

Dear Colleague

RESULTS OF GDP PRACTICE PREMISES 2009 RE-EVALUATION EXERCISE

Summary

1. This letter advises NHS Boards and General Dental Practitioners (GDPs) of the completion of the re-evaluation exercise of GDP practice premises undertaken by GVA Grimley on behalf of the Scottish Government. 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 on behalf of the Scottish Government Health Directorates of GDP practice premises. The purpose of this exercise was to update valuations to be used as the basis for any reimbursements of practice rental costs to be made to NHS committed dental practices as part of the 3 yearly review as foreseen in [NHS: 2006 PCA\(D\)11](#). Reimbursement of practice rental cost arrangements are covered in Determination XV of the Statement of Dental Remuneration.

Detail

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

4. As well as the individual reports, NHS Boards (via dental lead officers) 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

16 April 2009

Addresses

For action

Chief Executives, NHS Boards
Directors of Finance, NHS Boards
Dental Lead Officers, NHS Boards
Director, Practitioner Services

For information

Chief Executive, NHS National
Services Scotland
Chief Executive, NHS Education
for Scotland

Enquiries to:

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www.scotland.gov.uk

**Valuation Enquiries (until
1.7.09)
to:**

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

Tel: 0870 900 89 90
Fax: 0131 469 6001

e-mail:
drres@gvagrimley.co.uk

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summary report will be made available to Practitioner Services Division of NHS National Services Scotland to facilitate early amendment to sums payable.

5. Revised rates of reimbursement of practice rental costs will be made as soon as possible.

Valuations for new dental premises

6. Where a valuation has not been completed for new or existing dental premises, 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.

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-evaluation determined in these circumstances will have effect from the date the new premises are available and in use for the treatment of NHS patients. However, the valuation date will remain 31 March 2009.

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, 1 July 2009.

9. 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 in writing to GVA Grimley by 1 July 2009. 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.

10. 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.

11. The Independent Expert (IE) appointed to determine appeals against the level of valuation set is Mr Alasdair Watson of DVS Property Specialist for the Public Sector, with whom the Government have contracted to provide this service.

12. Alasdair Watson's contact details are:

Mr Alasdair C Watson
DVS Property Specialist
Inverness Valuation Office
2 Baron Taylor's Street
INVERNESS
IV1 1QL

email: alasdair.c.watson@voa.gsi.gov.uk

Fax: 01463 880808

13. 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 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.

14. In the event of a successful appeal the increased valuation will be backdated to 1 April 2009 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-evaluations.

Period of Validity

15. It is intended that the valuations set as a result of the revaluation process advised in this letter will next be revised in 3 years' time.

16. The valuation and appeal procedures at paragraphs 7 to 14 above will apply until 3 September 2009. Arrangements after that date will be promulgated by a further PCA.

Basis of valuations

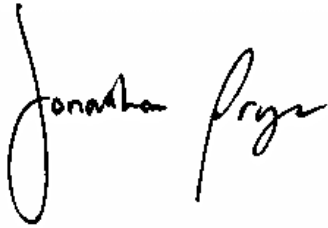
17. The basis for valuations is detailed in the attached **Annex**. GDPs are advised that these valuations are provided only for the purposes of rent reimbursement costs in accordance with Determinations contained within the Statement of Dental Remuneration. ***Where GDPs require premises valuations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

Action

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

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jonathan Pryce'. The signature is fluid and cursive, with the first name 'Jonathan' and the last name 'Pryce' clearly distinguishable.

DR JONATHAN PRYCE
Deputy Director, 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 life 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 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.

The majority of rental valuations are calculated on the basis of Net Internal Area (NIA). NIA is defined within the Code of Measuring Practice 6th edition as the useable area within a building measured to the internal face of the perimeter walls at each level. NIA excludes non useable areas including toilets, plant rooms, permanent corridors, stairwells, internal structural walls, areas with a headroom of less than 1.5m. In addition, those parts of a property that do not have permanent access e.g. attics and basements with ladder access, will also be excluded.