

**Agenda Item No**

**DERBYSHIRE COUNTY COUNCIL  
CABINET MEMBER FOR COUNCIL SERVICES**

**27 February 2017**

**Report of the Director of Finance**

**REFINANCING OF THE DERBYSHIRE SCHOOLS BUILDING SCHOOLS  
FOR THE FUTURE (BSF) PROGRAMME**

**1 Purpose of the Report**

To seek approval to progress refinancing of the Derbyshire Schools Building Schools for the Future (BSF) programme and to delegate authority to the Director of Finance and the Director of Legal Services to engage financial and legal advisers as appropriate.

**2 Information and Analysis**

The Derbyshire BSF programme financial close and award of contract was considered at Cabinet on 30 June 2009. The contract was awarded to Equitix Ltd to manage the delivery of the programme.

The programme has been successful in terms of delivering a number of new schools which are all fully operational. As part of the delivery of this programme Equitix Ltd secured finance from the market, currently the Nationwide Building Society. Given the recent market conditions, Equitix Ltd is seeking to refinance the programme with the aim of making savings against the existing costs, which would be shared between the Council and Equitix. Initial market research in the form of a funding competition indicates that the Council could generate one-off savings in the region of £400,000.

The Council needs to ensure that due diligence and value for money are being achieved and to facilitate this, the Council has been advised to acquire independent legal and financial advisers. It is anticipated that the bulk of the work will be managed by the Council's own legal and financial sections with the appointment of advisers providing assurance and verification of the process. It is likely that the appointment of legal advisers be made from the East Midlands Lawshare Framework. It is anticipated that costs will be around £20,000. Similarly, the three quotes will be obtained for the financial advisers, again anticipated costs are less than £20,000. The potential benefit to the Council diminishes each month due to the shortened remaining timeframe on which to base any refinancing upon. Member approval is sought to allow the

Directors of Finance and Legal Services to make the appointments in due course.

### **3 Financial Considerations**

The refinancing package would generate one-off overall savings for the Council in the region of £400,000. The Director of Finance may then negotiate the timeframe for the receipt of the savings with Equitix Ltd. The estimated savings are net of the cost of appointing financial and legal advisers, which is likely to be in the region of £40,000.

### **4 Legal Considerations**

The East Midlands Lawshare Framework requires a mini-competition to be undertaken between the 6 East Midlands Lawshare solicitors to appoint external solicitors who will advise on this matter.

### **5 Other Considerations**

In preparing this report the relevance of the following factors has been considered: - prevention of crime and disorder, equality of opportunity; environmental, health, human resources, property, social value and transport considerations.

### **6 Key Decision**

No.

### **7 Call-In (Is it necessary to waive the call in period)**

No.

### **8 Officer's Recommendations**

- 8.1 That the Council enters into formal negotiations with Equitix Ltd to procure the refinancing of the Derbyshire BSF programme and
- 8.2 Authority be delegated to the Director of Finance and the Director of Legal Services to appoint financial and legal advisers as required.

PETER HANDFORD

Director of Finance