

GP practice funding: What you need to know about the District Valuer



Most GP practices will come into contact with the District Valuer Service (DVS) at one time or another. The DVS plays a key role in issues surrounding GP premises funding and has the potential to significantly impact on a surgery's finances. There are many reasons why a practice and the DVS may cross paths, including: notional rent reviews, practice valuations and in relation to proposals for significant building works. What's important to remember is that the DVS is working to protect the interests of NHS England, not your practice.

In this blog, we take a closer look at the DVS, what it is responsible for and the steps you can take to strengthen your position when faced with any negotiations.

What is the DVS?

The DVS falls under the specialist property arm of the Valuation Office Agency (VOA). It provides independent valuation and professional property advice to bodies across the entire public sector, and where public money or public functions are involved.

What does the DVS do for Primary Care?

One of the key roles of the DVS is to advise NHS England on whether the financial dealings of a GP practice represent value for money. It does this in accordance with the 2013 Premises Costs Directions, which apply to all new applications for funding. (For any funding that falls under the 2004 directions, its functions are slightly different, but for this article we will focus on new applications made under the 2013 directions).

The main responsibilities of the DVS include:

Notional rent - Setting the level of notional rent and agreeing to any supplements.

Purchase price - Ensuring that the amount being paid for the purchase of new GP premises is a fair market price.

Premises development - Assessing proposals for significant premises developments (such as the building of an extension), or the construction of new premises.

Sale and lease back arrangements - Ensuring that the sale price and lease arrangement offers good value for money.

Financial assistance - Approving financial assistance towards running costs and service charges.

Grants - Ensuring any grants being offered by NHSE are good value for money, including premises improvement grants, mortgage redemption or deficit grants, and grants relating to the cost of converting back former residential property.

Minimum sale price - Where a guaranteed minimum sale price for surgery premises has been agreed – such as in areas of high deprivation where property values are low - the DVS will advise NHSE on an appropriate minimum sale price and ensure that any sale agreed below that price represents a realistic market value.

Rent reimbursement - When a leased surgery may be entitled to rent reimbursement, the DVS will advise NHSE on whether the proposed terms of a new or changed lease represent value for money. It is therefore necessary that you obtain NHSE approval before any lease is signed or varied.

How can you protect your interests?

For any practice, securing the best possible deal from any funding negotiations is a top priority. One of the most effective ways to protect the interests of the practice and ensure you don't miss out financially, will be to call on the services of an experienced healthcare surveyor. They will be able to conduct an independent review of the DVS' conclusions and negotiate on your behalf.

It is also advisable to seek specialist legal advice from the outset, to help you navigate the complex processes and procedures that surround lease agreements, premises development and all other related issues.

For more information about GP funding, lease negotiation, or any other issue associated with GP practices, please contact Daphne Robertson on **01483 511555** or email **d.robertson@drsolicitors.com**