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Buying Property, Pensions and Loans

Surgery Loans

Question:

Our surgery has three loans to pay for our premises, one of which was arranged years ago at a fixed rate of 13 per cent with heavy penalties for cancellation.

We may be able to negotiate with a local bank to get out of this onerous loan, saving money in the process. If we do, can the PCO reconsider the cost rent we receive and decrease it accordingly?

Answer:

You would be obliged to inform the PCO of any changes and it could then renegotiate the level of cost rent.

The successor to the cost rent, the cost of borrowing, is dealt with in the NHS Directions 2004. In paragraph 39 it notes that when a GP changes the lender or renegotiates lower loan costs, the amount payable by the PCT shall be recalculated using the appropriate percentage in force at the time the change in loan has been arranged or comes into effect.