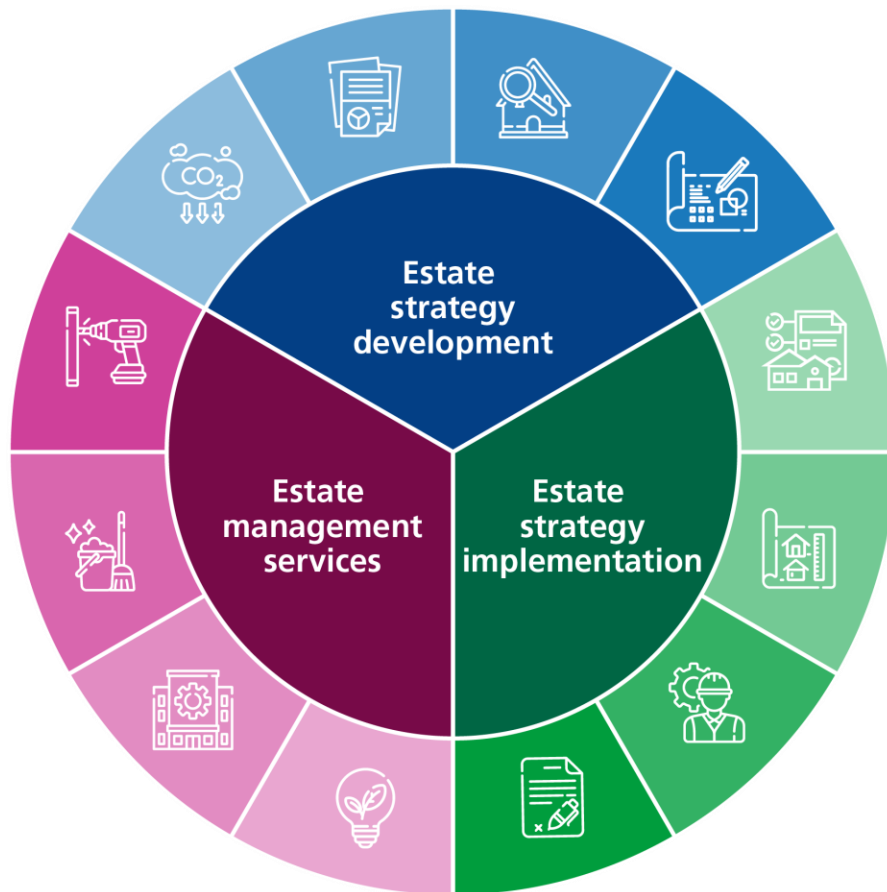
**Guides to estate funding
and lease advisory**



**Jargon buster, blogs, and case
studies about how Lease
Advisory can help support**

Want to know more about our services?

We work hand in hand with you to deliver the services you value most – in a way that keeps you compliant, is delivered sustainably and is backed by data insights. So that you can better assess, adapt and maintain your estate at any or every stage of its life – and keep on delivering for your communities.



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



Estates management services

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

Thank you