

# Nottingham City Council Delegated Decision



**Nottingham**  
**City Council**

Reference Number:	3526
Author:	Richard Beckett
Department:	Development and Growth
Contact:	Richard Beckett (Job Title: Commercial and Governance Manager, Email: richard.beckett@nottinghamcity.gov.uk, Phone: 0115 876 3406)
Subject:	Street Lighting Private Finance Initiative Contract Re-Financing
Key Decision (decision valued at more than £1million):	Yes
Total Value:	Exempt (Type: Revenue)
Decision Being Taken:	To delegate to the Director of Major Projects the authority to approve the final terms of the re-financing of the Street Lighting Private Finance Initiative (PFI) contract and enter into the required legal documentation (subject to the terms set out in the exempt financial appendices), and to utilise part of the re-financing gain to fund ancillary infrastructure PFI activities.

**Reasons for the Decision(s)**

**In 2010, Nottingham**  
 City Council entered into a 25-year PFI contract with Tay Valley Lighting (Nottingham) Ltd (TVL) for the provision and maintenance of street lighting and illuminated traffic signage over the contract term. Due to currently favourable debt markets, TVL have recently approached the Council with a proposal to re-finance its outstanding debt. This is a standard procedure within PFI arrangements and is a scenario that is covered within the existing PFI contract.

**Re-financing a PFI**  
 contract generally works whereby the Project Company pays off its existing debt by taking out further loans at a lower rate of interest. The advantage to the Council of this arrangement is that contractually it is entitled to a significant share of any re-financing gain made, whilst ensuring that its current rights, commitments and obligations under the contract remain unaltered. The Council has recently appointed a financial advisor with experience of PFI re-financing to take it through this process. TVL have also carried out the first stage of a funding competition to identify replacement funders and ascertain what level of terms they would be offering.

**Consequently,**  
 delegated approval is sought now to allow any transaction to be approved within certain parameters, set out within the exempt financial appendices.

**Other Options Considered:**

To do nothing and reject TVL's re-financing proposal. This was rejected because it would mean that the Council would miss the opportunity to receive a significant re-financing gain.

**Background Papers:**

None

**Published Works:**

None

**Affected Wards:**

Citywide

**Colleague / Councillor Interests:**

None

**Any Information Exempt from publication:**

**Yes**

**Exempt Information:**

**Description of what is exempt:**

**The financial details, and the financial and legal advice, relating to the re-financing proposal.**

**An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972**

**3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).**

**The public interest in maintaining the exemption outweighs the public interest in disclosing the information because the report contains details of commercial negotiations with a number of parties and their anticipated outcomes that are currently in progress.**

**5 - Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.**

**The public interest in maintaining the exemption outweighs the public interest in disclosing the information because it contains confidential legal advice in respect of the proposed transaction and disclosure could prejudice the Council's position.**

**Documents exempt from publication:**

**Financial Background and Parameters Report.docx, Exempt Financial Advice.docx, Exempt Legal Advice.docx**

**Consultations:**

**Those not consulted are not directly affected by the decision.**

**Crime and Disorder Implications:**

**None**

**Equality:**

**EIA not required. Reasons: There are no equality implications arising from this decision.**

**Decision Type:**

**Leader's Key Decision**

**Subject to Call In:**

**Yes**

**Call In Expiry date:**

**21/05/2019**

**Advice Sought:**

**Legal, Finance**

**Legal Advice:**

**This advice is exempt from publication and is contained within an exempt appendix.  
Advice provided by Dionne Claire Screatton (Solicitor) on 30/04/2019.**

**Finance Advice:**

**This advice is exempt from publication and is contained within an exempt appendix.  
Advice provided by Glyn Daykin (Senior Accountant - Treasury Management) and Tom Straw (Senior Accountant - Capital) on 03/05/2019.**

**Signatures:**

<b>Jon Collins (Leader of the Council)</b>
<b>SIGNED and Dated: 13/05/2019</b>
<b>Chris Henning (Corporate Director for Development and Growth)</b>
<b>SIGNED and Dated: 13/05/2019</b>