

EXPERTS IN NHS ASSET VALUATIONS

2023

AT A GLANCE

40%

of FTSE100 are clients

£92.5m

turnover in year to
April 2022

90%

of our clients have
worked with us for
five years or more

600+

people

£90m

of business rates savings
for our leisure, hotels,
education, healthcare
and minerals clients
for the 2017 list

£75.5bn

of assets valued

OUR OFFICES

GLASGOW
LEEDS
MANCHESTER
BIRMINGHAM
MILTON KEYNES
CARDIFF
CITY OF LONDON
LONDON, WEST END
WEST MALLING



**Property
Awards**

Shortlisted for
Alternatives Team
of the Year 2020

**Property
Awards2021**
WINNER

Alternatives Team
of the Year 2021

**Property
Awards2022**
WINNER

Alternatives Team
of the Year 2022

INTRODUCTION

Our dedicated NHS Asset Valuation Team has a deep understanding and experience of providing valuation advice throughout the NHS Sector. This includes delivering asset valuations for financial reporting, undertaking impairment reviews and advising on purchases and disposals.

Gerald Eve has been advising the NHS for over two decades. Over that period, we have seen many transformations within our NHS clients reflecting the changing political landscapes, organisational structures and funding models in place.

We have provided valuations to Trusts gaining Foundation Trust status, as well as Trusts merging together. We witnessed the uptake of public private partnership financing models such as PFI, helping to provide many Trusts with modern hospital assets but at a high lifetime cost. In 2013, when Primary Care Trusts were dissolved we valued the additional community healthcare assets that were handed over to the Trusts.

In 2020, we observed our clients having to quickly adapt their buildings to cope with the multiple waves of Coronavirus and with Covid-19 admissions having waned the NHS is left dealing with a vastly swollen backlog for care and treatment. More recently, we have helped a number of Trusts in their business cases to apply for a share of over £4 billion of government funding under the Health Infrastructure Plan (HIP) which has become the New Hospital Building Programme (NHP). With an estimated £10 billion of outstanding backlog maintenance across the NHS estate any new investment is to be welcomed; although this does highlight the risk that those Trusts not successful will be left operating from aging and hard to maintain facilities.

From our years of experience working for the sector, we have built up a thorough understanding of the challenges and opportunities associated with holding a complex NHS estate. We are experienced at assisting clients through the year-end valuation process, and we understand the increasing demands placed on Trust finance and estate teams from external audit.

Our engaged and open approach means that both clients and auditors are proactively kept informed during the valuation process helping to minimise challenges during the audit period, and we have received compliments from auditors on the quality of our reports and clear to follow valuations.

We would welcome the opportunity to discuss your property valuation requirements with you whatever they might be.



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WHAT SETS US APART

Our expert asset valuation team has developed a comprehensive, powerful and auditable valuation model which delivers clearly set-out valuations for reporting while ensuring compliance with the RICS DRC Guidance Note and the componentisation requirements of IAS 16. Our approach encompasses:



Leading expertise in Depreciated Replacement Cost (DRC) based valuations



Extensive experience of applying the modern equivalent and alternative site concepts



Healthcare and commercial property market insight to support Current Value in Existing Use valuations



Partner-led approach, providing strong communication and responsiveness



Expert communication with Trust's external auditors and managing responses to audit



Thought leadership on emerging issues, guidance and NHS initiatives supporting finance teams with new requirements



Clear, evidence-backed valuation reports

Our wider team includes specialists in all areas of property practice, enabling us to assist our clients whatever the challenge that might be presented, with business rates advisors, building surveyors, project managers, planning and development specialists, and service charge and asset managers

VALUATION EXPERTISE

Last year we valued over £7bn NHS assets for financial reporting purposes on behalf of **36 NHS Trust and Foundation Trusts and 4 Scottish Health Boards**. We know that no two estates are alike and that every instruction requires a different set of skills. We can tailor our advice in line with any complexity which may arise using our experience and knowledge of Trusts.

In recent years, we have worked closely with the Royal Institute of Chartered Surveyors (RICS) to collaborate in the production of the following RICS Guidance Notes:

Depreciated replacement cost method of valuation for financial reporting 2018

- Co-authored by Richard Ayres, Partner and Head of our NHS Asset Valuation Team

IFRS 16: Principles for UK real estate professionals: Accounting for leases on the balance sheet

- Co-authored by William Arkell, Partner

Application of the EUV Basis of Value in UK Public Sector Accounting (in progress)

- Charles Wachter, Partner, Key member of working group

Asset types we have valued include:

 Acute hospital sites	 Car parks	 Community clinics
 Development / surplus land	 Future Hospitals	 IFRS 16 leased interests
 Investment properties	 Key worker accommodation	 Mental health units
 Non-acute hospital sites	 Office accommodation	 PFI assets
 Residential accommodation	 Retail / kiosks	 Surplus land / assets

OUR CLIENTS

We have provided asset valuations for financial reporting purposes as well as other valuation and property advice for the following NHS Trust clients:

London

Central North West London NHS Foundation Trust
Great Ormond Street Hospital NHS Foundation Trust
Guy's and St Thomas' NHS Foundation Trust including
Homerton Healthcare NHS Foundation Trust
Kingston Hospital NHS Foundation Trust
Moorfields Eye Hospital NHS Foundation Trust
Royal Brompton and Harefield Hospitals
Royal Free London NHS Foundation Trust
Royal National Orthopaedic Hospital NHS Trust
St George's University Hospital NHS Foundation Trust
Tavistock & Portman NHS Foundation Trust
The Hillingdon Hospitals NHS Foundation Trust

South

Avon and Wiltshire Mental Health Partnership NHS Trust
Bedfordshire Hospitals NHS Foundation Trust
East Sussex Healthcare NHS Trust
Epsom and St Helier University Hospitals NHS Trust
Queen Victoria Hospital NHS Foundation Trust
Royal Berkshire NHS Foundation Trust
Royal Devon University Healthcare NHS Foundation Trust
Royal United Hospitals Bath NHS Foundation Trust
Salisbury NHS Foundation Trust
University Hospital Southampton NHS Foundation Trust
University Hospitals Sussex NHS Foundation Trust

Midlands & North

Kettering General Hospital NHS Foundation Trust
Northampton General Hospital NHS Trust
Nottingham University Hospitals NHS Trust
University Hospitals of Derby and Burton NHS Foundation Trust
University Hospitals of Leicester NHS Trust
The Walton Centre, Liverpool NHS Foundation Trust
Birmingham Women's and Children's NHS Foundation Trust
University Hospitals Birmingham NHS Foundation Trust
Northamptonshire Healthcare NHS Foundation Trust

East

North West Anglia NHS Foundation Trust
Royal Papworth NHS Foundation Trust
The Princess Alexandra Hospital NHS Trust
West Suffolk NHS Foundation Trust

Scotland

NHS Highland (Argyll & Bute)
NHS Lanarkshire
NHS Orkney
NHS Shetland

MAP OF NHS TRUSTS



- 1 Avon and Wiltshire Mental Health Partnership NHS Trust
- 2 Bedfordshire Hospitals NHS Foundation Trust
- 3 Birmingham Women's and Children's NHS Foundation Trust
- 4 Central North West London NHS Foundation Trust
- 5 East Sussex Healthcare NHS Trust
- 6 Epsom and St Helier University Hospitals NHS Trust
- 7 Great Ormond Street Hospital NHS Foundation Trust
- 8 Guy's and St Thomas' NHS Foundation Trust including Royal Brompton and Harefield Hospitals
- 9 Homerton Healthcare NHS Foundation Trust
- 10 Kettering General Hospital NHS Foundation Trust
- 11 Kingston Hospital NHS Foundation Trust
- 12 Moorfields Eye Hospital NHS Foundation Trust
- 13 North West Anglia NHS Foundation Trust
- 14 Northampton General Hospital NHS Trust
- 15 Northamptonshire Healthcare NHS Foundation Trust
- 16 Nottingham University Hospitals NHS Trust
- 17 Queen Victoria Hospital NHS Foundation Trust
- 18 Royal Berkshire NHS Foundation Trust
- 19 Royal Brompton and Harefield Hospitals
- 20 Royal Devon University Healthcare NHS Foundation Trust
- 21 Royal Free London NHS Foundation Trust
- 22 Royal National Orthopaedic Hospital NHS Trust
- 23 Royal Papworth NHS Foundation Trust
- 24 Royal United Hospitals Bath NHS Foundation Trust
- 25 Salisbury NHS Foundation Trust
- 26 St George's University Hospital NHS Foundation Trust
- 27 Tavistock & Portman NHS Foundation Trust
- 28 The Hillingdon Hospitals NHS Foundation Trust
- 29 The Princess Alexandra Hospital NHS Trust
- 30 The Walton Centre, Liverpool NHS Foundation Trust
- 31 University Hospital Southampton NHS Foundation Trust
- 32 University Hospitals Birmingham NHS Foundation Trust
- 33 University Hospitals of Derby and Burton NHS Foundation Trust
- 34 University Hospitals of Leicester NHS Trust
- 35 University Hospitals Sussex NHS Foundation Trust
- 36 West Suffolk NHS Foundation Trust
- 37 NHS Highland (Argyll & Bute)
- 38 NHS Lanarkshire
- 39 NHS Orkney
- 40 NHS Shetland

GERALD EVE VALUE ADDED

As leading NHS valuation advisors, our role as property advisors has evolved over time. We believe in assisting our clients with every step of the asset valuation process to ensure a compliant and seamless process.



Bespoke Team

Your team will be carefully chosen based on your requirements and the nature of your estate. You will be provided with an organisation chart for the primary team who would be involved in the valuation. This includes at least two day-to-day contacts.



Working with the RICS

Gerald Eve are regularly invited by the RICS to participate in working groups and co-author RICS guidance which ensures that we are fully compliant with emerging RICS guidance. Being part of the RICS working groups ensures our technical approaches are accurate and market leading.

For example, Richard Ayres who heads up the NHS asset valuation team at Gerald Eve is a co-author of the current RICS Guidance Note on the Depreciated Replacement Cost (DRC) method of valuation for financial reporting, which defines how the DRC method should be applied.



Discussions about your estate

We believe that the most successful valuations (in terms of accuracy and audit sign-off) are those where there has been a high degree of discussion between us and the Trust to fully understand the valuation objectives, your Estate Strategy and review any past audit matters. This ensures that the status, condition and use of the estate is accurately reflected in the valuation.



Relationship and engagement with trust personnel

From the outset of the appointment, at a valuation kick off meeting we will agree the frequency of communications, information requirements and reporting timetable in order to complete the asset valuation. We find that our clients appreciate our engaged partner-led approach to the valuation process. We believe that this and our deep expertise in the sector enables us to efficiently deliver quality valuations.



Reporting

With audit scrutiny increasing at year-end for all NHS Trusts, and with the property valuation forming a major part, we see the value and efficiency savings for your finance and estates teams in having accurate and reliable valuations delivered on time. Our reports are transparent, concise and have been commended by various audit firms.



Frameworks

Gerald Eve LLP are appointed to the national Estates Management Services Framework (RM6168) supported operated by Crown Commercial Services (CCS). In addition, we are on the Estates Management Professional Services Framework (2700-22) operated by Eastern Shires Purchasing Organisation (ESPO).





CASE STUDIES

CASE STUDIES: ASSET VALUATIONS

CASE STUDIES: ADDITIONAL ADVICE



MEA APPLICATION – BUILDINGS

Nottingham University Hospitals NHS Trust

The Trust occupies two main hospital sites, City Hospital and the Queen’s Medical Centre, and as part of our recent valuation we were able to draw on the Trust’s Estate Strategy “Tomorrows NUH”. We worked with the Trust to review building usage in line with the current estates strategy to reflect a **supportable consolidated estate model** that was smaller than the existing dispersed estate which we were able to adopt in our valuation.

MEA APPLICATION – LAND (LOCATION)

Guy’s and St Thomas’ NHS Foundation Trust including Royal Brompton and Harefield Hospitals

Guy’s and St Thomas’ has two large sites located opposite the Houses of Parliament and next to the Shard, consequently these have very high land values. Through discussion with the Trust’s clinicians and analysing patient contact data, we agreed an alternative geographic area that a notional modern equivalent hospital could be re-provided from and thereby adopted an **alternative site in a more cost-effective location** within the DRC valuation.

MEA APPLICATION – LAND (AREA)

Queen Victoria Hospital NHS Foundation Trust

The Queen Victoria Hospital on the edge of East Grinstead was originally established as a cottage hospital and was expanded in the Second World War for the treatment of burns. It was constructed with a high proportion of single storey accommodation. As part of our work, we assumed a re-provided modern equivalent hospital would be constructed to three and four storeys and therefore adopted an **auditable reduced site area** in our valuation.

IMPAIRMENT ADVICE

Epsom and St Helier University Hospitals NHS Trust

Epsom and St Helier has three hospital sites: Epsom Hospital, St Helier Hospital, and the Malvern Centre, Sutton. The Trust has been identified as the recipient of **HIP funding for a major new hospital** at their Sutton site, with major refurbishments planned for the Epsom and St Helier sites. We are assisting and providing the Trust with valuation advice relating to this redevelopment to help assess the likely future impairment when the development completes.



INVESTMENT PROPERTIES

Guy's and St Thomas' NHS Foundation Trust including Royal Brompton and Harefield Hospitals

On behalf of Guy's and St Thomas' NHS Foundation Trust who now operate the Royal Brompton and Harefield Hospitals, we were instructed to provide valuation advice relating to the Chelsea Farmers Market site in Central London both on a Current Value in Existing Use and Fair Value basis. This site which is no longer used for operational purposes has been categorised as an **investment property** and been valued as a prime development site which gives its highest and best value.

IFRS 16

Great Ormond Street Hospital NHS Foundation Trust

The Trust has a number of assets which were required to be valued for **IFRS 16 right of use asset purposes**. We worked alongside the Trust to identify which of these assets required valuation advice or alternatively could be measured using the cost method from the rents paid. We prepared our advice for the Trust's opening balance position for these assets as at 1 April 2022.

KEY WORKER ACCOMMODATION

East Sussex Healthcare NHS Trust

East Sussex has a number of key worker accommodation blocks on their two acute sites at Eastbourne and Conquest hospitals. We worked alongside the Trust's teams to establish key information on rents, occupancy, and running costs relating to the residences and undertook the valuations on an **income basis**, reflecting the existing use value as key worker accommodation.

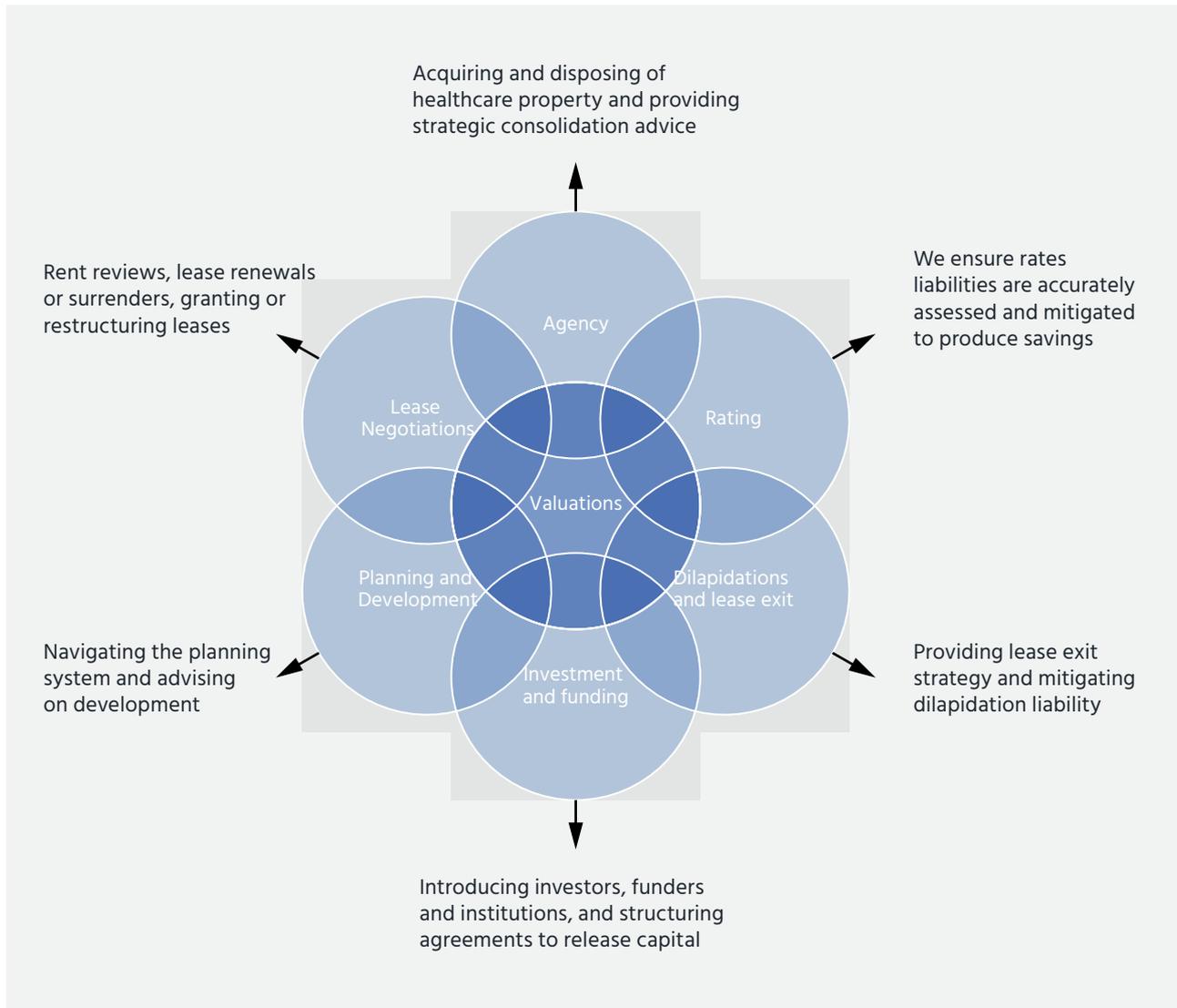
MARKET RENT

The Hillingdon Hospitals NHS Foundation Trust

The Trust holds a range of properties within its estate such as a nursery, dentist practice, pharmacy, sexual health clinic, private hospital and medical research facility. Gerald Eve was instructed to advise on the market rental value and in addition to this we provided further advice on a negotiation strategy which enabled the Trust to agree the terms of new leases in each case with increased rents thereby improving an income stream for the Trust.

ADDITIONAL PROPERTY SERVICES

At Gerald Eve, you will always get the best combination of expertise for the job. Our wider dedicated NHS team advises on a range of property matters:



YOUR DEDICATED NHS ASSET VALUATION TEAM

Our NHS team includes valuers across the firm with in-depth experience of working with Trusts. Our specialists operate from our offices in London, Birmingham, Glasgow and Manchester.



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Gerald Eve is a firm of chartered surveyors and property consultants based in the UK, operating from nine offices with over 600 professionals. As a Newmark company, we offer expansive reach through a global platform.

Gerald Eve provides independent, intelligent and relevant advice based on detailed market knowledge and sector understanding. Our expertise covers capital markets, corporate real estate advisory, asset management, tenant representation, landlord leasing, planning and development and building consultancy, property management, valuation and business rates services.

Whether you are a property owner, investor, occupier or developer, together we have the expertise and relationships to deliver the best property solutions for your business.

