The Seven-step Delivery Model

Bankers without Boundaries (BwB)

5 February 2026

Funded by

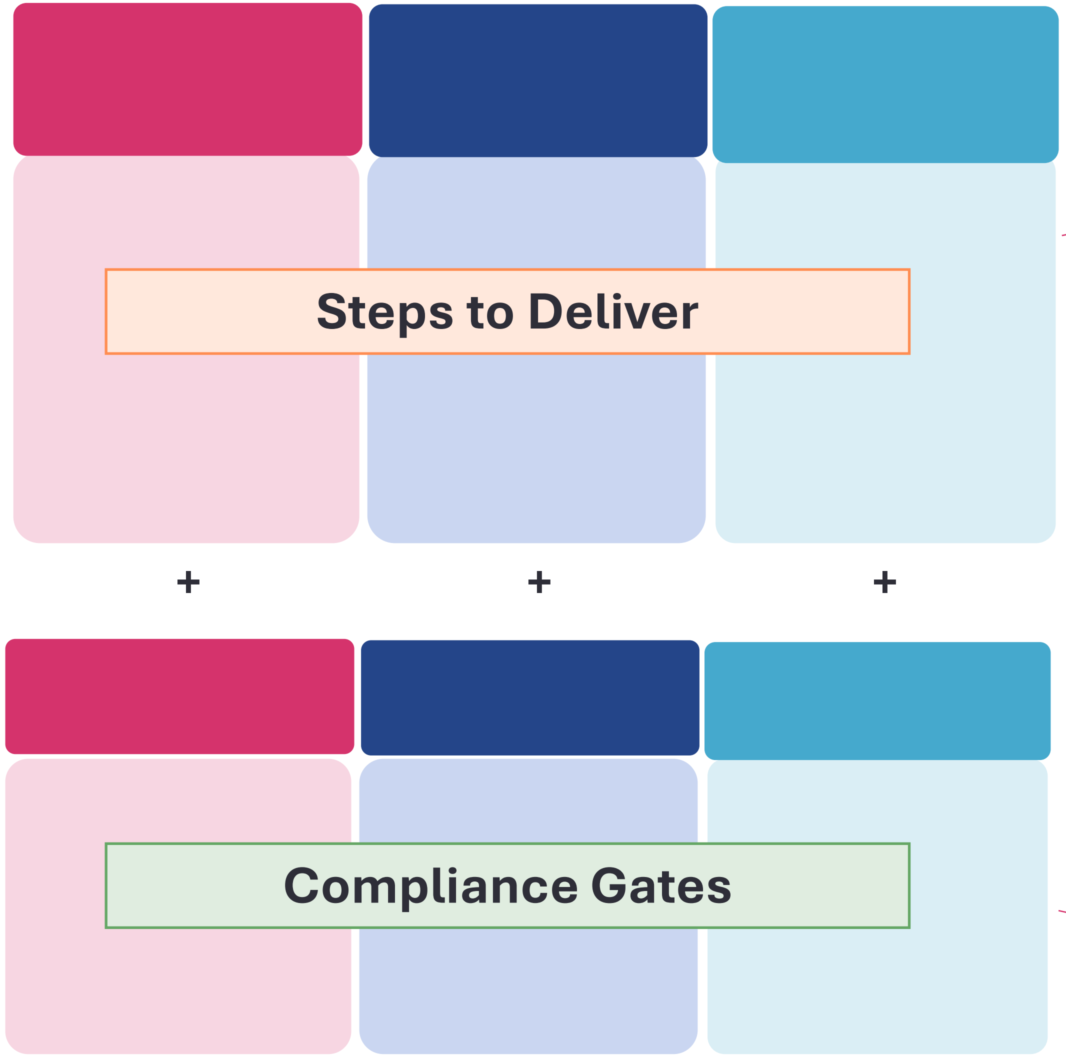
Department for Energy Security & Net Zero

In partnership with

Greater South East Net Zero Hub

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?"*

<u>Points to Note</u>

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?"*

Securitisation: The Seven-step Delivery Model and Compliance Gates

Step 1: Asset Identification and Programme Definition

Local Authority (LA) confirms which receivables or revenue streams are suitable for securitisation, and assesses the enforceability of rights, predictability of cash flows, data depth, and portfolio scale.

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Gate 0: Strategic and Powers Assessment

Confirm that securitisation is an appropriate path within LA's statutory powers, treasury strategy, and affordability limits.

Pass evidence: Statutory powers and strategic funding rationale confirmed.

Step 2: Data Preparation and Portfolio Structuring

A detailed data tape is prepared, including historic performance, arrears, recovery processes, and servicing capability. LA validates asset quality and segmentation to determine tranching potential and credit enhancement requirements.

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Gate 1: Data and Transparency Confirmation

Confirm that asset-level information is sufficiently robust to support due diligence and disclosure.

Pass evidence: Verified data pack and servicing readiness confirmed.

Step 3: Structural Design and SPV Establishment

The securitisation structure is designed, including tranches, waterfall mechanics, reserve accounts, and credit enhancement layers. A special purpose vehicle (SPV) with appropriate governance is established to isolate risk and issue securities.

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Gate 2: Structural and Legal Sign-off

Confirm that i) proposed structure is legally enforceable, including asset transfer mechanics, ii) SPV governance, iii) creditor protections are robust

Pass evidence: Legal opinion + SPV governance documentation verified.

Step 4: Regulatory Compliance and Disclosure Preparation

Transaction documentation is prepared in line with UK securitisation requirements, including transparency disclosures and risk retention arrangements. Investor reporting templates and ongoing compliance processes are defined.

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Gate 3: UK Securitisation Compliance Approval

Confirm compliance with risk retention and transparency obligations prior to marketing.

Pass evidence: Risk retention obligation evidenced and disclosure package complete.

Step 5: Investor Engagement and Pricing

The transaction is marketed to institutional investors. Rating feedback (if applicable), bookbuilding and pricing discussions refine tranche allocation and final terms.

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Gate 4: Pricing and Commitment Decision

Confirm final pricing, allocation, and internal approval to proceed to issuance.

Pass evidence: Pricing memo approved and investor commitments secured.

Step 6: Issuance and Financial Close

Notes are issued through the SPV, assets are transferred, and funds are received. All documentation becomes legally binding.

Step 7: Ongoing Reporting and Governance

LA oversees servicing performance, delivers periodic investor reporting, and monitors compliance with retention and transparency requirements throughout the life of the transaction.

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Gate 5: Ongoing Transparency and Performance Review

(Ongoing) Confirm reporting cadence, compliance controls, and asset performance monitoring remain effective.

Pass evidence: Reporting delivered and compliance attestations maintained.

Sources: FCA Handbook - SECN Due diligence requirements,,Prudential Regulation Authority Rulebook

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