SHEFFIELD CITY COUNCIL

Cabinet Report

Report of:	Executive Director, Place and Executive Director, Resources
Report to:	Cabinet
Date:	12 November 2014
Subject:	Streets Ahead – Securing Savings From The Funding Structure
Author of Report:	Steve Robinson (2735553) Anna Peysner (2734035)
Key Decision:	YES
Reason Key Decision:	Expenditure/savings over £500,000

Summary:

The Streets Ahead contract ('the Contract') has been set a significant savings target in order to contribute to the Council achieving its reduced budget in the future.

Savings can be realised through providing alternative types of funding, in addition to service efficiencies.

This report seeks approval to the Council providing additional Capital Contributions to the project and to progress some more complex alternative funding structures on an 'invest to save' basis.

It is estimated that the savings secured from these changes could be as much as £1m per year, with no loss of service for the people of Sheffield.

Reasons for Recommendations:

As outlined in this report, there is a clear strategic and economic case to justify the Council using its prudential borrowing powers and increasing the Capital Contributions to the project in order to secure a saving of circa **£0.5m pa**. This saving can be achieved with minimal risk to the Council and without impacting on the delivery of the highway maintenance service and the ongoing improvements in the infrastructure asset.

Failure to increase the Capital Contributions will result in more pressure on achieving the Council's current and future budget and may result in more drastic cuts to front line services.

The options to refinance the remaining bank debt with alternative bank and/or partial public finance need to be explored further so as to ensure that an opportunity is not missed to generate additional financial savings to assist with ensuring the project is sustainable in the future.

Recommendations:

It is recommended that approval be given to:

Option 2 - providing additional Capital Contributions up to the value of 50% of the existing capital funding of the Core Investment Period as set out in 5.2 of this report;

establish a budget from the PFI Reserves to fund the implementation of the first stage of the preferred alternative funding option and to subsequently progress the second stage to determine the optimum funding structure to be approved by Cabinet;

fund any abortive project costs from the Streets Ahead contingency;

procure and appoint external financial and legal advisers for the Council;

develop and submit an Outline Business Case to Department for Transport/HM Treasury to seek approval to progress the changes to the funding arrangements;

make staged payments to Amey in relation to the Contract change due diligence costs subject to such costs being auditable; and in accordance with agreed estimates; and

progress Options 3 and 4 - the second stage of the preferred alternative funding option on the basis that the conclusion of this second stage will be signified by the submission of a subsequent Cabinet report and the submission of an Final Business Case to the Department for Transport/HM Treasury.

It is also recommended that Cabinet:

delegates authority to the Executive Director, Resources in consultation with the Cabinet Member for Finance and the Interim Director of Legal and Governance to implement the first stage of the preferred alternative funding option following the agreement of commercially acceptable payment terms with Amey; and

delegates authority to the Executive Director, Resources in consultation with the Executive Director, Place, the Interim Director of Legal and Governance and Cabinet Members for Finance and Environment, Recycling & Streetscene, to take such other steps as he deems appropriate to achieve the outcomes set out in this report.

Background Papers: Cabinet Report: Sheffield City Council - Meeting of Cabinet on Wednesday 9 November 2011

Category of Report: **Main Report - OPEN Appendices - CLOSED**

The Appendices are not for publication because they contain exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).'

Statutory and Council Policy Checklist

Financial Implications
YES/~~NO~~ Cleared by: Anna Peysner
Legal Implications
YES/~~NO~~ Cleared by: David Hollis
Equality of Opportunity Implications
~~YES~~/NO Cleared by: Ian Oldershaw
Tackling Health Inequalities Implications
~~YES~~/NO
Human Rights Implications
~~YES~~/NO
Environmental and Sustainability implications
~~YES~~/NO
Economic Impact
~~YES~~/NO
Community Safety Implications
~~YES~~/NO
Human Resources Implications
~~YES~~/NO
Property Implications
~~YES~~/NO
Area(s) Affected
N/A
Relevant Cabinet Portfolio Lead
Cllr Jack Scott Cllr Ben Curran
Relevant Scrutiny Committee
Economic, Environmental Wellbeing Scrutiny and Policy Committee
Is the item a matter which is reserved for approval by the City Council?
~~YES~~/NO
Press Release
YES/~~NO~~

REPORT TO THE CABINET

STREETS AHEAD – SECURING SAVINGS FROM THE FUNDING STRUCTURE

1.0 SUMMARY

1.1 The Streets Ahead contract ('the Contract') has been set a significant savings target in order to contribute to the Council achieving its reduced budget in the future.

1.2 Savings can be realised through providing alternative types of funding, in addition to service efficiencies.

1.3 This report seeks approval to the Council providing additional Capital Contributions to the project and to progress some more complex alternative funding structures on an 'invest to save' basis.

1.4 It is estimated that the savings secured from these changes could be as much as £1m per year, with no loss of service for the people of Sheffield.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

2.1 There is no impact on the services received by the people of Sheffield.

2.2 The savings realised from the proposed alternative funding structure will contribute to the Council achieving its budget thereby reducing the risk of additional budgetary pressures being placed on other services delivered to Sheffield people.

3.0 OUTCOME AND SUSTAINABILITY

3.1 The Contract benefits are both direct and indirect for example, the improvements in the highway infrastructure aims to reduce vehicle damage and fuel consumption and people should feel safer at night owing to the improved street lighting. The Contract benefits are fundamentally linked to making Sheffield a great place to live.

3.2 It is envisaged that by improving the affordability of the Contract by implementing an alternative funding structure that it will reduce the risk of the Council having to significantly change the services delivered under the Contract thereby maintaining the integrity of the long-term Contract benefits.

4.0 BACKGROUND

4.1 The Contract is a private finance initiative funded through a combination of private and public finance. The Department for Transport ('DfT') provides a revenue grant of £1.2bn paid in instalments over the contract term. The capital funding is currently provided by four banks and three equity providers in addition to the Council's existing level of Capital Contribution as detailed below. See Appendix A – Contract Funding Structure.

4.2 The revenue grant from the DfT along with revenue funding committed by the Council funds the Annual Unitary Charge paid in monthly instalments to Amey dependent on satisfactory performance and the achievement of annual milestone targets.

4.3 During the later stages of the procurement process in November 2011, Cabinet approved the Council providing Capital Contributions to meet the demands of the DfT to make the Contract more affordable following funding reductions to the scheme by Central Government. Subsequent to that Cabinet approval, the PFI finance market became quite volatile with private sector funders stepping away from funding PFI contracts thereby reducing the number of banks in the Preferred Bidder's funding syndicate. To ensure that the Council could reach a value for money deal with the Preferred Bidder, the Council Leader subsequently approved an increased level of Capital Contributions from £100m to £135m.

4.4 In the period since the approval of the Streets Ahead project, funding cuts by Government have reduced the Council's budget by over 30% and there will be further cuts in future.

5.0 POTENTIAL OPTIONS CONSIDERED

5.1 Option 1 - Full Public Re-Finance

5.1.1 Under this option the Council would pay off the banks and effectively step into the existing funding agreement with Amey on the same terms. This option would require little change to the Contract and the Unitary Charge and would generate the highest level of savings based on the current differential between the modelled rate of interest and the long term interest rates that the Council could borrow at.

5.1.2 Whilst this option would generate significant savings of around **£2m pa,** on discussion of the proposal with DfT and HM Treasury ('HMT') it was clearly not supported by them. The view of both the DfT and HMT was that the Council would not be able to carry out the sole funding role sufficiently robustly to ensure that the risk transferred to Amey was upheld in the same manner as under a private finance arrangement. In addition, the proposal would mean a change to the internal accounting treatment of the PFI grant which would cause the DfT significant budget problems to which HMT could not offer a solution. As a result this proposal was not taken further.

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5.2 Option 2 - Additional Capital Contributions

5.2.1 Under this option the Council would increase the Capital Contributions above the £135m already built in, using the existing mechanism.

5.2.2 The potential level of additional Capital Contribution that the Council is permitted to contribute is set by the European Standards of Accounting rules. The accounting rules state that the total amount of Capital Contributions has to be less than 50% of the capital expenditure in the Core Investment Period ('CIP'). Owing to the current level of Capital Contributions being provided by the Council, the additional Capital Contributions can be no more than approximately **£61m**.

5.2.3 The timing of the additional Capital Contributions throughout the CIP will be optimised in order to maximise the overall saving whilst maintaining the general HMT principles relating to the payment of Capital Contributions which states that they should be linked to service outputs and that the Council should remain the minority funder throughout the CIP.

5.2.4 Providing additional Capital Contributions would allow some of the existing bank debt borrowed by Amey to be cancelled. The £61m would be funded by the Council using prudential borrowing. This alternative funding option creates a financial saving because the Council's cost of borrowing the £61m is considerably lower than the cost of borrowing which Amey incur for bank debt. The net financial saving to the Council amounts to around **£0.5m pa.** Members of the public would see no difference in service from this option.

5.3 Option 3 - Bank Debt Refinance

5.3.1 Under the Contract, either party has the option to propose a refinancing of the bank debt should the financial market rates be trending at more favourable rates than those achieved at Financial Close at the end of July 2012.

5.3.2 At present, there are a number of institutions who are active in the long term lending market but a shortage of infrastructure projects in which to invest their funds, creating potentially high demand. Amey's investment experts are advising that there would be the capacity in the market to achieve competitive terms from a refinance.

5.3.3 Any refinancing gain realised would be subject to a contractual sharing mechanism firstly with Amey as set out in the Contract and secondly, with the DfT under their grant funding terms. The level of financial savings achievable from this option is subject to the rates that can be secured from the market but it is expected that the Council would realise savings for the Council of approximately **£0.3m pa**.

5.3.4 The timing of the bank refinance is dependent on the completion of a number of routine maintenance operational savings proposals which will result in changes to the Contract and will be subject to the banks' own approval processes as necessary. It is expected therefore that a bank refinance will not be possible until 2015/16. Until we are in a position to start to test the market appetite it is not possible to be certain that better market rates will be available.

5.3.5 These financial savings could be realised in addition to the savings identified as achievable from the Council providing additional Capital Contributions as described in section 5.2 of this report.

5.4 Option 4 - Partial Public Refinance

5.4.1 As part of the bank refinance option, consideration has also been given to providing, in addition to the extra Capital Contributions, a proportion of the remaining bank debt as a loan alongside the banks who invest funds as a result of the bank refinance.

5.4.2 This additional public sector lending would produce additional financial savings because of the Council's lower borrowing costs. Unlike the full public refinance option described in section 5.1 of this report, this option is considered to be acceptable to the DfT and HMT as it would not result in a change to the accounting rules subject to the Council not being the majority lender.

5.4.3 Owing to the retention of a proportion of bank debt in the funding structure, it could be demonstrated to the DfT and HMT that the banks and their advisors would provide the necessary diligence and independence alongside the Council to ensure that Amey continue to deliver the services under the Contract in accordance with specified performance standards and timescales.

5.4.4 This option would require the Council to borrow around a further **£93m** with an anticipated net financial saving to the Council of **£0.2m pa**.

5.4.5 In order to provide a robust governance structure for this option the Council will have to develop a strategy to manage its loan investment to avoid conflicts of interest between the Council's role as a recipient of the services delivered by Amey and as a funder.

5.4.6 Amey have advised that this proposal may cause inter-creditor issues with the banks who will be similarly concerned with the conflicts of interest and may seek to exclude the Council from certain key decisions.

5.4.7 Further iterations of this partial refinance option include:

(a) an option to replace up to 50% of the bank debt if the bank refinance doesn't result in new funders/terms; or
(b) if the bank terms that can be achieved from the bank refinance are very competitive it may be better value to avoid the conflict of interest issue and the risks associated with being a funder and not consider further providing extra public sector funding.

5.5 Option 5 - Voluntary Termination by the Council of the Contract

5.5.1 Under the terms of the Contract, the Council has the option of voluntary terminating the Contract. In view of the significant budget pressures the Council faces, this option has been assessed in terms of its short and long term impact.

5.5.2 Exercising this option would require the Council to pay compensation to the shareholders and the banks for loss of profit and would require the Council to either enter directly into the existing sub contract for all of the services (which may not be possible), insource the highway maintenance service and invite tenders for the remaining Core Investment Period ('CIP') works or invite tenders for the highway maintenance service and the remaining CIP works.

5.5.3 The initial direct financial cost of voluntary termination to the Council is approximately **£142m**. In addition, the Council would need to borrow a further £273m to fund the completion of the CIP works (based on the current Amey costings) making a total borrowing requirement of **£415m**.

5.5.4 There is scope within HMT guidance that PFI Grants may continue to be paid when a contract is terminated to cover the compensation payments. However, there is absolutely no guarantee that the DfT would continue to pay the PFI Grant to cover not only the compensation payments but also the remaining CIP works. If the DfT and HMT were minded to continue to pay the PFI Grant, and assuming the highway maintenance service can be delivered at current costs and to the current contractual standards (which is by no means guaranteed) then the annual saving to the Council could be significant.

5.5.5 As referenced above, it must also be acknowledged that it may not be possible to deliver the highway maintenance services on the same terms and/or at the same price. It may not be possible for the Council to enter directly into the existing sub contract and if the service is brought in-house or is re-tendered there is a distinct possibility that the service will be more expensive, which would place further pressure on the highway maintenance budget. The currently planned lifecycle works after the CIP to maintain the highway network are unlikely to be completed thereby jeopardising value for money. Improving a Council asset but then failing to maintain it thereafter is a short-term gain. If the DfT refused to continue to pay the PFI grant as currently forecasted or the highway maintenance service could not be delivered on the same terms and/or at current costs, this would result in the Council being at risk of ending up in a worse financial position than it currently faces.

5.5.6 The short-term gain would be purely financial. However, the much wider cost of voluntary termination to the Council would be the loss of contract benefits for stakeholders and unquantifiable reputational damage.

5.5.7 The reputational damage to the Council in terms of managing the expectations of its wide variety of stakeholders could not be mitigated in the event of voluntary termination. We cannot guarantee that the CIP works would continue to be carried out as planned. The CIP works currently include improvement works to 70% of the highway network therefore the remaining 30% which would have received improvement works post-CIP during the remaining 20-year term of the Contract will deteriorate more rapidly leading to increased public dissatisfaction.

5.5.8 At this point in time, it is not recommended that this option be progressed. However, this does not preclude this option from being considered further in the future.

6.0 PREFERRED FUNDING OPTIONS

6.1 Each of the options has been considered in consultation with Amey, the DfT and HMT to ascertain what would be achievable and acceptable and the processes that would need to be carried out to deliver the savings.

6.2 It is proposed that Options 2 and a combined 3 and 4, as detailed in section 5 of this report are progressed as a two stage refinancing project as set out below. Option 3 and 4 will be considered as part of a subsequent Cabinet report in 2015.

6.2.1 Stage 1-Implement Additional Capital Contributions
The proposal is that this would be progressed with a target implementation date of 30 January 2015, which is the next scheduled uplift to the Unitary Charge based on Amey's achievement of Milestones.

6.2.2 Stage 2 – Undertake a Bank Refinance
This stage would include the testing of the financial market and depending on the capacity and competitiveness of new funders may include the Council as a partial funder. This stage would also include concluding the outcome of the routine maintenance operational savings.

6.3 Splitting the refinance into stages would allow the financial savings from the additional Capital Contributions to be maximised by implementing them as early as possible. Amey would then approach the financial market for more favourable financing when the operational savings are implemented and the Contract changes agreed between the parties.

6.4 The recommendations detailed in this report are focussed on the first stage of providing additional Capital Contributions with a further report to be submitted to Cabinet in 2015 setting out in more detail the proposals of the second stage refinance following a joint party analysis of the risks and rewards.

7.0 FINANCIAL IMPLICATIONS

7.1 Project Development Budget

7.1.1 In order to undertake the necessary approval processes, initiate the changes to the Contract and realise the financial savings, the Council will incur significant unavoidable costs. These costs will include internal financial and legal resource supported by the appointment of external financial and legal advisors. In addition, under the terms of the Contract, the Council also has to reimburse Amey and the banks' reasonably incurred due diligence costs.

7.1.2 The High Value Change mechanism within the Contract which will be utilised to process the two stages of the refinance provides a governance framework for the costs of the change to be managed and limits the costs which can be charged to the Council by specifying a cap on the banks' due diligence costs.

7.1.3 The estimated costs for the two stages of refinance are set out in Appendix B.

7.1.4 It is proposed that the costs are funded in this development stage from the Council's PFI Reserve and the Reserve will be replenished from the savings achieved. A discrete Business Unit will be created to capture and manage these costs.

7.2 Transaction Costs

7.2.1 In addition to the Project Development Costs related to resources, the Council will also have to fund the costs incurred in changing the existing funding structure to a revised one.

7.2.2 The financing agreement between Amey and the existing banks allows for debt to be cancelled or repaid early. The provision of additional Capital Contributions by the Council will trigger this provision.

7.2.3 Cancelling or repaying a proportion of the bank debt will change the profile of the remaining debt payments resulting in the requirement to put in place a new hedging agreement. The hedging agreement enables borrowing rates to be fixed for the duration of the loan based on the forward LIBOR curve. Terminating the hedging agreement will result in break costs being payable.

7.3 Borrowing Requirement

7.3.1 The borrowing requirement for this first stage of increasing the Capital Contributions including break costs and transaction costs is **£66m**. The Capital Contributions will be drawn down by the Council in instalments as outputs are achieved by Amey in line with performance requirements. The profile will be determined as a result of the more detailed financial modelling work to be undertaken.

7.4 Financial Savings

7.4.1 Increasing the Capital Contributions means that the level of bank debt which Amey requires can be reduced resulting in a reduction to the Unitary Charge. The Council then bears the cost of repaying the Public Works Loan Board debt and interest for the additional Capital Contributions. The net financial saving to the Council on the basis of repaying the debt over the remainder of the Contract term is approximately **£15m** in total, an average of **£0.5m p.a.** This saving is net of the transaction costs.

7.4.2 The Council's usual asset life for infrastructure assets is 40 years and therefore the debt repayments could be repaid over this timescale to give an increased saving in the early years. This will be considered further in light of the relative interest rates at differing repayment lengths and how this fits with the Council's wider business planning and medium to long term financial strategy.

7.5 Financial Risks

7.5.1 The Council will carry a number of risks in proceeding with this process as set out below:

(a) Abortive Costs

It is possible that the transaction cannot be completed either because it does not get DfT approval or unforeseen additional costs make it unviable. If this were the case, the Council will have to bear any abortive costs incurred at the time.

In order to mitigate this risk, the Council's refinance project team have already fully engaged with the DfT and will continue to work closely with them to develop the required Business Case as early as possible in the project timeline to gain approval before significant costs have been incurred.

If there are any abortive costs it is proposed that these be funded from the Streets Ahead contingency budget that was set aside as part of the affordability provisions.

(b) Project Development Budget Overspend

The budget figures set out in this report are based on reasonable estimates provided by the Council's refinance project team and Amey, and they will be monitored closely throughout the two stage project. It is possible, however, that the costs could be higher as we get in to the detail of the transaction. The Business Unit will be subject to the Council's financial procedures with any forecast overspends monitored against the overall viability of the transaction.

(c) Interest Rate Movement Up to Completion

The financial savings that can be achieved have been estimated based on current long term interest rates. Whilst long term interest rates are expected to be relatively stable over the period that this transaction will be completed there will inevitably be some movement. Any change in the rates will impact on the hedging break costs and the Council's cost of borrowing on the first Capital Contribution payment. This movement has been tested against a range of interest rates to ensure that the savings are still achievable.

(d) *Interest Rate Movement Post Completion*
Owing to the Capital Contributions being paid in tranches over the remaining years of the CIP, the interest rate at which the Council will borrow money at that future point could be higher or lower than estimated. This has been similarly tested across a range of interest rates however, because it is harder to predict over the longer period then the movement in interest rates could be more dramatic and could have a more material impact on the savings.

8.0 LEGAL IMPLICATIONS

8.1 The Contract contains a High Value Change mechanism that would allow the proposed changes to be made and the Council has a general power under section 1 of the Localism Act 2011 to do things an individual may generally do (including vary a contract in accordance with its terms) provided, it is not prohibited by other legislation and the power is exercised in accordance with the limitations specified in the Act e.g. around charging for the provision of a service.

8.2 When it was procured the Contract was above the public procurement financial thresholds and consequently was procured under a regulated procurement procedure. If the Contract is changed to a material degree, it may be held that there is, in fact, a new contract, which should have been re-tendered in accordance with European and national procurement law and the resultant contract could be held ineffective.

8.3 The proposed increase in Capital Contributions is not considered to be a material change to the existing contract because there will be no variation to the services to be provided, the contract will still involve a significant proportion of private investment and Amey will not make any additional profit as a result of the change.

8.4 The Council must also ensure that in making the Capital Contributions it is not giving assistance that might distort competition in the European Union market ('State Aid'). It is not felt that the arrangements as proposed would provide an advantage to Amey as they will not receive any financial or other benefit from the additional Capital Contributions. Any saving made will be passed directly to the Council.

9.0 EQUALITY IMPLICATIONS

As this refinance proposal is purely related to financial restructuring of the Contract and has no material effect upon the services received by the people of Sheffield then there are no equality impacts. The proposal is equality neutral affecting all people the same regardless of age, race, faith, disability, gender, sexuality and so forth.

10.0 REASONS FOR RECOMMENDATIONS

10.1 As outlined in this report, there is a clear strategic and economic case to justify the Council using its prudential borrowing powers and increasing the Capital Contributions to the project in order to secure a saving of circa **£0.5m pa**. This saving can be achieved with minimal risk to the Council and without impacting on the delivery of the highway maintenance service and the ongoing improvements in the infrastructure asset.

10.2 Failure to increase the Capital Contributions will result in more pressure on achieving the Council's current and future budget and may result in more drastic cuts to front line services.

10.3 The options to bank refinance the remaining bank debt with alternative bank and/or partial public refinance need to be explored further so as to ensure that an opportunity is not missed to generate additional financial savings to assist with ensuring the Contract is sustainable in the future.

11.0 NEXT STEPS

11.1 <u>DfT/HMT Department Approval</u>

11.1.1 The Council has liaised closely with the DfT and HMT to develop the proposals and understand their overarching principles and the impact on the wider accounting rules for the Contract and the PFI Grant.

11.1.2 Having established proposals that are acceptable in principle, these will need to be formally approved through the submission of an Outline Business Case ('OBC') following HMT's Five Case Model. The OBC will demonstrate that the proposals are affordable, viable and do not diminish the value for money or cost benefit of the original business case approved for the Contract. This approval will then be concluded with a Full Business Case ('FBC') and the end of the second stage of the refinance to demonstrate that the expected outcomes will be delivered. The first stage of that approval process will be the creation of a Business Case for the Capital Contribution proposal.

11.1.3 The OBC/FBC while following the standard HMT format are not expected to be as comprehensive as the business cases submitted in support of the Contract itself and will be focussed on the relative merits of the refinance proposals.

11.2 Project Management

11.2.1 A joint Project Plan has been developed with Amey which details all of the key stages and associated tasks to be completed to implement the first stage of the preferred alternative funding option and then to develop further, stage two, to determine its viability and an accurate forecast of the financial benefits which can be realised.

11.2.2 Both parties have identified key representatives to progress the preferred alternative funding option which comprises internal representatives and external financial and legal advisers. The budget for the respective project teams are set out in Appendix B of this report.

11.2.3 Amey are working closely with their external financial advisers to verify the financial modelling work undertaken to date in order to confirm the financial savings to be realised from the first stage of the refinance project. The outcome of this work will be included in the OBC submitted to the DfT/HMT for approval.

11.3 Following the implementation of the first stage of the preferred alternative funding option by the end of January 2015 and the subsequent appraisal of the second stage, a further Cabinet report will be submitted by the end of the second quarter of 2015 to detail the findings of the second stage appraisal process and make recommendations to Cabinet in relation to the optimum funding structure to implement.

12.0 RECOMMENDATIONS

12.1 It is recommended that approval be given to:

(a) Option 2 - providing additional Capital Contributions up to the value of 50% of the existing capital funding of the CIP as set out in section 5.2 of this report;

(b) establish a budget from the PFI Reserves to fund the implementation of the first stage of the preferred alternative funding option and to subsequently progress the second stage to determine the optimum funding structure to be approved by Cabinet;

(c) fund any abortive project costs from the Streets Ahead contingency;

(d) procure and appoint external financial and legal advisers for the Council;

(e) develop and submit an OBC to DfT/HMT to seek approval to progress the changes to the funding arrangements;

(f) make staged payments to Amey in relation to the Contract change due diligence costs subject to such costs being auditable; and in accordance with agreed estimates; and

(g) progress Options 3 and 4 - the second stage of the preferred alternative funding option on the basis that the conclusion of this second stage will be signified by the submission of a subsequent Cabinet report and the submission of an FBC to the DfT/HMT.

12.2 It is also recommended that Cabinet:

(a) delegates authority to the Executive Director, Resources in consultation with the Cabinet Member for Finance and the Interim Director of Legal and Governance to implement the first stage of the preferred alternative funding option following the agreement of commercially acceptable payment terms with Amey; and

(b) delegates authority to the Executive Director, Resources in consultation with the Executive Director, Place, the Interim Director of Legal and Governance Place and Cabinet Members for Finance and Environment, Recycling & Streetscene, to take such other steps as he deems appropriate to achieve the outcomes set out in this report.

Steve Robinson
Head of Highway Maintenance

Anna Peysner
Assistant Director, Finance

13 October 2014