

SHEFFIELD CITY COUNCIL

EXECUTIVE LEADER DECISION RECORD

The following decision was taken on 15th December 2021 by the Leader of the Council.

Date notified to all members: 16th December 2021

The end of the call-in period is 4:00 pm on 22nd December 2021

Unless called-in, the decision can be implemented from 23rd December 2021

1. **TITLE**

Streets Ahead PFI Contract- Refinance

2. **DECISION TAKEN**

That the Leader of the Council:

1. Approve the continuation of the Refinance process and dialogue with existing and potential new funders in order to determine the optimal route in terms of maximising savings and mitigating risks and subsequently take forward the preferred option;
2. Approve the ongoing dialogue with the DfT throughout the refinance process and to submit a business case seeking DfT/HMT approval to complete the refinance, which includes agreeing the optimal process for funding the DfT's share of the refinance savings;
3. Approve the funding of any abortive project costs of the Refinance from the Streets Ahead contingency;
4. Delegates authority to the Executive Director of Resources to:
 - monitor the progress made by Council officers in determining the optimal refinancing option and approve (if appropriate) the recommended option; and
 - review and authorise the submission of a business case to the DfT/HMT including the methodology for funding the DfT's share of the refinancing savings; and
 - complete the refinance of the Contract subject to the approval of commercially acceptable terms by the Director of Legal and Governance
5. Delegates authority to the Director of Legal and Governance to process the High Value Changes under a Deed of Variation; and
6. Where no existing authority exists, delegates authority to the Executive

Director of Resources, in consultation with the Director of Legal and Governance to take such steps to meet the aims and objectives of the report.

3. Reasons For Decision

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

The current stage of the contract makes it more attractive to the funding market and there are a limited number of competing relatively safe investments for funders in the current economic environment. These combine to give the Council a high chance of success in achieving a Refinance of the contract on the most favourable terms.

The Do-Nothing option 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.

Failure to carry out the Refinance 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. There is no evidence that deferring the Refinance will result in a more viable outcome in the future.

4. Alternatives Considered And Rejected

Do Nothing:

Under this option no further action would be taken now in relation to a Refinance and all activities would be stopped.

In this scenario the Council would have to bear the abortive transaction costs and would not generate the expected ongoing contract savings.

This would have the advantage of being able to carry out a Refinance in future years should the finance market be deemed to be more competitive.

However, there is no certainty that there would be an improvement on the current market conditions and the benefits of a refinance reduce with time as more of the debt is paid off at the current higher rates.

5. Any Interest Declared or Dispensation Granted

None

6. Respective Director Responsible for Implementation

Executive Director, Resources

7. Relevant Scrutiny Committee If Decision Called In

Overview and Scrutiny Management Committee