



SCOTTISH EXECUTIVE

Health Department
Directorate of Primary Care and Community Care

Primary Care Division

St Andrew's House
EDINBURGH
EH1 3DG

11 May 2006

Dear Colleague

RESULTS OF GDP PRACTICE PREMISES VALUATION EXERCISE

Summary

1. This circular advises NHS Boards and General Dental Practitioners (GDPs) of the completion of the valuation exercise of GDP practice premises undertaken by GVA Grimley on behalf of the Scottish Executive Health Department. It advises of dissemination arrangements, on the use of the information now available, how valuations in respect of new or improved premises are to be handled and arrangements for appeals against valuations.

Background

2. A valuation exercise has been undertaken by GVA Grimley and the Valuation Office Agency on behalf of the Scottish Executive Health Department of GDP practice premises. The purpose of this exercise was to provide valuations to be used as the basis for any reimbursements to be made to NHS committed dental practices.

3. Interim payments have already been made to those practices regarded as NHS committed in respect of reimbursement of rental costs for 2005-06 in accordance with NHS Circular [NHS: 2005 PCA\(D\)6](#). A final reconciliation to payments will be effected shortly and further information about this will be issued in due course.

4. Information will also follow in respect of ongoing payments for reimbursement of rental costs for the period 1 April 2006 onwards.

Detail

5. Individual reports are now being made available to NHS Boards for onward transmission to the GDP(s) providing general dental services from each of the premises valued.

Addresses

For action

NHS Board Chief Executives
NHS Board Directors of Finance
Director Practitioner Services
Division, NHS NSS

For information

Chief Executives of NHS NSS and
NES

Policy Enquiries to:

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EDINBURGH
EH1 3DG

Tel: 0131-244 2274
Fax: 0131-244 2326

e-mail:

Duncan.Clark@scotland.gsi.gov.uk

www.scotland.gov.uk

Valuation Enquiries (until 11/08/06) to:

DRRS Team
GVA Grimley
Quayside House
127 Fountainbridge
EDINBURGH
EH3 9QG

Tel: 0870 900 89 90
Fax: 0131 469 6001

e-mail:

drds@gvagrimley.co.uk

www.gvagrimley.co.uk

As well as the individual reports, NHS Boards will be sent a summary report containing details of all the premises in their area which provide general dental services and a copy of this summary report will be made available to the Practitioner Services Division of NHS National Services Scotland to facilitate payment of sums due.

Valuations for new dental premises

6. Where a valuation has not been completed for a new or an existing dental premises and where it is intended that general dental services will be provided, GDPs seeking rent reimbursement must advise their NHS Board's Primary Care Operating Division who will arrange for a valuation to be carried out by GVA Grimley. Please see the front page for contact details.

Revaluations where premises are improved

7. Where a GDP improves his/her premises and funds this from his/her own resources without recourse to public funds he/she may request his/her NHS Board to obtain a revaluation of the premises concerned. Any re-valuation determined in these circumstances will have effect from the date the new premises are available and in use for the treatment of NHS patients.

Appeals against valuations

8. GVA Grimley have agreed to answer questions which GDPs may have on the valuations, but only for questions lodged with them up until the deadline for appeals, 11 August 2006.

Appeals and representations against the notified valuations should be directed in writing, in the first instance, to GVA Grimley. They will acknowledge receipt and contact GDPs to discuss the nature of their concerns and explain in more detail how the valuations have been prepared. All appeals must be submitted to GVA Grimley by 11 August 2006. In the case of new valuations or re-valuations completed after the date of this circular, appeals must be submitted within three months of the date of notification of valuation.

If, following discussion, a GDP wishes to pursue a formal appeal, the correspondence will be passed to the appointed Independent Expert (IE) who will advise of the procedure to be followed to determine the correct level of value.

The Independent Expert (IE) appointed to determine appeals against the level of valuation set is Mr Willie Henderson of Ryden LLP, nominated by Bruton Knowles with whom the Executive have contracted to provide this service. Contact details are:

Mr Willie Henderson
Ryden
46 Castle Street
Edinburgh
EH3 3BN
E-mail: willie.henderson@ryden.co.uk
Fax: 0131 225 5766

GDPs will be responsible for their own costs in making appeals. However the IE is also authorised where an appeal has been referred to him and is successful, either fully or in part, to make a recommendation regarding the reimbursement of a GDP's reasonable costs in obtaining professional valuation advice. Any costs awarded will not exceed the amount of the increase in the annual rent determined by the Independent Expert over the annual rent determined by the contracted valuer.

In the event of a successful appeal the increased valuation will be backdated to 1 April 2005 for those valuations conducted as part of the initial exercise or to the date of the commencement of the provision of general dental services or from the extended premises for new valuations or re-valuations.

Basis of valuations

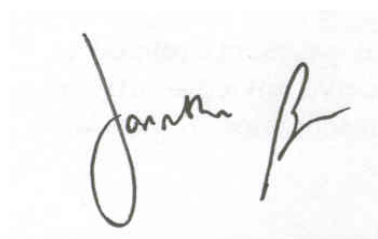
9. The basis for valuations is detailed in the **Annex**. GDPs are advised that these valuations are provided only for the purposes of premises reimbursement costs in accordance with Determinations contained within the Statement of Dental Remuneration. ***Where GDPs require premises valuations for any other purposes they are advised to seek independent advice.***

Action

10. NHS Boards are asked to copy and issue this Circular to all GDPs on their dental list and to their Area Dental Committee.

11. NHS Boards are asked on receipt to send copies of individual practice reports to practices.

Yours sincerely



DR JONATHAN PRYCE
Head of Primary Care Division

DENTAL PRACTITIONERS RENT AND RATES SCHEME

Factors Common to all Rental Calculations

The procedures for calculating a market rent for notional rent reimbursement purposes where the premises are owner occupied differ from the procedures for calculating the amount of rent to be reimbursed where premises are occupied under an existing or proposed lease.

However, there are a number of common factors which the valuer must consider when arriving at an assessment of the rent which can be reimbursed under this scheme. For these purposes it must be assumed that:

- (a) the contractor's remuneration is so arranged that this rent and any VAT is reimbursed separately; and
- (b) at any one time only one contractor is permitted to be in the market to use the premises for dental practice purposes.

In addition to the above there are rules which must be adhered to when the practice accommodation forms part of an owner-occupied residence and includes areas which are used regularly but not exclusively for practice purposes. In such circumstances the rent will be assessed for the practice accommodation with a percentage addition to reflect the extent and usage by the practice of the additional area.

Where the practice accommodation forms part of an owner-occupied residence and does not include areas which are used regularly but not exclusively for practice purposes the rent will be assessed for the practice accommodation only but as part of the whole premises and not increased or reduced to reflect any advantage or disadvantage due to the practice accommodation not being in separate premises.

Factors which apply where a Notional Rent requires to be Calculated

Where premises are owner-occupied the assumptions to be made by the valuer about the nature of the notional lease are as follows:

- The lease to be a term of 15 years with upward only rent reviews at 3 year intervals.
- That the lease includes a covenant whereby the tenant undertakes to bear the cost of internal repairs and decoration and the landlord undertakes to bear the cost of insuring the building and of carrying out external repairs and maintenance.
- The lease does not include a service charge or like payment for such items as upkeep, maintenance (including lift maintenance where appropriate), cleaning and heating of common parts.
- The property is available with vacant possession.

- The rent is exclusive of rates.
- The lease includes a right for the tenant to assign or sub-let the whole premises subject to the landlord's consent which is not to be unreasonably withheld.
- The lease allows the premises to be used for practice purposes and for any other purpose which planning permission has been granted or might reasonably be expected.

Factors Which Relate to Leasehold Premises

In these circumstances the valuer must first of all have regard to the actual terms of the lease and in determining an appropriate rent under this scheme may require to make adjustments reflecting:

- Any amount referable to residential accommodation except where this can be taken into account as described above.
- Other non-practice accommodation.
- Furniture or moveable equipment including the rent costs.
- Services or other facilities including the rent.
- The value of any responsibility of the landlord in respect of internal repairs or decoration.
- The value of any responsibility of the tenant in respect of external repairs and maintenance or for insurance of the building.
- Any premium paid by the tenant.
- Any VAT paid by the tenant where properly charged to the tenant by the landlord.

The above adjustments either by way of deductions or additions to the rent passing are not exclusive. A circular will be issued by the Health Department in due course detailing how the rent appropriate for reimbursement is to be calculated.