

Record of Officer Decision

Gadeon House, Grenadier Road, Exeter, EX1 3UT (Urgent Council Decision)

Decision Taker and Date Decision Taken:

Chief Executive on 24 March 2026, following consultation with the Leader of the Council and Group Leaders at a meeting on 17 March 2026.

Summary of Matter or Issue Requiring Decision:

The Royal Devon University Healthcare NHS Foundation Trust (RDUH) have sought to lease available space on the Lower Ground and Ground Floor at Gadeon House, Grenadier Road, Exeter from the Council to establish a regional Pathology Laboratory. Gadeon House is held within the Council's Investment Portfolio. The RDUH will be providing £2.5m towards the costs of turning the office accommodation into a laboratory and associated space but are seeking a contribution of up to £7.5m from the Council to complete the fit-out works.

In order to fund the £7.5m the Council would need to secure prudential borrowing, the repayment of which would be fully serviced across the duration of the lease term.

The lease with the RDUH for a term of 25 years has a break clause option after 15 years and has been agreed at Market Rent. If the break option is enacted this would require the RDUH to repay any outstanding balance on the borrowing taken by the Council for the fitout works.

The fitout works required to facilitate the re-purposing of the space will be via a direct award to Devon Contractors as required by RDUH.

The Council will enter into a 'Operated Healthcare Facilities Agreement' with RDUH that will ensure a range of building related services are provided on site.

Decision Taken:

- 1) That the Council make available up to £7.5m of prudential borrowing to be fully funded by the Royal Devon University Healthcare NHS Foundation Trust across the lease term for 'fitting out works' at Gadeon House, Grenadier Road, Exeter;
- 2) The Council agrees to grant a lease to Royal Devon University Healthcare NHS Foundation Trust NHS for a term of 25 years; and
- 3) The Council will appoint Devon Contractors as required by Royal Devon University Healthcare NHS Foundation Trust NHS to facilitate the building contract fit-out works via a direct award under the Procurement Act 2023 (PA23) Schedule 5 13(a). To mitigate any procurement risk, and ensure that the requirements of PA23 are met, the Council will publish a UK5 Transparency Notice prior to award of contract via a UK6 Contract Award Notice which will be followed by a mandatory 8-day standstill period.

Summary of Reason(s) for Decision Taken:

To secure a long-term tenant in a key Council Investment asset that has been vacant for over two years and it will also support the ambitions of a strategic partner. The development of the Pathology Laboratory also creates a wide ecosystem of jobs across multiple sectors benefitting the whole of the South West peninsula.

Summary of Alternatives or Options considered and rejected and Background Papers:

The office accommodation has been openly marketed following vacant possession over two years ago. The Royal Devon University Healthcare NHS Foundation Trust have expressed an interest in leasing the available space at Gadeon House at market value, but due to the intended use, have asked the Council to provide a financial contribution in order for fit out works to be undertaken. Without the availability of the prudential borrowing, it is highly unlikely the lease would be taken up.

Details of any conflict of interest and dispensation granted to the Officer taking the decision or by any Member of the Council in delegating responsibility for any specific express delegation:

None

Implementation:

This decision will be implemented immediately.

A copy of this decision and any supporting documentation considered by the Officer taking this decision may also be available for inspection by the public at the Council's offices or posted upon payment of any copying and postage charges. Any member of the public wishing to take up either of these options is asked to please ring (01803) 207087 or email governance.support@torbay.gov.uk

Signed: _____ Date: _____
(Chief Executive)