

Report for: Cabinet

Date of Meeting: 13 January 2026

Subject: **Additional loan to Crediton NHS Hub**

Cabinet Member: Cllr Gwen Duchesne – Cabinet Member for Parish and Community Engagement

Responsible Officer: Andrew Jarrett – Deputy Chief Executive (S151)

Exempt: N/a

Wards Affected: Crediton Lawrence and Crediton Boniface

Enclosures: N/a

Section 1 – Summary and Recommendation(s)

To consider an additional long-term loan to the Redlands Primary Care in Crediton.

Recommendation(s):

1. To delegate approval to the Deputy Chief Executive (S151) to top-up c£70k of the original loan taking the outstanding balance back to the original £2.175m.
2. To approve an additional loan to the GP Practice of £150k.
3. Both loans are repayable by June 2048 on an annuity basis at a commercial fixed interest rate, subject to the completion of legal due diligence and documentation.

Section 2 – Report

1.0 Introduction

- 1.1 The Council has an existing loan with the GP Practice of £2.175M for the construction of the new integrated health hub at the Chiddenbrook Surgery in Crediton. That building is mostly funded by the NHS, but the GPs sought funding from the Council on a commercial basis.
- 1.2 In June 2024 the GP Practice subsequently approached the Council for an additional loan of £126k to top-up back to the original £2.175m from the balance paid to that point to build a new pharmacy building attached to the practice. In addition to the

benefits to the residents of Crediton and the surrounding area, the Council considered this an opportunity to lend funds to a suitable stakeholder that will provide a good rate of return on our money with a relatively low risk profile, over and above that currently achievable in the current economic conditions.

- 1.3 All loans are very much on the commercial basis. The Council secured a first charge over the property, ensuring low risk for the Council.

2.0 Latest Request

- 2.1 Recently, the surgery approached the council again with a two-fold request; one to again re-borrow the amount that has been repaid to date (c£70k) enabling the repayment of personal loans from retiring partners of the GP practice, and secondly to borrow an additional £150k citing additional costs for the pharmacy building (£350k).
- 2.2 The additional loan has been agreed by NHS England, enabling the council to secure the first charge on the pharmacy building too.
- 2.3 Once again, the top-up and additional loan will be made on commercial terms with a mark-up above the rates the Council is able to borrow at. Legal amendments are underway to reflect the new loan value and partner changes.
- 2.4 The view of officers is that, as an NHS body, the creditworthiness is at least Good and the Collateral is High, which will inform the appropriate interest for the loan.
- 2.5 The Council, as part of its daily Treasury decisions, may decide to fund the advance from internal borrowing, if possible. This then increases the surplus made as we would not be paying an external lender. The cost to the Council would be the opportunity cost of not investing those funds. With our average return on investment of around 3.75% at this time, this would be a prudent approach. Therefore, this should be considered as an attractive proposition.

3.0 Conclusion

- 3.1 Supporting a public service body, at low risk, with a sensible commercial rate of return in order to facilitate key health provision within our district is a sensible proposal.

Financial Implications

The proposed loan is to be undertaken on a commercial basis with the Council due to earn a higher return than if this sum was lent on the market. All costs incurred, although minimal due to the existing relationship, will be met by the Surgery.

A summary of the loan requirements are included within the report. The details are commercially sensitive and therefore there will be a requirement to move into confidential session to discuss the details.

Legal Implications

Michelmores LLP have been engaged to advise and draft the loan agreement, heavily based upon the existing Umbrella Agreement and the current loan agreement entered into by the GP's.

Risk Assessment

The Council consider this loan a low risk of default given it is to an NHS body. The legal agreement will fully protect the Council's interest.

This loan forms part of a diversified treasury portfolio and therefore further spreads the risk and increases the overall portfolio yield.

Impact on Climate Change

Providing a local pharmacy solution will reduce the need for residents to travel to get their medical supplies.

Equalities Impact Assessment

Similarly to the climate change benefit, all protected characteristics will benefit from a more localised pharmacy solution.

Relationship to Corporate Plan

The financial resources of the Council impact directly on its ability to deliver the Corporate Plan, therefore achieving a greater return on investments enable additional service provision.

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer: Andrew Jarrett

Agreed by or on behalf of the Section 151

Date: 23 December 2025

Statutory Officer: Maria De Leburne

Agreed on behalf of the Monitoring Officer

Date: 23 December 2025

Chief Officer: Stephen Walford

Agreed by or on behalf of the Chief Executive/Corporate Director

Date: 23 December 2025

Performance and risk: Dr Stephen Carr

Agreed by the Corporate Performance & Improvement Manager

Date: 23 December 2025

Cabinet member notified: Yes.

Section 4 - Contact Details and Background Papers

Contact: Paul Deal, Head of Finance, Property and Climate Resilience

Email: pdeal@middevon.gov.uk

Telephone: 01884 23(4254)

Background papers:

- Previous Cabinet reports regarding the original loan, dated 25 July 2019 and 26 March 2020.
- Top-up Loan request – June 2024