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Personal Pensions, Rent and Ill Health

Fixtures and Fittings

Question:

The central heating at the surgery needs to be replaced, but we are unsure whether the responsibility is the landlord's (a semi-retired partner) or the practices. Can you clarify?

Answer:

I am unable to provide comprehensive answer without more details about the lease agreement.

Normally the landlord would undertake repairs at their expense if they received the full level of rent reimbursement. But there is no obligation for either landlord or tenant to undertake any improvement works such as new central heating.

In essence, there are two ways to proceed. The first is by agreeing that it is 'landlord's works': to avoid continually having to repair the aged system, the landlord could replace it with an up-to-date system.

However, this will increase the rental value of the property and the landlord will have the right to receive that additional rent. I know of an instance where the landlords have agreed to install air conditioning at a surgery but, in doing so, requested a higher rent which was negotiated with the district valuer (DV) and agreed for reimbursement purposes with the primary care organisation (PCO).

The other way is for the practice to undertake the installations as a 'tenant's improvement' and apply to the PCO for a grant (for up to two thirds of the cost). However the landlord would not receive any benefit and each time the property's value is reviewed the DV would have to ignore the new central heating and assume the original system was still in place.

In summary, this is not just a matter of deciding what works are required but deciding which repairs would not affect the rent, which improvements will increase the rent, and then deciding who should do the work and benefit from the increased rental value.