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New to Practice

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The Premises Costs Directions

Rules for *all* premises costs reimbursement, including lease rent and notional rent and service charges;

2004 – for practices receiving premises costs funding *before* 1st April 2013

2013 – for practices receiving premises costs reimbursement *after* 1st April 2013

There are subtle differences



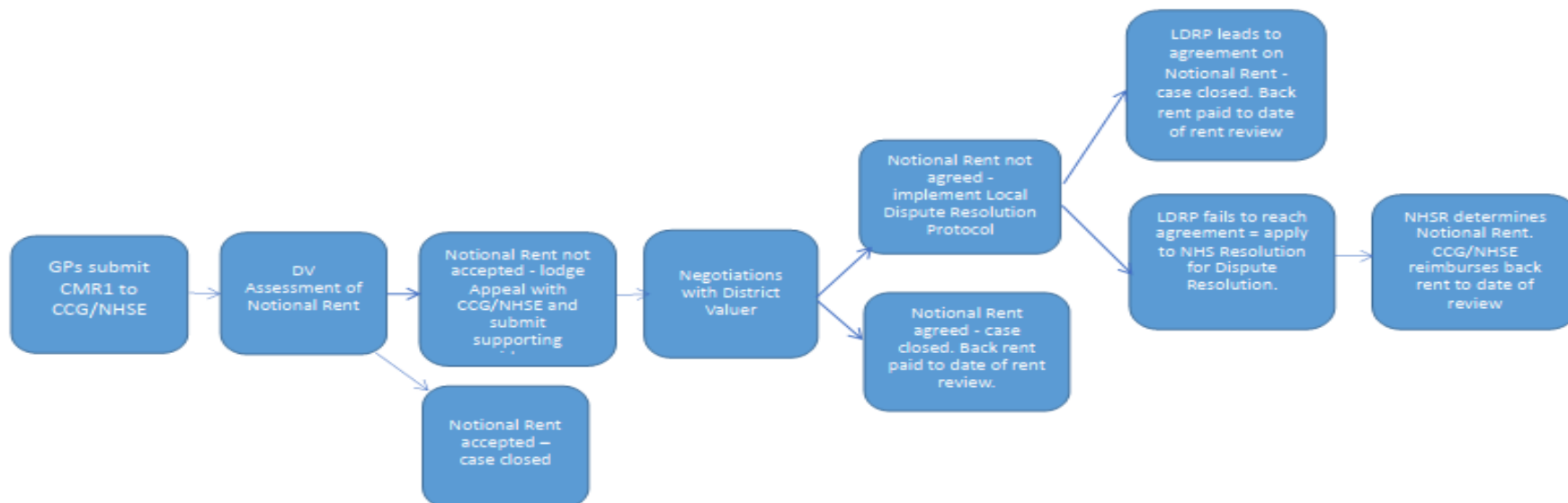
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Owner Occupiers receive a Notional Rent

- Based on an assumed lease in existence
- ICB obliged to carry out 3 yearly rent reviews
- Practice has to trigger via CMR1 form
- DV inspects and ICB notifies CMR
- Appeal or not to appeal? Take advice from a specialist surveyor

Premises Costs Directions 2013: Procedure for Rent Reviews in Owner Occupied Premises



What is a Lease?

Legal CONTRACT between Landlord and those named on lease

Governs responsibilities and actions of the parties

Once entered into, very difficult to get out of



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Leased Premises

The Lease MUST be approved
by the ICB before signing

Review the Lease BEFORE
entering into Partnership and
TAKE ADVICE from a specialist
lawyer and surveyor

Know your lease – each one is
different

Who is responsible for its
management?



Practical Considerations

Don't leave
management to the
Practice Manager

Diarise important
dates, eg rent reviews,
break dates, lease
expiry, decorating

Maintenance
contracts



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Who are the named tenants?

- Are they still on the lease or retired?
- If retired, seek assignment to current partners? Can they be traced? Are they still alive?
- Are lease liabilities, eg payment of rent and responsibility for repair carried through to the Partnership Agreement?

Key Points in a GP Lease

- Extent of the demised premises
- Rent and how it is reviewed
- Who is responsible for repair and maintenance
- Alienation
- Alterations
- Break clauses
- Service charge
- Buildings insurance
- User clause
- Dilapidations

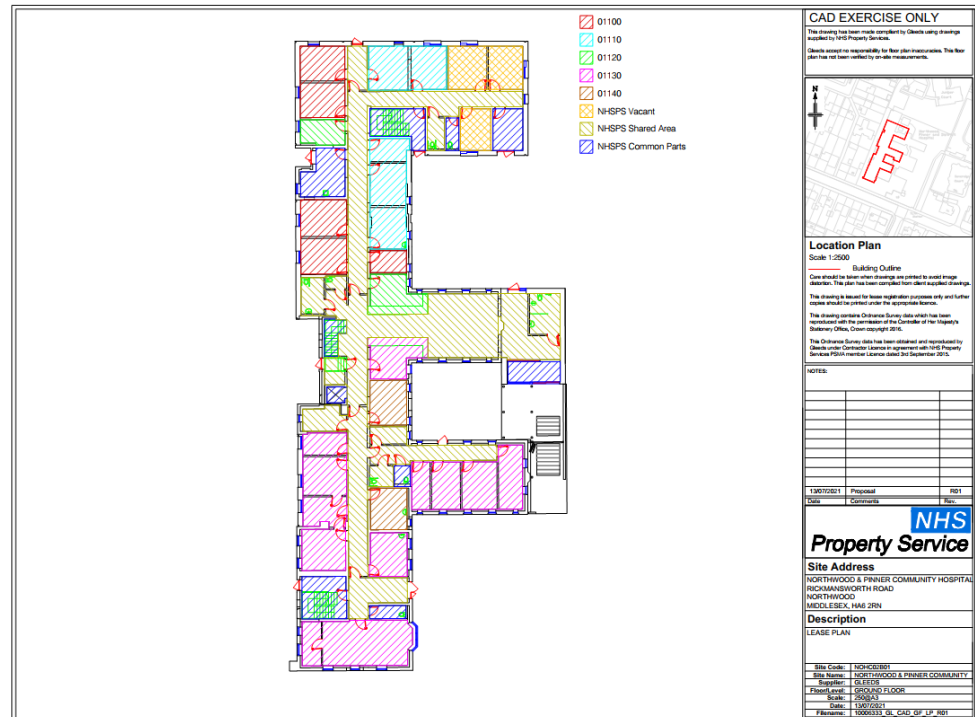
The Demised Premises

Internal or External?

Rights to Park?

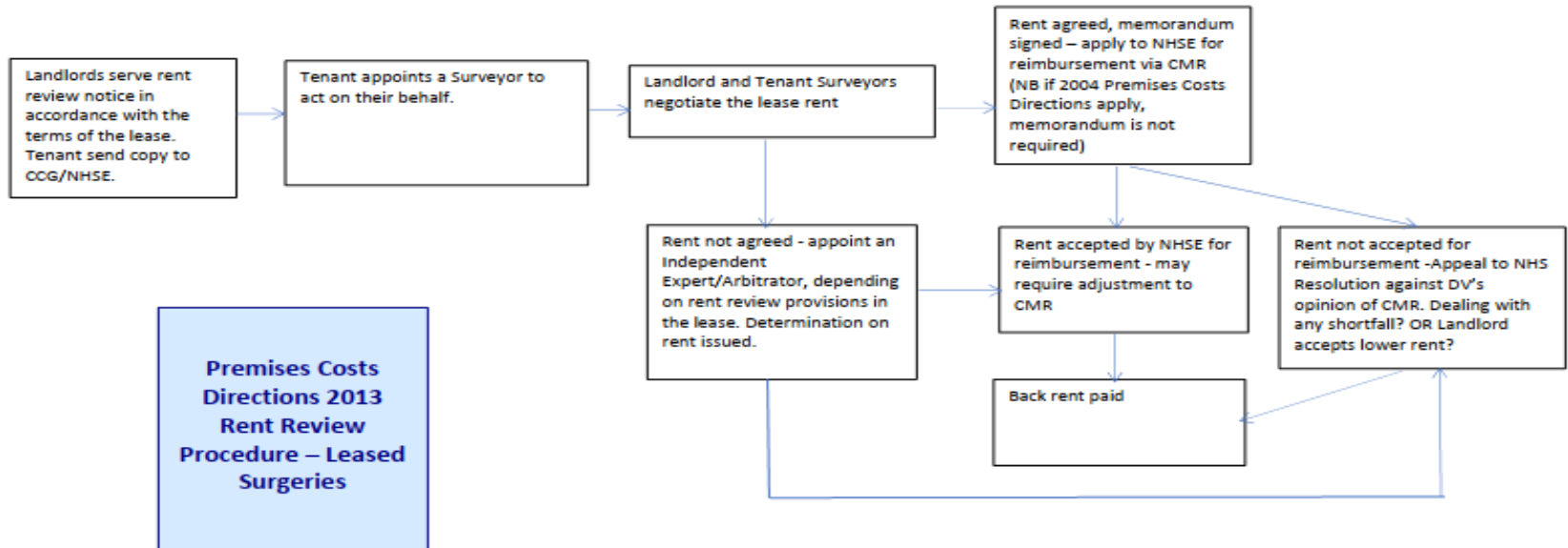
Shared or Common Parts?

Any third party rights of access?



Rent and How it is Calculated

- Market Rent or RPI/CPI linked?



Repair and Maintenance

- Fully Repairing Lease – Tenant
- Internal Repairing Lease – Tenant internal, landlord external
- And all points in between!
- Replacement of plant and machinery?

Service of Notices

- Take legal/surveyor's advice
- Lease contains strict procedures to be followed – e-mails, surface mail
- May apply to rent reviews, break clauses

Am I saddled with the lease forever?

Assignment

- Does the lease require a minimum number of Partners as Tenant?
- What happens if I want to leave?
- Can the ICB take over the lease?
- Last man standing
- Licence fees

Sub-Letting

- Can part of the building be sub-let?
- Can I share the building with other health professionals?



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Can I make alterations to the building?

- Check the lease
- Landlord's consent
- Check alterations are disregarding from valuation on rent review
- Watch out for “comply with statute” clause
- NHS Capital contributions

Break Clauses



Are there any?



When do they arise?



Notice periods



Conditions



Payment of rent beyond break date



Engage a lawyer



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Armageddon Clauses

- Allow tenant to break if premises funding is withdrawn
- Pre-conditions – market premises, find an alternative tenant
- Payment of rent – 12 months beyond break date
- Are they capable of being exercised?

Service Charges

What is charged for?

Are costs correctly charged for in accordance with the lease?

Sweeper clauses

Are the costs accurate?

Is the landlord market testing contracts?

How are charges apportioned?

Can the costs be challenged?

Sinking funds – partnership retirements

Buildings Insurance

- Check who is responsible
- Landlord insures and recovers premium from tenant – how is cost reimbursed?
- Separate reimbursement or included in rent?
- Does landlord test the market?

Dilapidations

Extent of
liability to
repair

Sinking fund

Interim
Schedule of
Dilapidations

Terminal
Schedule of
Dilapidations

Landlord's
costs

Cap on
damages



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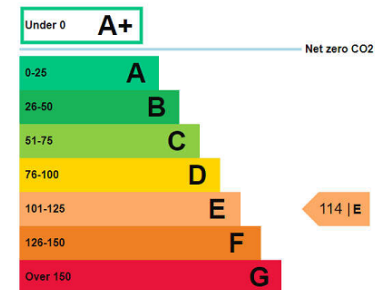
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Minimum Energy Efficiency Standards (MEES)

- EPC Rating
- C by 2027
- B by 2030
- Who pays for improvements?

Energy efficiency rating for this property

This property's current energy rating is E.



Properties are given a rating from A+ (most efficient) to G (least efficient).

Properties are also given a score. The larger the number, the more carbon dioxide (CO2) your property is likely to emit.



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Reinforced Autoclaved Aerated Concrete (RAAC)

- Used in roofs, floors, walls
- 1930s to 1990s buildings affected
- Danger of collapse
- Contact Landlord – my need a structural engineer
- Who's responsible for remediation?



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