OFFICIAL: SENSITIVE

28 July 2026

FILE REF: SHA/26266

NHS Resolution

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COMMISSIONER:	**NORTH CENTRAL LONDON INTEGRATED CARE BOARD**
GMS CONTRACTOR:	**DR RUBEN & PARTNERS**
PREMISES:	**LANGSTONE WAY SURGERY, 28 LANGSTONE WAY, MILL HILL, LONDON, NW7 1GR**
DISPUTE RESOLUTION:	**NHS (GENERAL MEDICAL SERVICES CONTRACT) REGULATIONS 2015**
DIRECTIONS:	**NHS (GENERAL MEDICAL SERVICES – PREMISES COSTS) DIRECTIONS 2004**
RE:	**LEASEHOLD PREMISES RENTAL COSTS**

1 Outcome

1.1 For the reasons given in the report from the Advisor, I accept the recommendation on the current market rent of the subject premises with effect from 25 March 2021 which is £173,780.

1.2 I note that neither party has submitted a claim for interest with regard to this dispute so I make no determination in this regard.

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DECISION MAKING BODY: **NORTH CENTRAL LONDON INTEGRATED CARE BOARD**

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RE: **LEASEHOLD PREMISES RENTAL COSTS**

1 Introduction

1.1 As a GMS provider, the above named Contractor has referred the dispute of leasehold premises rental costs as at 25 March 2021 for dispute resolution under the provision of Part 12 of the NHS (General Medical Services Contract) Regulations 2015.

1.2 The relevant provision is contained within the NHS (General Medical Services – Premises Costs) Directions 2004; Part 5 and in particular paragraphs 31 and 32 ['the 2004 Directions'].

1.3 The Secretary of State for Health and Social Care has directed that NHS Resolution exercise the functions of dispute resolution on their behalf. I, as an authorised officer of NHS Resolution, have made this determination.

1.4 The dispute resolution procedure also allows for advice to be sought.

2 The Following Points are relevant to this Application for Dispute Resolution

2.1 In a letter dated 19 July 2024, the Contractor through his representative, applied to NHS Resolution for NHS dispute resolution. The letter stated that the Contractor remained dissatisfied with the revised figure of £174,420 as reported to NHS England and sought to argue that the notional rent in respect of the Contractor’s surgery premises should have been assessed at a higher figure of £192,420 with effect from 25 March 2021.

2.2 I have had regard to the following documents made available to me in consideration of this matter:

2.2.1 Application dated 19 July 2024 from Aitchison Raffety, on behalf of the Contractor;

2.2.2 Representations dated 23 October 2025 from Aitchison Raffety on behalf of the Contractor;

2.2.3 Representations dated 23 October 2025 from the Commissioner;

2.2.4 Observations dated 19 December 2025 from Aitchison Raffety on behalf of the Contractor;

2.2.5 Observations dated 19 December 2025 from the Commissioner;

2.2.6 The report from the Advisor; and

2.2.7 Comments from Graham and Sibbald on behalf of the Contractor on the Advisor’s report and the Advisor’s response to those comments.

3 Statutory Framework

3.1 I note the Regulations apply in this case. Part 12, paragraph 83 of the Regulations, indicates with some exclusions, that the NHS dispute resolution procedure applies in the case of any dispute arising out of or in connection with the contract which is referred to the Secretary of State –

(a) in accordance with section 9(6) of the Act (where the contract is an NHS contract); or

(b) in accordance with paragraph 82(1) (where the contract is not an NHS contract).

3.2 I note that recurring premises costs such as rent payments are dealt with in the 2004 Directions. Part 5, paragraphs 31 & 32 of the 2013 Directions state:

Recurring Premises Costs

Leasehold premises’ rental costs

31. Subject to the following provisions of this Part, where—

(a) a contractor which rents its practice premises makes an application to the Board for financial assistance towards its rental costs; and—

(b) the Board is satisfied (before the lease is agreed or varied) where appropriate in consultation with the District Valuer Service, that the terms on which the new or varied lease is to take effect represent value for money, the Board must consider that application and, in appropriate cases (having regard, amongst other matters, to the budgetary targets it has set for itself), grant that application.

Amount of leasehold premises' rental costs payable

32. (1) Subject to the following provisions of this Part, where the Board grants the application, the amount that it must pay in respect of a contractor's rental costs for its practice premises is—

(a) the current market rent for the premises, plus any Value Added Tax payable by the contractor if this is properly charged to the contractor by the landlord (but excluding any Value Added Tax for which the contractor can claim a refund); or

(b) the actual lease rent for the premises, plus any Value Added Tax payable by the contractor if this is properly charged to the contractor by the landlord (but excluding any Value Added Tax for which the contractor can claim a refund),

whichever is the lower amount.

4 Procedural matters

4.1 It would appear that the Contractor has applied to the Commissioner pursuant to paragraph 31(a) of the 2004 Directions. I am mindful that the instant dispute relates to the assessment of the Current Market Rent of the subject premises. Nonetheless, the amount of leasehold premises rental costs payable under the GMS Contract by the Commissioner to the Contractor is 'whichever is the lower amount' pursuant to paragraph 32 of the 2004 Directions.

4.2 In order to be able to determine the dispute properly, I decided to consult and seek advice from an Advisor appointed by the Royal Institution of Chartered Surveyors. The Advisor uses their knowledge on these matters to weigh the merits of the arguments presented but, importantly, has no pecuniary or budgetary interest in the outcome.

4.3 The Advisor provides a report that deals with any factual matters in dispute e.g. the floor area of the premises, addressing the issues raised by the parties. The report is in the form of a reasoned assessment and recommendation. NHS Resolution received the report, and the parties were provided with an opportunity to make observations upon it.

5 Consideration

5.1 As part of this consideration of the application for NHS dispute resolution, I required an up-to-date version of the Contract in dispute containing all variations agreed since the contract was signed. This was provided and has not been disputed by the Commissioner.

5.2 I note that the total figure upon which the Contractor seeks to rely is £192,420 p.a., which is contained in submissions to NHS Resolution. I further note that the Commissioner, in submissions to NHS Resolution, contend that the revised figure as at the date fixed for review was £174,420 p.a. I note that the Advisor appointed by NHS Resolution recommends the value to be £173,780.

5.3 I note that parties were asked for comments on the report of the Advisor and that in an email dated 19 June 2026, Graham and Sibbald on behalf of the Contractor stated:

5.3.1 "*Thanks for sending this through. I have a point that I think would benefit from further clarification please: In section 8.3 of the report, the independent advisor states that "it is my considered view that a 2.00% p.a. growth rate should be adopted" for the five-yearly rent review pattern. However, in section 8.9, the detailed valuation appears to reflect only a 2% adjustment for this review pattern. Based on the commentary in 8.3, should this not instead be applied at 2% per annum - i.e. as there are two extra years from the standard three yearly review pattern to the subject's five yearly review pattern, this should give us a 4% adjustment in total*."

5.4 In a further email dated 22 June 2026, Graham and Sibbald on behalf of the Contractor stated:

5.4.1 "*1. In 7.5 the Advisor states that AR notes "that DVS and, indeed surveyors more widely, in this and other sectors, have applied a 1% pa uplift where review patterns differ from the market norm". However, our report does not comment on growth rates in other sectors, and in my experience, a nominal 1% per annum uplift is not standard practice in other sectors.*

5.4.2 *2. In the same point, the Advisor goes on to say that in his opinion we have "correctly identified this approach lacks a sound methodology and appears to be adopted by custom rather than any analytical approach". Yet goes on to adopt the same approach in his final valuation anyway. Is this not contradictory?*

5.4.3 *3. In section 8.2, the Advisor states "I consider that Ms Mace's adoption of a 2.63% per annum growth rate cannot be adequately supported by the PHP research and should be evidenced by an analysis over time of individual patterns of rent review growth over review cycles." In Section 6 of our report though, this is precisely the approach we adopted, we analysed over 800 OMR reviews that were completed between the subject's review period (2016 -2021) and took the average London growth rate from the completed reviews. This again seems to be contradictory?*

5.4.4 *4. In 8.3, it is clearly stated that the Advisor has adopted a 2% pa growth rate.*

5.4.5 *5. In 8.7, the Advisor's approach lacks transparency - it is not clear how the hypothetical term influences the appropriate adjustment for a 5 yearly rent review pattern. He states he has modelled scenarios, but these have not been provided.*

5.4.6 *Over a 15-year hypothetical term, there are three five-yearly rent reviews, compared with five reviews under a three-yearly cycle. As such, the landlord effectively foregoes two opportunities within the term* *to realign the rent to market levels. If the Advisor has adopted a 2% per annum growth rate, it follows that the landlord is missing out on 4% cumulative growth attributable to the additional two years between subject's five yearly review pattern when compared to a standard three-yearly pattern.*

5.4.7 *In the valuation, should the Advisor not have adopted a 4% adjustment instead of a 2% adjustment for the 5 yearly review pattern?"*

5.5 In a letter dated 16 July 2027, the Advisor responded to the comments and stated that:

5.5.1 "*1. DVS email 18th June 2026. The information supplied by DVS corroborates that supplied by Aitchison Raffety and, indeed, the analysis that I adopted.*

5.5.2 *2. ICB email 24th June 2026. This merely covers the DVS response.*

5.5.3 *3. Aitchison Raffety/Graham & Sibbald email 19th June 2026 14:49. Relating to Section 8.3 of the report, there is a 2% per annum growth rate used for adjustment for the timing of evidence. Then there is a 2% adjustment for the rent review pattern which I consider to be appropriate.*

5.5.4 *One is a growth rate derived from analysis of rental transactions comparing rental movements on the same properties over broadly contemporaneous time periods reference the valuation date. The other is my opinion of the appropriate adjustment for the extended rent review frequency. It happens to coincide with the "rule of thumb" often adopted by surveyors in general and across property sectors in my experience. However, I have carried out a specific investment analysis in order to test the applicability of that rule of thumb.*

5.5.5 *The actual impact on investment value is affected by lease term and imputed rental growth. The lower the rate of growth, the less the adverse impact.*

5.5.6 *To summarise one is a 2% per annum growth rate, the other a 2% valuation adjustment.*

5.5.7 *Aitchison Raffety/Graham & Sibbald email 22nd June 2026.*

5.5.8 *Adopting the numbering used by Mr Simpson:*

5.5.8.1 *1. In my experience, working across a number of property sectors over more than 40 years, I stand by my comment that a nominal 1% per annum uplift is standard practice. I do, however, believe that it is a rule of thumb that is not potentially applicable to all sectors or all circumstances and should be subject of more rigorous enquiry.*

5.5.8.2 *2. Whilst I came to the same conclusion, I did not arrive at the same by "the same approach".*

5.5.8.3 *3. The aggregation of evidence is undoubtedly useful for index purposes, but I do not believe it a substitute for a more granular approach to properties that are comparable in geography, specification, age, etc. There is no contradiction in my opinion.*

5.5.8.4 *4. I have stated my opinion based upon the evidence presented, favouring those that I identify to be most comparable. It is a valuation judgement.*

5.5.8.5 *5. I practised primarily in investment consultancy for approximately 12 years between 1996 and 2008. As stated above, I am not content to rely on the "rule of thumb" adopted by others without sense-checking the same. I have run what I consider to be a realistic investment scenario capturing 2% per annum rental growth on 3 year and 5 year review frequencies over a 15 year lease, which is the assumed term. I have asked a professional colleague to peer review my assumptions and conclusions and am content that the adjustment made for the rent review frequency provides adequate compensation to a landlord over the assumed term.*

5.5.9 *In conclusion, I have considered the further information provided in these four emails and believe that the conclusions I have reached and the advice I have tendered is reasonable.*"

5.6 Based on the Advisor's explanation, I am not persuaded to depart from the advice given to me by the Advisor.

5.7 For the reasons given above, I accept the recommendation on the current market rent of the subject premises with effect from 25 March 2021, which is £173,780.

5.8 I note that neither party has submitted a claim for interest with regard to this dispute so I make no determination in this regard.

Head of Appeals
NHS Resolution