

Dear Colleague

RESULTS OF PRACTICE PREMISES REVALUATION EXERCISE- 2018

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, either by inspection or a desktop exercise, 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 September 2017.

Valuations

3. Individual reports have been made available to NHS Boards for onward transmission to the GDP(s) providing

6 July 2018

Addresses

For action

Chief Executives, NHS Boards

Director, Practitioner Services

For information

Chief Executive,
NHS National Services Scotland

Chief Executive,
NHS Education for Scotland

Enquiries to:

Lynne Morrison
Chief Dental Officer and Dentistry
Division
1st Floor East Rear
St Andrew's House
EDINBURGH
EH1 3DG
Tel: 0131-244 2842
NHSgeneraldentalservicesmailbox@scotland.gsi.gov.uk

Valuation Enquiries to:

Andrew Putland BArch DipSurv
MRICS
Principal Surveyor
DVS
Elgin House
20 Haymarket Yards
Edinburgh
EH12 5WN
Telephone: 03000 505463
Email:
andrew.putland@voa.gsi.gov.uk

general dental services from each of the practice premises valued.

4. 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

5. Where a practice classed as fully or partially NHS committed was not valued by the VOA as part of the national exercise the Board should send the practice a *Rent Revaluation Practice Questionnaire* for completion; on receipt of the questionnaire the Board should, where the practice meets all the eligibility criteria for rent reimbursement, instruct the VOA to value the premises.

6. 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):

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

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

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

NHS Boards should, on request from the contractor, follow the same procedures as set down at paragraph 5.

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

Andrew Putland BArch DipSurv MRICS
Principal Surveyor
DVS
Elgin House
20 Haymarket Yards
Edinburgh
EH12 5WN
Telephone: 03000 505463
Email: andrew.putland@voa.gsi.gov.uk.

8. 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

9. NHS Boards and Practitioner Services are asked to note the information contained in the Memorandum to this letter, in particular paragraphs 15 to 17 regarding the cessation of rent reimbursement.

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 note that the 2018 CMR valuations take effect for rent reimbursement purposes from 1 April 2018. Where the 2018 CMR results in a change in the CMR (or actual lease rent where appropriate) any adjustment should be reflected in any rent reimbursement due from 1 April 2018.

13. NHS Boards are also asked to:

13.1 note that those practices that were included in the main valuation exercise but are not classed as NHS committed at 1 April 2018 or who have not submitted a completed relevant GP234 have been excluded from the main exercise and will not receive an individual valuation report.

13.2 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;

13.3 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;

13.4 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 – 2018

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 Memoranda to NHS: PCA(D)(2017)3 and 5 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, either by inspection or a desktop exercise, 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 2018.

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 up to date 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. Your Board will send you a *Rent Revaluation Practice Questionnaire* for completion; on receipt of the questionnaire the Board will, where appropriate, 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)(2017)5. 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 2018.

8. Those practices that were included in the main valuation exercise but are not classed as NHS committed at 1 April 2018 or who have not submitted a completed relevant GP234 have been excluded and will not receive an individual valuation report.

9. In some cases individual reports will state that the valuation is provisional. Typically this has occurred where the practice has been valued through a desktop exercise, but because of a change in circumstances identified in the questionnaire, it has not been possible to verify these changes, as this would require an actual inspection. Practices with provisional valuations should if they wish contact their NHS Board who will make arrangements for the VOA to undertake an inspection.

Adjustments

10. Reimbursement will:

- exclude any areas used for other purposes, i.e. used for non-GDS purposes 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.

Where any such areas have been identified VOA will have adjusted the 2018 valuation accordingly.

Abatements

11. 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.

12. Rent reimbursement will be 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.

13. 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

14. The 2018 CMR valuations take effect for rent reimbursement purposed from 1 April 2018. Where a 2018 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 2018.

Rent reimbursement due

15. Practitioner Services will be provided with information to allow them to make any changes in rent reimbursement due as a result of the revaluation exercise.

Cessation of rent reimbursement

16. In preparation for the 2018 rent revaluation exercise designated contractors within eligible practices were asked to complete and return to their NHS Board by 22 September 2017 a *Rent Revaluation Practice Questionnaire*. If a completed Questionnaire was not returned, i.e. the practice did not engage with the 2018 rent revaluation exercise, then rent reimbursement payments will cease pending the completion and submission of the appropriate questionnaire. Backdated payment for any quarter before the questionnaire is received will not be made.

17. Contractors in a leasehold arrangement were required to provide a copy of the current lease with the completed questionnaire. Where a lease, or equivalent information, was not provided rent reimbursement payments will cease pending the provision of the relevant information to Practitioner Services. Backdated payment for any quarter before the information is received will not be made.

GP234

18. The designated contractor within a practice is required to submit an updated GP234 to Practitioner Services by 28 February in each year, or if they miss this date by 31 May, 30 August or 30 November, in order to continue to receive rent reimbursement. If a GP234 has not been received rent reimbursement payments will cease pending submission of a completed GP234 by Practitioner Services. Backdated payments for any quarter before the GP234 is received will not be made.

Valuations following the national exercise

19. 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 September 2017. 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. Your Board will send you a questionnaire for completion; on receipt of the questionnaire the Board will, where appropriate, make arrangements with the VOA to undertake a valuation. The CMR valuation date in such cases will be 1 April 2018. You will also be required to submit a completed GP234 to Practitioner Services for payment purposes.

20. 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.

21. 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 designated contractor. 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

22. A contractor may request a review of the 2018 CMR valuation 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 18 above.

Enquiries

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

Scottish Government Health and Social Care
July 2018

VALUATION REVIEWS

1. A contractor may request a review of the 2018 current market rent (CMR) valuation 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 2018 valuation with a view to reaching an agreed CMR valuation.

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

Andrew Putland BArch DipSurv MRICS
Principal Surveyor
DVS
Elgin House
20 Haymarket Yards
Edinburgh
EH12 5WN
Telephone: 03000 505463
Email: andrew.putland@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 valuation has 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 valuation. 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 J&EShepherd Chartered Surveyors with whom the Scottish Government has contracted to provide this service. The contact details for submission of representations are:

Alexander W Rennie BLE FRICS
Partner
J&E Shepherd Chartered Surveyors
Mulberry House
39/41 Harbour Road
Inverness
IV11UA

Tel – 01463 712239

Email – reviewer.rrs@shepherd.co.uk

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 2018 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.