The Seven-step Delivery Model

Bankers without Boundaries (BwB)

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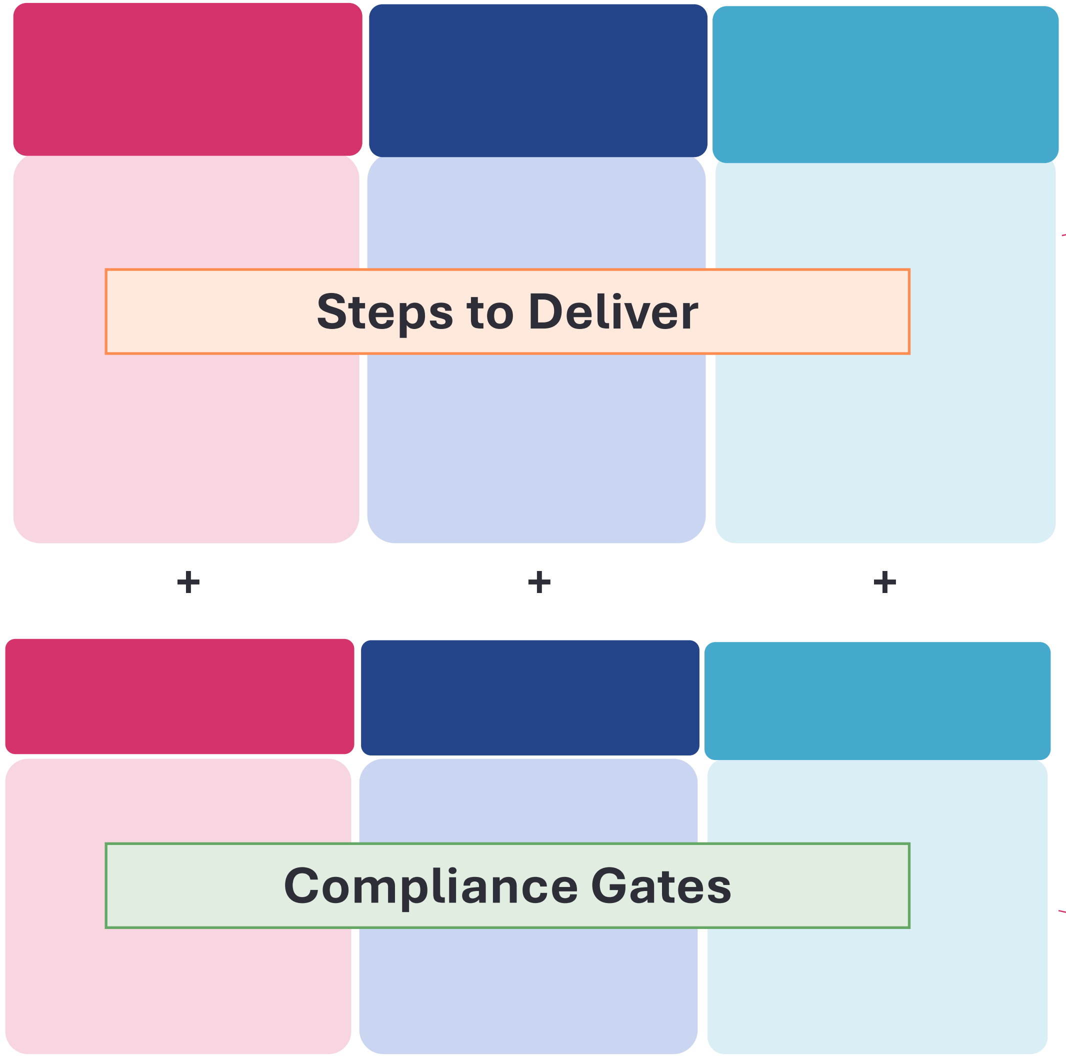
Fit4Finance

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

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.

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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.

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.

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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.

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.

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Gate 2: Regulatory Compliance Sign-off

Confirm regulatory position and any required authorisation or compliance steps.

Pass evidence: Regulatory advice documented.

Step 4: Partner Selection and Commercial Negotiation

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

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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.

Step 5: Subsidy and State Support Review

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

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Gate 4: Subsidy Compliance Confirmation

Confirm compliance with UK subsidy control principles.

Pass evidence: Subsidy principles assessment complete and documented.

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 5: Ongoing Governance and Benefits Review

(Ongoing) Confirm reporting standards, gover nance discipline, performance monitoring, conflict management, and achievement of strategic objectives.

Pass evidence: Annual performance report, benefits tracking, and exit strategy review.

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Sources: Capital finance: guidance on local government investments (third edition) – Government of UK, FCA Handbook