



Valuation Office
Agency

DVS Property Specialists
for the Public Sector

Valuation Report for
Killinghall Surgery
Ripon Road
Killinghall
Harrogate
HG3 2DG



Report for:
Keith Paterson
NHS England and
Improvement

Prepared by:
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1. Introduction

I refer to your instructions dated 30th September 2021 and my Terms of Engagement dated 7th October 2021

I have inspected and valued the property and I am pleased to report to you as follows.

2. Valuation Parameters

2.1 Identification of Client

Keith Paterson, NHS England and Improvement

2.2 Purpose of Valuation

I understand that Killinghall Surgery is subject to rent reimbursement under the NHS Premises Directions 2004 and that you require valuation advice to assess whether the lease that has been drawn up represents “value for money” for the NHS.

2.3 Subject of the Valuation

Killinghall Surgery, Ripon Road, Killinghall, Harrogate, HG3 2DG

2.4 Date of Valuation

The date of valuation is 9th November 2021.

Please note that values change over time and that a valuation given on a particular date may not be valid on an earlier or later date.

2.5 Confirmation of Standards

The valuation has been prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement, commonly known together as the Red Book.

Compliance with the RICS Professional Standards and Valuation Practice Statements gives assurance also of compliance with the International Valuations Standards (IVS).

Measurements stated are in accordance with the RICS Professional Statement '**RICS Property Measurement' (2nd Edition)**, **Guidance Note 60 'Valuation of Medical Centres and Surgery Premises'** and, where relevant, the **RICS Code of Measuring Practice (6th Edition)**.

2.6 Agreed Departures from the RICS Professional Standards

There are no departures beyond those restrictions on the extent of investigations and survey, and the assumptions, stated below.

2.7 Basis of Value

Market Rent

The basis of value adopted is Market Rent which is defined at VPS 4, para 1.3 as:

'The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'

It should be noted that the Market Rent basis of value would normally be used to indicate the amount for which a vacant property may be let, or for which a let property may re-let when the existing lease terminates. Market Rent is not a suitable basis for settling the amount of rent payable under a rent review provision in a lease, where the actual definitions and assumptions have to be used in the assessment.

Current Market Rent

For the purposes of the report, I have had regard to the definitions of Current Market Rent as contained in the NHS Directions 2004. The reimbursement rent will be considered in respect of leased premises in accordance with NHS Directions and therefore the terms of the proposed lease are important and will impact on the rental value.

For leasehold premises, the calculation of CMR is based on the actual lease terms granted to an occupier. The necessary adjustments to take into account the lease terms are covered under the 2004 Directions.

2.8 Special Assumptions

There are no special assumptions.

2.9 Nature and Source of Information Relied Upon

In addition to relying upon VOA held records and information, I have assumed that all information provided by, or on behalf of you, in connection with this instruction is correct without further verification – for example, details of tenure, tenancies, planning consents, etc.

My advice is dependent upon the accuracy of this information and should it prove to be incorrect or inadequate, the accuracy of my valuation may be affected.

A copy of the draft lease.

2.10 Date of Inspection

The property was internally inspected on 11th October 2021.

2.11 Extent of Investigations, Survey Restrictions and Assumptions

An assumption in this context is a limitation on the extent of the investigations or enquiries undertaken by the valuer. The following agreed assumptions have been applied in respect of your instruction, reflecting restrictions to the extent of our investigations.

- Such inspection of the property and investigations as the Valuer considered professionally adequate and possible in the particular circumstance was undertaken. This comprised undertaking an internal inspection of the property.
- No detailed site survey, building survey or inspection of covered, unexposed or inaccessible parts of the property was undertaken. The Valuer has had regard to the apparent state of repair and condition, and assumed that inspection of those parts not inspected would neither reveal defects nor cause material alteration to the valuation, unless aware of indication to the contrary. The building services have not been tested and it is assumed that they are in working order and free from defect. No responsibility can therefore be accepted for identification or notification of property or services' defects that would only be apparent following such a detailed survey, testing or inspection.
- It has been assumed that good title can be shown and that the property is not subject to any unusual or onerous restrictions, encumbrances or outgoing.
- It has been assumed that the property and its value are unaffected by any statutory notice or proposal or by any matters that would be revealed by a local search and replies to the usual enquiries, and that neither the construction of the property nor its condition, use or intended use was, is or will be unlawful or in breach of any covenant.
- Valuations include that plant that is usually considered to be an integral part of the building or structure and essential for its effective use (for example building services installations), but exclude all machinery and business assets that comprise process plant, machinery and equipment unless otherwise stated and required.
- It has been assumed that no deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated. However where an inspection was made and obvious signs of such materials or techniques were observed, this will be drawn to your attention and captured in this report.
- No access audit has been undertaken to ascertain compliance with the Equality Act 2010 and it has been assumed that the premises are compliant unless stated otherwise in this report.
- No environmental assessment of the property (including its site) and neighbouring properties has been provided to or by the VOA, nor is the VOA instructed to arrange consultants to investigate any matters with regard to flooding, contamination or the presence of radon gas or other hazardous

substances. No search of contaminated land registers has been made. However, where an inspection was made and obvious signs of contamination or other adverse environmental impact were visible this will have been advised to you, further instructions requested and the observations captured in the report.

Where such signs were not evident during any inspection made, it has been assumed that the property (including its site) and neighbouring properties are not contaminated and are free of radon gas, hazardous substances and other adverse environmental impacts. Where a risk of flooding is identified during any inspection made, or from knowledge of the locality, this will be reported to you. The absence of any such indication should not be taken as implying a guarantee that flooding can never occur.

- No allowances have been made for any rights obligations or liabilities arising from the Defective Premises Act 1972.

3. Property Information

3.1 Situation

The property is located on Ripon Road or A61, one of the main arterial roads leading out of Harrogate and connecting Harrogate with surrounding towns including Ripon, Pateley Bridge and Knaresborough.

Killinghall is a village situated in the Harrogate District of North Yorkshire, located three miles north of Harrogate. The surgery itself is situated on the northern edge of the village, across the road from Westfield House Care Home and Mud and Puddles Limited and overlooking open fields.

3.2 Description

The property is a two-storey purpose-built surgery built in 1994. It is constructed of stone under a pitched tiled roof with timber framed double glazed windows. The property has a dedicated car park to the side with room to park 14 cars.

The property shares its site and point of entry with a dwelling which is currently occupied by the landlord (former partner). This dwelling is physically attached to the GP practice on one side.

3.3 Tenure

The property is currently held on a three-year lease dating from 2015 and I understand that the landlord and tenant are currently holding over on this lease. The proposal in place is for the existing landlord and tenant to renew this lease for an additional three-year term.

3.4 Lease Provisions

1. Lease is for a term of three years with no rent reviews.

2. The lease is held on tenant's internal repairing terms.
3. Tenant shall not make any alterations to the property with the exception of demountable partitioning for which landlord's consent is not required
4. Assignment by the Tenant will require Landlord's consent except where the assignment is to other GP Practitioners. The tenant can share the property with other NHS service providers provided that no formal landlord and tenant relationship is created
5. The property can be used as a medical centre or to provide ancillary primary and community health care services

3.5 Easements and Restrictions

I am not aware of any easements or restrictions affecting the subject property.

3.6 Site Area

N/A

3.7 Floor Area

The net internal area of the subject property, measured in compliance with '**RICS Property Measurement' (2nd Edition)**, **RICS Guidance Note 60 'Valuation of Medical Centres and Surgery Premises' (2nd Edition)** and, where relevant, the **RICS Code of Measuring Practice (6th Edition)** is 162.78sqm.

3.8 Accommodation

The property comprises the following accommodation

Ground floor: reception, waiting area, 2 x consulting rooms, 2 x treatment rooms, patient WCs

First floor: staff offices, staff WC, staff kitchen

The property is accessed via two sets of manual doors into the reception and waiting area. The clinical rooms are then accessed via different points, two of the rooms are entered directly off the waiting area and two are to the rear of the property off a clinical corridor. Access to one of the clinical rooms is through a staff office/store area as opposed to directly off a clinical corridor.

The property has had limited improvement works undertaken in recent years and the consulting rooms comprise painted and plastered walls and ceiling, carpet, hot water radiators and strip lighting. Clinical sinks have crucifix taps which are set into the sink. The treatment rooms are of a higher specification than the consulting rooms with vinyl sealed flooring, a range of kitchen style storage units and a stainless-steel sink with long levered taps. One of the treatment rooms appears to have been converted from a dispensary albeit a number of years ago and has a more modern overall finish.

The first floor is a staff only space and is accessed via stairs only.

3.9 Defects and Repair

The property appears in a reasonable overall condition although it is relatively dated in specification. I am not aware of any defects affecting the subject property.

3.10 Services

It is assumed that mains water and electricity are connected to the property and drainage to a mains system.

3.11 Access and Highways

I have assumed that Ripon Road is a public highway maintainable at public expense.

3.12 Energy Performance Certificate

I have not had sight of an Energy Performance Certificate for Killinghall Surgery.

3.13 Planning

I have made no enquiries of the Planning Authority and no information has been received on the property's planning status and potential.

I have assumed as agreed with you, that there are no planning proposals that adversely affect the property.

3.14 Equality Act 2010

Whilst I have had regard to the provisions of the Equality Act 2010 in making this report, I have not undertaken an access audit nor been provided with such a report. It is recommended that you commission an access audit to be undertaken by an appropriate specialist in order to determine the likely extent and cost of any alterations that might be required to be made to the premises or to your working practices in relation to the premises in order to comply with the Act.

3.15 Mineral Stability

The property is not in an underground mining area and a Mining Subsidence Report has not been obtained.

3.16 Environmental Factors Observed or Identified

Asbestos may be present in the construction of Killinghall Surgery. While this material remains intact and in good condition the asbestos fibres are likely to be safe but specialist advice should be sought in the event of alteration, maintenance or demolition.

According to the Environment Agency's Flood Map, the property is not at a significant risk of flooding.

3.17 Rateable Value

The property has a current rateable value of £6,900pa dating from 1st April 2017.

3.18 Minimum Energy Efficiency Standards (MEES)

We have not been provided with an up-to-date EPC rating for this property and, as such, our valuation is based on the assumption that the subject property will meet the minimum requirements laid down by the Energy Act 2011 and its Regulations and that there will be no adverse impact on value and marketability. It is advisable to obtain an expert's opinion regarding whether an EPC should be commissioned and if the building is likely to meet with the legislative requirements.

4. **Valuation**

4.1 Valuation Methodology/Approach and Reasoning

This valuation has been undertaken using the comparable method of valuation with reference to rents passing on other comparable medical facilities which have been assessed as part of the Doctor's Rents & Rates Scheme from the surrounding area.

4.2 Comparable Evidence

North Street Surgery, North Street, Ripon: a converted property which was extended in 1993 and again in 2001. The extended parts have been valued at £136.50/sqm and £140/sqm with parking at £300 per space at February 2021.

Stockwell Road Surgery, Stockwell Road, Knaresborough: a purpose-built surgery which was built in the 1980s. The property was extended in 2001 and has undergone some (limited) improvement works in recent years. The property was valued at £142.50/sqm with parking at £325 per space at March 2021.

Feastfield Medical Centre, King Street, Pateley Bridge: a purpose-built surgery built in the early 1990s and which has undergone limited recent improvement works. The property was valued at £133.50/sqm with parking at £300 per space at April 2020.

Spring Gables, Clint Bank Lane, Birstwith: a purpose-built surgery, built in the early 1990s. The property has been improved over time and was extended approximately 10 years ago. The property was valued at £137.50/sqm with parking at £300 per space at March 2020.

Based on the above comparables, a value of £134/sqm has been adopted for Killinghall Surgery. This sits slightly above Feastfield Medical Centre which has a more historic valuation date but below Birstwith which is also a village surgery but is a more modern facility.

A value of £300/space has been adopted for the parking in line with the majority of the comparables listed above.

A breakdown of the rental value of provided below. The total rental value has been agreed with David Ogilvie of Dacres Commercial:

GF	105	@ £134.00	£	14,070.00	
FF	57.78	@ £134.00	£	7,742.52	
CP's	14	@ £300.00	£	4,200.00	
			£	26,012.52	£ 26,000.00

4.3 Opinion of Value

I am of the opinion that the Market Rent for Killinghall Surgery is **£26,000 (Twenty-Six Thousand Pounds)** as at 9th November 2021. The reimbursement rent in turn is **£26,000 (Twenty-Six Thousand Pounds)** from the same date.

4.4 Comments on Lease

Lease length: The lease term proposed for the new lease is 3 years. Although this is a comparatively short lease, I understand that this has been proposed because the landlord lives next door to allow them flexibility, particularly if they ultimately move away. I also understand that the practice is looking at accommodation options on other sites in the medium term so they are unlikely to object to this length of term. With these particular circumstances in mind, I would not consider the proposed lease term to be unreasonable.

4.5 Currency

All prices or values are stated in pounds sterling.

4.6 VAT

I understand that VAT does not apply to this transaction and my opinion of value reflects this. In the event that my understanding is found to be inaccurate, my valuation should be referred back for reconsideration.

4.7 Costs of Sale or Acquisition and Taxation

I have assumed that each party to any proposed transaction would bear their own proper legal costs and surveyor's fees.

No allowance has been made for liability for taxation, whether actual or notional, that may arise on disposal.

4.8 Market conditions explanatory note: Novel Coronavirus (COVID-19)

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees and to reflect further "waves" of COVID-19;

although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

5. General Information

5.1 Status of Valuer

It is confirmed that the valuation has been carried out by Alison Mobbs, a RICS Registered Valuer, acting in the capacity of an external valuer, who has the appropriate knowledge and skills and understanding necessary to undertake the valuation competently, and is in a position to provide an objective and unbiased valuation.

5.2 Conflict of Interest

Checks have been undertaken in accordance with the requirements of the RICS standards and have revealed no conflict of interest. DVS has routinely valued the property on behalf of the NHS for CMR purposes in the past.

5.3 Restrictions on Disclosure and Publication

The client will neither make available to any third party or reproduce the whole or any part of the report, nor make reference to it, in any publication without our prior written approval of the form and context in which such disclosure may be made.

5.4 Limits or Exclusions of Liability

Our valuation is provided for your benefit alone and solely for the purposes of the instruction to which it relates. Our valuation may not, without our specific written consent, be used or relied upon by any third party, even if that third party pays all or part of our fees, directly or indirectly, or is permitted to see a copy of our valuation report. If we do provide written consent to a third party relying on our valuation, any such third party is deemed to have accepted the terms of our engagement.

None of our employees individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring any claim against any such individuals personally in connection with our services.

5.5 Validity

This report remains valid for six months from its date unless market circumstances change or further or better information comes to light, which would cause me to revise my opinion.

6. Recommendations

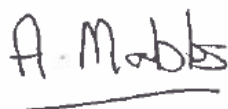
6.1 Summary of key issues / value for money

I confirm that the Market Rent for Killinghall Surgery is **£26,000 (Twenty-Six Thousand Pounds)** as at 8th November 2021. The reimbursement rent in turn is **£26,000 (Twenty-Six Thousand Pounds)** from the same date.

Please note that the agreed rental figure is lower than the figure proposed in the draft lease which is £26,650pa.

Further to discussions with David Ogilvie of Dacres Commercial, I believe that overall, the proposed lease now offers 'value for money' to NHS England.

I trust that the above report is satisfactory for your purposes. However, should you require clarification of any point do not hesitate to contact me further.



Alison Mobbs MRICS
Senior Surveyor
RICS Registered Valuer
DVS

7. Appendices

7.1 Photographs





