



# New Premises Costs Directions

May 2024

The long-awaited National Health Service (General Medical Services Premises Costs) Directions 2024 (PCDs) were finally published on 9 May 2024, coming into force on 10 May 2024.

The new directions supersede all previous versions of the directions and continue to set out how payments should be calculated and made to general practice contractors in respect of premises costs.

The new Directions can be accessed [here](#).

The key changes include:

## Premises developments and improvements

- Funding of developments and improvements by the commissioner are no longer restricted to a minimum of 33% and maximum of 66%
- Ability to support the purchase of land to be used for providing primary medical services (direction 7 (1) (b))
- Applications to only be considered where a project initiation document (PID) is provided (direction 7 (3))
- Ability to support the fit-out of newly constructed premises (for leasehold properties) direction 8 (1) (k)
- Update to the timescales and values of abatement and guaranteed period of use [direction 44]:

Value of grant	Abatement period	Min. guaranteed use period
Up to £144k	6 years	6 years
£144k - £360k	9 years	9 years
£360k - £660k	12 years	12 years
£660k - £1.2m	15 years	15 years
Over £1.2m	18 years	18 years

- Further detail around repayment arrangements for premises developments or improvement grant in specific circumstances (direction 13).

## Premises reimbursements

- Detail on the various scenarios where leasehold rent is payable, for example NHS Property Services (NHSPS) and sale and lease back situations (direction 33)
- Updates on the process for leasehold rent review process, including the requirement for the contractor to make representations / submit evidence to the district valuer or other appointed valuer prior to the determination of the current market rent (CMR) (direction 34 (2))
- Requirement for the contractor to notify the commissioner if they do or do not accept the assessment of CMR within 12 weeks. If this notification is not made, the commissioner must not make the payment (direction 34 (3) for leasehold and direction 43 (3) for notional rent)
- Borrowing costs calculations to be determined using the prescribed percentage rate set out by NHS England at least once in each financial year.
- Further detail on the arrangements for third party use of premises (direction 49)
- Where incurred, reimbursements can be made for business improvement district (BID) levies under the Local Government Act 2003 (direction 47 (1))

## General changes

- Reimbursement of stamp duty land tax (SDLT) on acquiring land or premises (direction 31)
- Ability for the commissioner to visit the practice premises to undertake minimum standard reviews (direction 51)
- Requirement for the commissioner to establish protocol for handling premises matters on the termination of the GMS contract due to retirement (direction 54)
- Detail on the recovery of overpayments made to a contractor (direction 55)
- Inclusion of “appointed valuer” alongside reference to district valuer. Appointed valuer is defined as means a suitably qualified professional who is registered with the Royal Institution of Chartered Surveyors (RICS) to carry out valuations for NHS England (direction 2 and throughout directions)

Further guidance and advice notes to support the implementation of the directions will be published in due course.

PCC can provide expert support relating to primary care premises matters, contact [enquiries@pcc-cic.org.uk](mailto:enquiries@pcc-cic.org.uk) or visit [www.pcc-cic.org.uk](http://www.pcc-cic.org.uk) to find out more.