



Article appeared in the 01/02/2008 edition of GP Magazine



Reproduced by kind permission

## Sale of Goodwill and Premises

### Premises Disposal

#### Question:

We practise from owner-occupied premises and the PCT informed us that we must move into new premises. Our surgery is a large detached house that was converted into surgery use over a decade ago. The PCT has made clear that if we refuse to move, our PMS contract will be removed, so we are forced to comply. Is the PCT obliged to fund the cost of reconverting the house for residential use? So far it has told us that it can help with our planning application for change of use and has made noises about helping with changes to the building if they are for the purpose of using it for social housing.

#### Answer:

I am unable to comment on the legitimacy of threatening to withhold your PMS contract but, even if you try to avoid this happening by returning to GMS, the 2004 Premises Costs Directions gives PCT's the right to withhold rent reimbursement if premises are not considered to be of an adequate standard.

It must give advance notice plus reasons but with an older house, it can enforce this. The Directions enable PCT's, at their discretion, to assist GP's financially with moving premises.

With existing surgeries this includes payment of any mortgage redemption penalty, a guaranteed minimum sale price payment and a grant towards reconverting former residential premises or surrendering or assigning a lease.

If a GP wants to reconvert premises which were previously the GP's or former partners owner-occupied residential property, the PCT must consider an application for financial assistance and in appropriate cases(having regard to the budgetary targets it has set for itself) grant that application. The property must be no longer be suitable for modern medical services, the GP must agree to move to suitable premises and be willing to rent out the reconverted premises directly or through a registered social landlord(RSL).

However, PCTs often use budgetary constraints as an excuse not to provide such payments.