

Dear Colleague

## RESULTS OF PRACTICE PREMISES REVALUATION EXERCISE- 2014/15

### Summary

1. This letter advises NHS Boards and Practitioner Services of the completion of the revaluation exercise of practice premises undertaken by the Valuation Office Agency (VOA) on behalf of the Scottish Government. It advises of dissemination arrangements, on the use of the information now available, the arrangements for valuations following the national exercise and arrangements for reviews of valuations.

### Background

2. The exercise undertaken by the VOA to update valuations of dental practice premises for the purposes of reimbursement of practice rental costs under Determination XV of the Statement of Dental Remuneration (SDR) has now been completed. The VOA has valued the premises for those dental practices classed for the purposes of rent reimbursement by Practitioner Services as being either fully or partially NHS committed as at October 2015.

3. Some additional dental practice premises were included in the national exercise where requests from NHS Boards were received by the VOA before 12 January 2015. Any requests for additional valuations received after 12 January have not be included in the national exercise

2 July 2015

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#### Addresses

##### For action

Chief Executives, NHS Boards

Director, Practitioner Services

##### For information

Chief Executive,  
NHS National Services Scotland

Chief Executive,  
NHS Education for Scotland

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#### Enquiries to:

Lynne Morrison  
Chief Dental Officer and Dentistry  
Division  
1st Floor East Rear  
St Andrew's House  
EDINBURGH  
EH1 3DG  
Tel: 0131-244 2529  
Fax: 0131-244 2326  
[NHSgeneraldentalservicesmailbox  
@scotland.gsi.gov.uk](mailto:NHSgeneraldentalservicesmailbox@scotland.gsi.gov.uk)

Valuation Enquiries to:

Alastair C Watson MRICS  
Principal Surveyor  
DVS  
River House  
Young Street  
Inverness  
IV3 5BN  
Telephone: 03000 506298  
Email:  
[scotlandnw.vo@voa.gsi.gov.uk](mailto:scotlandnw.vo@voa.gsi.gov.uk)

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and will be reported to NHS Boards separately.

## Valuations

4. Individual reports have been made available to NHS Boards for onward transmission to the GDP(s) providing general dental services from each of the practice premises valued.

5. As well as the individual reports, NHS Boards have been sent a summary report containing details of the practice premises in their area which were valued as part of the national exercise. Copies of these reports have also been made available to Practitioner Services.

## Valuations following the national exercise

6. Where a practice classed as fully or partially NHS committed was not valued by the VOA as part of the national exercise, and the NHS Board has not already requested an ad-hoc valuation, the Board should instruct the VOA to value the premises.

7. Where following the national exercise a valuation is required for the purposes of rent reimbursement in accordance with Determination XV of the Statement of Dental Remuneration (SDR):

7.1 due to the establishment of new dental practice premises where general dental services will be provided for the first time;

7.2 where a fully or partially NHS committed practice relocates to new practice premises or improves existing practice premises;

7.3 where an existing practice subsequently becomes classed as fully or partially NHS committed;

NHS Boards should, on request from the contractor, instruct the VOA to value the practice premises.

8. Requests for ad-hoc valuations should be sent to:

Alastair C Watson MRICS  
Principal Surveyor  
DVS  
River House  
Young Street  
Inverness  
IV3 5BN

Telephone: 03000 506298

Email: [scotlandnw.vo@voa.gsi.gov.uk](mailto:scotlandnw.vo@voa.gsi.gov.uk).

9. The VOA will invoice the Scottish Government directly for any ad-hoc valuations requested by NHS Boards for the purposes of rent reimbursement under Determination XV of the SDR.

## Action

10. NHS Boards and Practitioner Services are asked to note the information contained in the Memorandum to this letter.

11. NHS Boards are reminded that the rent to be reimbursed may require to be abated where the practice is owner occupied and the contractor(s) received NHS capital, such as a Scottish Dental Access Initiative grant towards the cost of the purchase, building work or refurbishment to the fabric of the building. Any such abatement should be determined by the NHS Board in accordance with paragraphs 3(5) and 4 of Determination XV of the SDR and advised to Practitioner Services.

12. Practitioner Services are asked to:

12.1 note that the 2012 current market rent (CMR) valuations take effect for rent reimbursement purposes from 1 April 2012. However, where a 2012 valuation results in a reduced CMR (or actual lease rent where appropriate) any overpayment should not be recouped;

12.2 note that the 2015 CMR valuations take effect for rent reimbursement purposed from 1 April 2015. Where the 2015 CMR results in a reduced CMR (or actual lease rent where appropriate) any reduction should be reflected in any rent reimbursement due from 1 April 2015;

12.3 increase any rent reimbursement due as a result of the revaluation exercise;

12.4 make any backdated payments due as soon as possible.

13. NHS Boards are also asked to:

13.1 include a copy of the Memorandum to this letter with the individual reports to be sent to each dental practice included in the national exercise;

13.2 also issue the Memorandum to this letter to all dentists and dental bodies corporate on their dental lists that were not included in the national valuation exercise;

13.3 advise the VOA of the date of issue of the individual reports to dentists.

Yours sincerely

MARGIE TAYLOR  
Chief Dental Officer

## RESULTS OF PRACTICE PREMISES REVALUATION EXERCISE – 2014/15

1. This Memorandum advises of the completion of the revaluation exercise of practice premises undertaken by the Valuation Office Agency (VOA) on behalf of the Scottish Government. It advises of dissemination arrangements, on the use of the information now available, the arrangements for valuations in respect of new, improved or relocated premises and arrangements for reviews of valuations.

### Background

2. The Memorandum to NHS: PCA(D)(2014)10 advised of an exercise to update valuations of practice premises for the purposes of reimbursement of practice rental costs under Determination XV of the Statement of Dental Remuneration (SDR).

3. The VOA has now completed the valuation of premises for those dental practices that are classed for the purposes of rent reimbursement as either fully or partially NHS committed. Practice premises have been valued by the VOA at 1 April 2012 (as the 2012 review did not take place) and 1 April 2015.

4. The practice rental costs which can be reimbursed are either:

- the current market rent, as assessed by the VOA, or actual lease rent, whichever is the lower, for the premises in the case of contractors who are leaseholders plus any VAT payable where properly charged and paid, where the practice is not VAT registered and where the contractor has provided evidence of the payment of VAT to Practitioner Services; or
- the notional rent, which is the current market rental value as assessed by the VOA, in the case of contractors who are owner occupiers.

Full details about reimbursement of practice rental costs can be found in Determination XV.

5. If your practice is classed as fully or partially NHS committed and the VOA did not value your practice as part of the national exercise you should get in touch with your NHS Board to make arrangements with the VOA to undertake a valuation.

6. The basis for valuations were detailed in the Annex to the Memorandum to NHS: PCA(D)(2014)10. These valuations are provided only for the purposes of reimbursement of practice rental costs in accordance with Determination XV of the SDR. **Where contractors require premises valuations for any other purposes they are advised to seek independent advice.**

### Valuations

7. Individual reports have been made available to NHS Boards for onward transmission to each of the practice premises valued. These reports include current market rent (CMR) valuations at 1 April 2012 and 1 April 2015. If between 1 April 2012 and 1 April 2015:

- a new practice opened or an existing practice relocated to new premises then only a CMR as at 1 April 2015 will be provided;

- practice premises have been extended, or changes have been made which affect the value of the premises, then the CMR at 1 April 2012 will be the valuation before the work was completed with an increased CMR being provided from 1 April 2015.

### Adjustments

8. Paragraph 7.3 of the Memorandum to NHS: PCA(D)(2015)2 advised that reimbursement will:

- exclude any areas used for other purposes, i.e. used for non-GDS purposes where there is no revenue obtained from their use, or unused areas within the practice premises;
- have been adjusted where any part of the practice premises have communal areas, e.g. reception or waiting room accommodation which is shared by other users.

9. Where the VOA has identified any such areas they have adjusted the 2015 valuation accordingly.

### Abatements

10. The amount to be reimbursed may be abated if the practice is owner occupied and the contractor(s) received NHS capital, such as a Scottish Dental Access Initiative grant towards the cost of the purchase, building work or refurbishment to the fabric of the building. Any such abatement will be determined by your NHS Board in line with Determination XV of the SDR.

11. From the final quarter of 2012/13 rent reimbursement has been abated based on the actual percentage of the practice's NHS to total earnings, as declared on the relevant GP234 submitted by the designated dentist within the practice. The relevant GP234 will be used to abate any backdated increase in rent reimbursement due to the practice as a result of the 2012 valuation. Any increase in rent reimbursement due as a result of the 2015 valuation will also be abated.

12. A practice is defined in paragraph 1(1) of Determination XV as "a single geographical location from which general dental services are provided, this location being the practice address on a Health Board list". Where both NHS and private dental services are provided from the same practice address this is classed as one practice for the purposes of rent reimbursement. All the income derived from both the NHS and private element of these services must be taken into account when determining the proportion that the practice's NHS earning bore to total earnings when completing a GP234.

## **Rent Reimbursement**

### Reductions in rent reimbursement due

13. The 2012 CMR valuations take effect for rent reimbursement purposes from 1 April 2012. However, where a 2012 valuation results in a reduced CMR (or actual lease rent where appropriate) any overpayment will not be recouped. The 2015 CMR valuations take effect for rent reimbursement purposed from 1 April 2015. Where a 2015 valuation results in a reduced CMR (or actual lease rent where appropriate) any reduction will be reflected in any rent reimbursement due from 1 April 2015.

## Increases in rent reimbursement due

14. Practitioner Services will be provided with information to allow them to increase any rent reimbursement due as a result of the revaluation exercise and to make any backdated payments.

### **Valuations following the national exercise**

15. The VOA has valued the premises for those dental practices classed for the purposes of rent reimbursement as being either fully or partially NHS committed as at October 2014. Where, following this national exercise, a valuation is required for:

- new dental practice premises where general dental services will be provided for the first time;
- where there is further capital investment in existing dental practice premises in accordance with Determination XV of the SDR;
- where an existing dental practice relocates to new premises in accordance with Determination XV of the SDR; or
- an existing practice that was not included in the national valuation exercise, due to being neither fully or partially NHS committed, which subsequently becomes classed as either fully or partially NHS committed;

the contractor should contact their NHS Board which will, where appropriate, arrange for valuation of the relevant premises to be carried out by the VOA. The CMR valuation date in such cases will be 1 April 2015.

16. The contractor should also arrange for the completion, countersigning by an accountant and submission of a GP234 (annual declaration of NHS to total earnings) to Practitioner Services where not already submitted. A GP234 can be obtained from the NHS Board and should be requested at the same time as the contractor contacts the Board to arrange a valuation.

17. Where the practice is new, and therefore has no complete practice financial year a GP234 can be submitted on the basis of the first 3 months' earnings of the practice and must include an undertaking to confirm the actual NHS to total earnings for the first complete practice year when available. An adjustment to the rent reimbursed may be required following receipt of the actual NHS to total earnings to provide for any under or over payment.

18. Rent reimbursement will only become payable from the quarter that Practitioner Services receive information on the premises valuation from the NHS Board and completed GP234 from the contractor, or their representative. Full details about reimbursement of practice rental costs can be found in Determination XV of the SDR and contractors should read this before contacting their NHS Board.

### **Valuation Reviews**

19. A contractor may request a review of the 2012 and/or 2015 CMR valuations as assessed by the VOA. The procedures for review are set out in the Annex to this Memorandum. These procedures should also be followed where a contractor wishes a review of any valuation undertaken by the VOA in accordance with paragraph 15 above.

20. The Reviewer can only consider reviews against the level of CMR set by the VOA. Requests for review of the adjustment or abatement to be applied under paragraphs 8 to 12 above or the date any reimbursement will take effect from are outwith the remit of the reviewer.

**Period of validity**

21. It is intended that the next national valuation exercise will apply from 1 April 2018.

**Enquiries**

22. Any enquiries arising from this Memorandum should be taken up with your NHS Board.

Scottish Government Health and Social Care  
2 July 2015

## VALUATION REVIEWS

1. A contractor may request a review of the 2012 and/or 2015 current market rent (CMR) valuations as assessed by the VOA. The procedures for review are set out below.

### Stage 1 - The Valuation Office Agency

2. The contractor should make initial contact with their NHS Board and the VOA **within 4 weeks of issue of the valuation to the practice** stating that they are not content with the CMR valuation set by the VOA. The VOA will answer questions which contractors may have on the 2012 and/or 2015 valuations with a view to reaching an agreed CMR valuation.

3. Reviews and representations against the notified CMR valuations, whether in respect of one or both valuations, should be directed in writing **within 4 weeks of issue of the valuation to the practice**, in the first instance to the VOA at:

Alastair C Watson MRICS  
Principal Surveyor  
DVS  
River House  
Young Street  
Inverness  
IV3 5BN

Telephone: 03000 506298

Email: [scotlandnw.vo@voa.gsi.gov.uk](mailto:scotlandnw.vo@voa.gsi.gov.uk).

The VOA will acknowledge receipt and contact contractors to discuss the nature of their concerns and explain in more detail how the CMR valuations have been prepared.

4. Following any discussions the VOA will write to the NHS Board and the contractor to confirm that an attempt has been made to resolve any concerns about the notified CMR valuations. The VOA will inform the NHS Board of a change in their CMR valuation and whether agreement has been reached, or that agreement has not been reached.

### Stage 2 – The Reviewer

5. If, following discussion with the VOA, a contractor wishes to request an independent review this must be submitted to the appointed Reviewer **within 6 weeks of notification that agreement has not been reached with the VOA**. Representations must be submitted in writing (maximum of 10 pages) by the contractor, or representative, to the Reviewer who will advise of the procedure to be followed to determine the correct level of value.



6. The Reviewer appointed to determine representations about the level of CMR valuation set by VOA is BNP Paribas Real Estate with whom the Scottish Government has contracted to provide this service. The contact details for submission of representations are:

Andrew Cartmail BSc FRICS FCI Arb  
Senior Director  
BNP Paribas Real Estate UK  
20 Charlotte Square  
Edinburgh  
EH2 4DF

Telephone: 0131 260 1120  
Email: [reviewer.rrs@bnpparibas.com](mailto:reviewer.rrs@bnpparibas.com).

7. The Reviewer will determine the assessment on a documents only basis and will not be undertaking an inspection of the premises in question nor does the review process provide for personal hearings. Following submission of representations from both parties, the Reviewer may at their discretion request additional information from the parties. The Reviewer may also use their own knowledge to assist in their deliberations.

8. The CMR valuation shall remain as set by the VOA unless the Reviewer is content that the valuation should be at least 10% higher than the valuation set by the VOA. Where the VOA increases their CMR valuation in discussion with the dentist, the 10% threshold shall apply to the higher valuation.

9. Contractors will be responsible for their own costs in seeking review. However, the Reviewer is authorised where a formal review has been submitted and is successful to make recommendations regarding reimbursement of a contractor's reasonable costs in obtaining professional advice for the Stage 2 review. Any reimbursement will be a proportion of the relevant costs incurred by the contractor, as follows:

Percentage	75	50	25
Number of dentists per practice	1 – 2	3 - 4	5+

10. In the event of a successful review the increased CMR valuation will be backdated to 1 April 2012 or 1 April 2015, as appropriate, for those valuations conducted as part of the national exercise. For any reviews of CMR valuations which were not part of the national exercise the increased valuation will take effect from the date general dental services commenced being provided from new, extended or relocated premises.

11. The decision of the Reviewer is final and binding on both parties, i.e. the relevant NHS Board and the contractor requesting the review.

12. The time limits specified for Stage 1 and 2 above are absolute and there is no right of review outwith these time limits.