

The Seven-step Delivery Model

Bankers without Boundaries (BwB)

5 February 2026

Funded by



Department for
Energy Security
& Net Zero

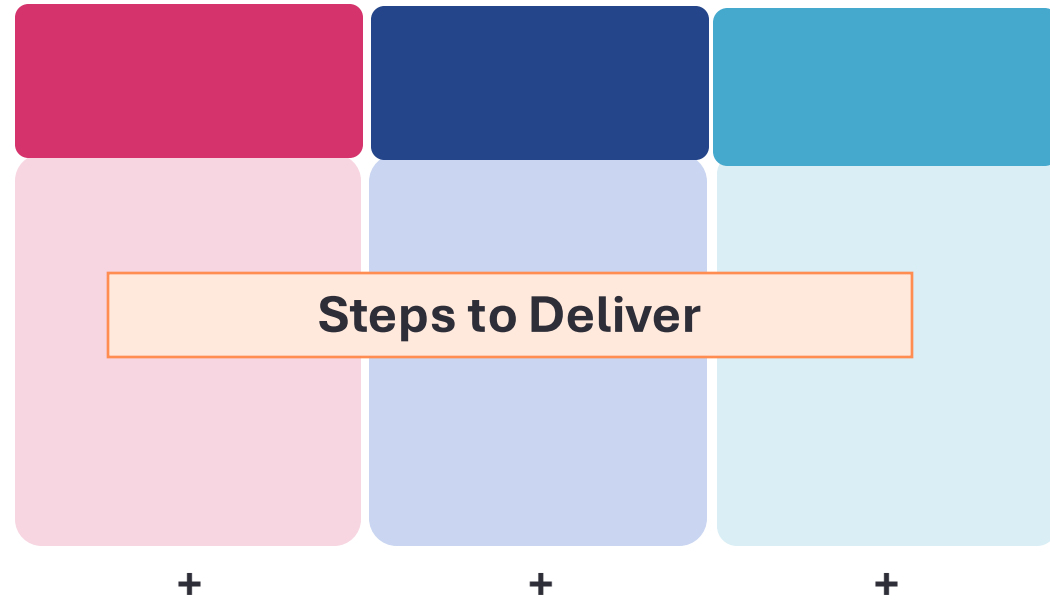
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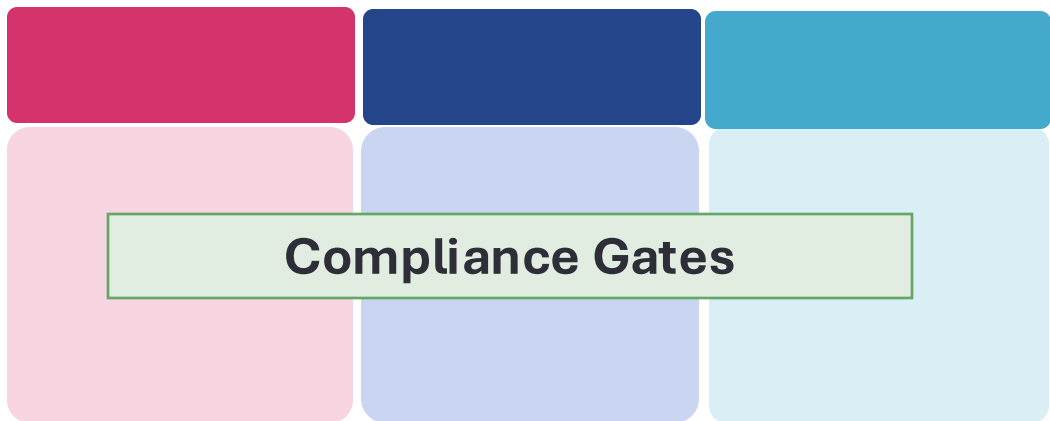
User Guide



These are the active tasks the Project Team must **execute**. Each step answers the question: *"What do we need to do next?"*

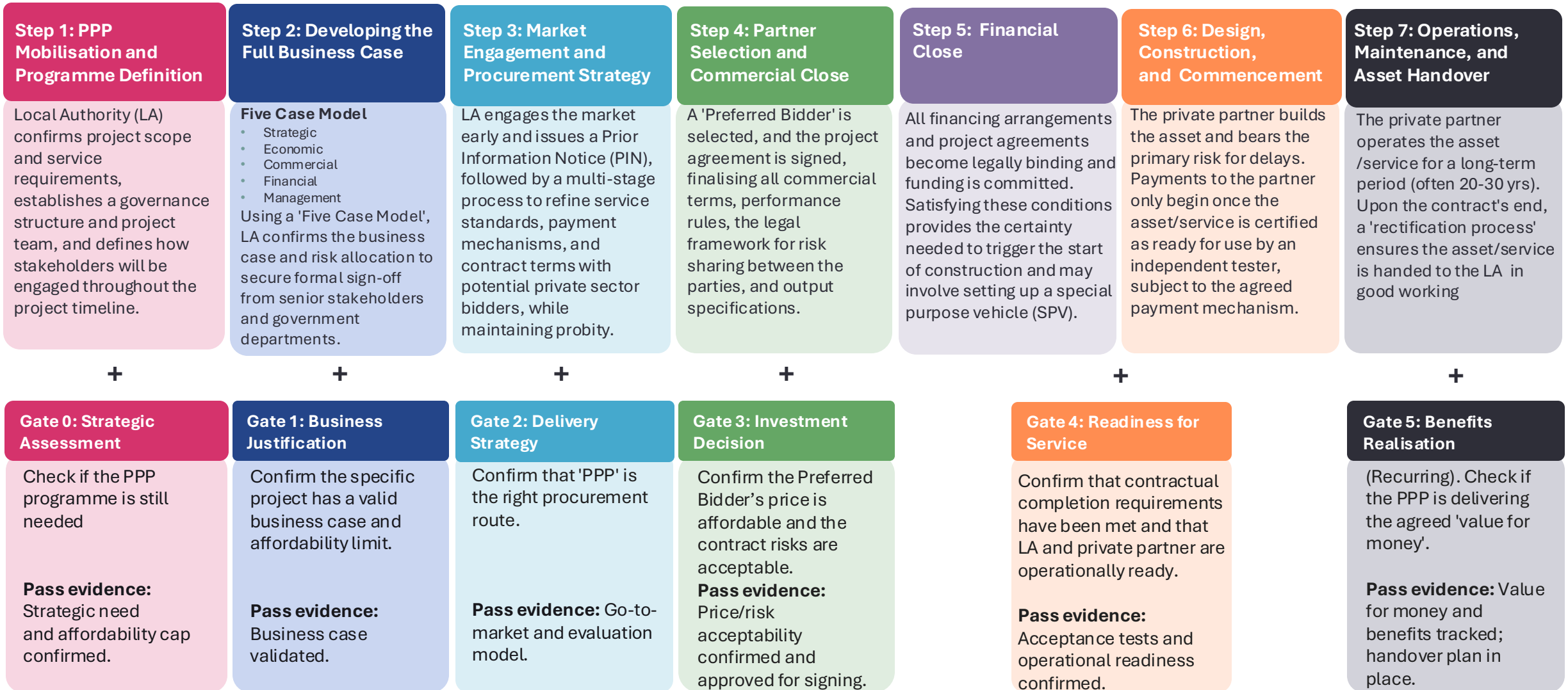
Points to Note

- 1. Maintain Sequential Integrity:** Each step should be considered in parallel with its corresponding compliance gate. These gates are mandatory decision points, and progressing to the next step before clearing a gate is not recommended.
- 2. Gates Have Binary Outcomes:** A gate is either 'Pass' or 'Fail'. A 'Fail' indicates there are issues that must be addressed before moving forward to the next step.



These are critical decision points where work stops for **review**. Each gate answers the question: *"Should we move forward to the next stage?"*

Public-Private Partnership (PPP): The Seven-step Delivery Model and Compliance Gates



Securitisation: The Seven-step Delivery Model and Compliance Gates

Step 1: Asset Identification and Programme Definition

Local Authority (LA) confirms which receivables or revenue streams are suitable for securitisation, and assesses the enforceability of rights, predictability of cash flows, data depth, and portfolio scale.

Step 2: Data Preparation and Portfolio Structuring

A detailed data tape is prepared, including historic performance, arrears, recovery processes, and servicing capability. LA validates asset quality and segmentation to determine tranching potential and credit enhancement requirements.

Step 3: Structural Design and SPV Establishment

The securitisation structure is designed, including tranches, waterfall mechanics, reserve accounts, and credit enhancement layers. A special purpose vehicle (SPV) with appropriate governance is established to isolate risk and issue securities.

Step 4: Regulatory Compliance and Disclosure Preparation

Transaction documentation is prepared in line with UK securitisation requirements, including transparency disclosures and risk retention arrangements. Investor reporting templates and ongoing compliance processes are defined.

Step 5: Investor Engagement and Pricing

The transaction is marketed to institutional investors. Rating feedback (if applicable), bookbuilding and pricing discussions refine tranche allocation and final terms.

Step 6: Issuance and Financial Close

Notes are issued through the SPV, assets are transferred, and funds are received. All documentation becomes legally binding.

Step 7: Ongoing Reporting and Governance

LA oversees servicing performance, delivers periodic investor reporting, and monitors compliance with retention and transparency requirements throughout the life of the transaction.

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Gate 0: Strategic and Powers Assessment

Confirm that securitisation is an appropriate path within LA's statutory powers, treasury strategy, and affordability limits.

Pass evidence: Statutory powers and strategic funding rationale confirmed.

Gate 1: Data and Transparency Confirmation

Confirm that asset-level information is sufficiently robust to support due diligence and disclosure.

Pass evidence: Verified data pack and servicing readiness confirmed.

Gate 2: Structural and Legal Sign-off

Confirm that i) proposed structure is legally enforceable, including asset transfer mechanics, ii) SPV governance, iii) creditor protections are robust

Pass evidence: Legal opinion + SPV governance documentation verified.

Gate 3: UK Securitisation Compliance Approval

Confirm compliance with risk retention and transparency obligations prior to marketing.

Pass evidence: Risk retention obligation evidenced and disclosure package complete.

Gate 4: Pricing and Commitment Decision

Confirm final pricing, allocation, and internal approval to proceed to issuance.

Pass evidence: Pricing memo approved and investor commitments secured.

Gate 5: Ongoing Transparency and Performance Review

(Ongoing) Confirm reporting cadence, compliance controls, and asset performance monitoring remain effective.

Pass evidence: Reporting delivered and compliance attestations maintained.

Syndication: The Seven-step Delivery Model and Compliance Gates

Step 1: Borrowing Requirement and Scope Definition

Local Authority (LA) confirms the capital requirement, tenor, and repayment profile, ensuring borrowing aligns with capital purposes and affordability limits.

Step 2: Governance and Internal Approval

Delegated authorities, approval routes, and signatories are established. An internal mandate is secured to approach the lending market.

Step 3: Mandate Arranger and Define Structure

A Mandated Lead Arranger is appointed. LA determines whether the syndication will be structured as a club, best-efforts, or underwritten facility.

Step 4: Market Sounding and Lender Syndication

The facility is presented to lenders. Information memoranda and financial data are shared under confidentiality protocols.

Step 5: Documentation and Credit Approval

Facility agreement, fee letters, and intercreditor terms (if applicable) are finalised. Conditions precedent are compiled.

Step 6: Financial Close and Drawdown

Funds are drawn under the agreed mechanics. Interest calculation and repayment schedules commence under agent administration.

Step 7: Monitoring and Lifecycle Management

LA manages covenant reporting, lender communications, and any amendments or refinancings until maturity.

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Gate 0: Borrowing Powers and Affordability Check

Confirm compliance with statutory borrowing powers and prudential affordability indicators.

Pass evidence:

Affordability assessment and statutory purpose confirmed.

Gate 1: Authority to Go to Market

Confirm formal internal approval to appoint advisers and launch syndication.

Pass evidence:

Committee approval and delegated authority documented.

Gate 2: Procurement and Appointment Compliance

Confirm adviser appointment complies with procurement rules and internal governance.

Pass evidence:

Compliant appointment record confirmed and engagement letter executed.

Gate 3: Lender Onboarding and AML Clearance

Confirm lenders complete due diligence, anti-money laundering (AML), and sanctions checks prior to commitment.

Pass evidence:

'Know your customer' completed and commitments received.

Gate 4: Conditions Precedent Sign-off

Confirm legal documentation, opinions, and compliance checks are complete before drawdown.

Pass evidence:

Conditions precedent checklist satisfied and legal opinion delivered.

Gate 5: Ongoing Prudential Review

(Ongoing) Confirm borrowing remains affordable and compliant with reporting obligations.

Pass evidence: Annual prudential review completed and covenant compliance confirmed.

Subordination: The Seven-step Delivery Model and Compliance Gates

Step 1: Capital Stack Definition

Local Authority (LA) defines the rationale for introducing junior capital, typically to enhance senior lender confidence or bridge a funding gap.

Step 2: Legal and Subsidy Assessment

Legal powers and subsidy control implications are assessed, particularly where junior capital carries concessional features.

Step 3: Intercreditor Structuring

Ranking, standstill provisions, enforcement rights, and payment blockage clauses are negotiated between senior and junior creditors.

Step 4: Documentation and Security Structuring

Facility agreements and security arrangements are finalised to reflect agreed ranking.

Step 5: Funding and Close

Senior and junior funds are disbursed in line with agreed waterfall structure.

Step 6: Ongoing Waterfall Management

Payments are applied according to ranking. Compliance with ranking, payment restrictions, and reporting obligations monitored on an ongoing basis.

Step 7: Enforcement or Exit

In the event of default, standstill and enforcement provisions operate as agreed. At maturity, repayment follows agreed hierarchy.

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Gate 0: Strategic Rationale and Affordability Check

Confirm that introduction of subordinated capital is justified, affordable and consistent with LA's risk appetite.
Pass evidence: Funding gap analysis and affordability confirmed.

Gate 1: Legal and Subsidy Compliance Approval

Confirm compliance with subsidy control principles and enforceability under insolvency law.
Pass evidence: Subsidy assessment complete and legal review signed off.

Gate 2: Intercreditor Agreement Confirmation

Confirm formal approval of subordination mechanics and risk allocation.
Pass evidence: Intercreditor deed confirmed.

Gate 3: Close Readiness Check

Confirm documentation, 'know your customer', and funding conditions are satisfied.
Pass evidence: Conditions precedent satisfied, funds disbursed, and intercreditor deed executed.

Gate 4: Ongoing Governance Review

(Ongoing) Confirm ranking remains enforceable and reporting obligations are met.
Pass evidence: Compliance monitoring and payment waterfall verification.

Co-Investment: The Seven-step Delivery Model and Compliance Gates

Step 1: Investment Thesis and Programme Definition

Local Authority (LA) defines objectives, return expectations, governance preferences, and investment scope before engaging partners.

Step 2: Legal Structure Selection

The appropriate vehicle form (e.g., corporate joint venture or limited partnership) is selected, defining governance rights and decision-making authority.

Step 3: Regulatory Perimeter Assessment

The structure is reviewed to determine whether it falls within collective investment or alternative investment fund regulation. An assessment is made regarding whether FCA authorisation of AIFM appointment is required.

Step 4: Partner Selection and Commercial Negotiation

Co-investors are selected through a defensible process. Governance rights, capital commitments, and distribution mechanics are agreed.

Step 5: Subsidy and State Support Review

Where preferential public capital or guarantees are provided, subsidy control compliance is assessed.

Step 6: First Close and Capital Deployment

Capital is drawn in accordance with agreed commitments and deployed into approved investments.

Step 7: Portfolio Oversight and Exit

Performance monitoring, reporting, and governance reviews are conducted throughout the investment lifecycle. Exits are executed in line with mandate.

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Gate 0: Policy and Strategy Alignment

Confirm alignment with LA's capital, treasury, and investment strategies, including risk appetite and proportionality considerations.
Pass evidence: Strategy review completed and committee approval received.

Gate 1: Legal Capacity Confirmation

Confirm statutory powers to establish or participate in the chosen structure.
Pass evidence: Legal powers opinion obtained, governance framework approved, and statutory powers confirmed.

Gate 2: Regulatory Compliance Sign-off

Confirm regulatory position and any required authorisation or compliance steps.
Pass evidence: Regulatory advice documented.

Gate 3: Partner Appointment Decision

Confirm formal approval of commercial terms and governance structure.
Pass evidence: Term sheet signed and formal governance approval and procurement compliance confirmed.

Gate 4: Subsidy Compliance Confirmation

Confirm compliance with UK subsidy control principles.
Pass evidence: Subsidy principles assessment complete and documented.

Gate 5: Ongoing Governance and Benefits Review

(Ongoing) Confirm reporting standards, governance discipline, performance monitoring, conflict management, and achievement of strategic objectives.
Pass evidence: Annual performance report, benefits tracking, and exit strategy review.