



Article appeared in the 30/05/2008  
edition of GP Magazine



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### Valuing Premises

#### Question:

The District Valuer has reduced the valuation of the message-taker's flat in our surgery building by 15%. I am not sure if there is any statutory authority for doing this, but I am told the relevant regulations are the NHS (GMS Premises Costs) Directions 2004. Can you advise if these directions do in fact authorise such deductions.

#### Answer:

The 2004 Directions do allow this. The DV can reduce the value of the message-taker's accommodation for reimbursement purposes. If you were to let the flat under an assured shorthold tenancy, the level of rent you could receive has to be adjusted to fall in line with the specified assumed terms in the Directions. An assured shorthold letting is where the rent is fully inclusive of all repairs and is for a short period of six months. Thus it is a valuation matter as to how much the rent would be reduced if the tenant is being asked to commit to the 15 year term stated in the Directions - and also how much further it would be reduced if the tenant has to bear the responsibility of all internal repairs. The percentage is not fixed but normally ranges between 12.5% and 17.5%.