



**Minutes of the meeting of the Major Projects & Investment Committee
held at 4.00 pm on Thursday, 4 May 2017
1B16 - Technopark, SE1 6LN**

Present

Douglas Denham St Pinnock (Chair)
Temi Ahmadu
Jerry Cope
Carol Hui
David Phoenix
Tony Roberts

Apologies

Hilary McCallion
Kevin McGrath
Ian Mehrtens

In attendance

Pat Bailey
Richard Flatman
James Stevenson
Joe Kelly
Matthew Dunn

1. Welcome and Apologies

Jerry Cope was Chair for the meeting, as the Committee Chair was unable to attend in person. The Chair for the meeting welcomed members, in the room and by phone. Apologies were noted, as above.

2. Declarations of interest

No members declared any interest in any item on the agenda.

3. Minutes of the previous meeting

The committee approved the minutes of the meeting held on 2 March 2017.

Minute 7: discussion of LSBU estates development will now take place at the MPIC meeting on 29 June 2017.

Minute 6: negotiations have continued with London Borough of Southwark in relation to the Passmore building and related legal charge.

4. **Matters arising**

There were no matters arising.

5. **Project Larch update**

The Vice-Chancellor outlined the journey of Project Larch, from the Area Review in November 2016, to Lambeth College's (LC) selection of LSBU as its preferred partner, and submission of a joint business case to the Transaction Unit (TU) by 1 June 2017. A decision from the TU is expected in September/ October 2017.

The committee agreed that the restructuring finance package from TU must not put the LSBU group's future financial position at risk. It also stated that the final agreed estate option must be self-funding (there must be no additional investment requirement from LSBU).

The committee discussed the due diligence reports on finance, pensions and VAT, including information on loans and grants. The committee discussed [REDACTED] the challenges this presents in accurately assessing current and future risks.

The committee discussed the pension risks associated with Lambeth College, and potential risks to LSBU, on acquisition. The committee noted feedback from the CFO's discussions with LPFA and LPP that the strength of the group's balance sheet, post-acquisition, could positively impact the categorisation of its pension schemes. The committee agreed that Project Larch must not impact negatively on LSBU's pension categorisation (B).

The committee discussed the Top Programme Risks. The committee requested that an additional column be added detailing residual risks.

[REDACTED]

The committee discussed the "showstoppers"/redlines. The committee agreed that ensuring adequate financial support from the Skills Funding Agency / TU was of primary importance. The committee noted that further due diligence reports from external lawyers would cover legal matters, including the likelihood of future actions against LC. These reports will be circulated to the committee.

The committee noted the need for the final due diligence report to give assurance that Larch has conducted all matters with probity and that there are no irregularities, of a financial or other nature, that would cause reputational damage for LSBU including its board of governors once it becomes associated with Larch. [REDACTED]

[REDACTED] The committee agreed that

such matters would be addressed in the Full Business Case, before the move to the "TEN" model is authorised. [REDACTED]

[REDACTED]

[REDACTED]

The committee stated the importance of effective communications, and was informed that LSBU communications teams were already working on internal and external plans in relation to the issues which were thought likely to emerge. The committee concluded that most of the reputational risks could be managed, if necessary.

The committee noted that LSBU has already seconded two LSBU finance staff, and that similar interventions over the coming months might be made to improve the chances of the project being successful. The committee also noted options for additional LSBU senior management support, and installing a change team to enable the major issues to be addressed more quickly. The committee noted the success of other south London FE Colleges and anticipated a positive impact on recruitment of an improved LC.

After careful consideration, the committee concluded that the known project risks were manageable and that the project should be pursued for its major strategic benefits, providing the red lines, as amended, are not materially crossed. The next stage would be Full Business Case.

6. Elephant studios post investment review

The committee discussed the evaluation of the investment in Elephant Studios. The committee noted that all project success criteria had been met and that positive impact was already being felt through increased student recruitment numbers, and in moving up 24 places in the Complete University Guide. The Chair requested a further report to the committee at its meeting on 31 October 2017 detailing success in generating enterprise activity.

**Date of next meeting
4.00 pm, on Monday, 3 July 2017**

Confirmed as a true record

..... (Chair)