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SURGERY RELOCATION

GP-Led Health Centre

Question:

If our practice's bid to run a GP-led health centre is successful, we will move into the centre. However we are concerned that there will be problems selling our old surgery (converted from a residential property 20 years ago) unless it is converted back to a residence. We also have a mortgage on the property with an early redemption penalty. Can you advise?

Answer:

Part 4 of the NHS (GMS-Premises Costs) Directions 2004 could be the answer provided you agree to move to modern leasehold premises approved by the PCT and make a formal application in advance.

The PCT can make a grant to pay your mortgage redemption costs or deficit on selling the premises you own. It should be noted that the PCT will check and will not allow any element of the grant where the deficit has arisen due to payment holidays, reduced loan payments etc.

The PCT can agree a guaranteed minimum sale price with you and your partners for your surgery but the PCT will have to be satisfied that is properly on the market with a view to achieving the maximum sale price. The PCT will take professional advice on this and you will be precluded from selling to a family member or employee.

Alternatively, the PCT can also provide a grant related to the cost of reconverting former residential property. Any such grant will be subject to conditions. The main one is that for a set period of time agreed with the PCT you will be required to rent the property to a registered social landlord who cannot be an employee or family member. During this fixed period, you will need to ensure that the income from the residential letting covers the mortgage, but after this period you will be free to sell the premises.

The Directions notes that while the PCT must consider your application for financial assistance and approve it if reasonable to do so, it must also have regard, amongst other matters, to the budgetary target it has set itself. Some PCTs will use this as an excuse not to make a grant.

In my opinion, they are on weak ground as they must be inferring that their budgetary targets included the provision of the new health centre but failed to take account of Part 4 of the Directions. This would clearly be unreasonable and case law suggests that government departments cannot act in such an unreasonable way.