



Article appeared in the 27/03/2009 edition of GP Magazine



Reproduced by kind permission

Question: I am the sole owner of a surgery built in 1991. About 18 months ago, I retired and effectively took on the role of a private landlord. Since then, I have been trying to organise a formal lease with my ex-partner tenants. Am I correct in thinking that normally the tenants look after the interior and the landlord the exterior, including the land, drains and so on?

Answer: NHS guidance on surgery leases is to follow the assumptions adopted by the district valuer (DV) when assessing rent reimbursement.

The DV assumes that the tenants should be liable for all internal repair and decorating elements and the landlord liable for external and structural repair, external decoration and building insurance. However, this is not mandatory. When a retired GP rather than an investor or developer becomes a landlord, there is an argument that the practice is in a better position to look after premises than a former partner. There are, therefore, many leases written on a 'full repairing and insuring basis' where the tenant bears the cost of all repairs and decoration and building insurance.

To make this fair, the rent needs adjusting. If you and the tenant GPs agree to this, then you should reduce the lease rent by between 5 and 7.5% below the notional rent reimbursement. Take into account factors such as the age, construction and location of the property. Your tenants will continue to receive the same level of reimbursement and should put the difference into a sinking fund to meet future costs.

John Hearle