

**Minutes of the extraordinary meeting of the Board of Governors
held at 4.00 pm on Thursday, 24 June 2021
via MS Teams**

Present

Jerry Cope (Chair)
Michael Cutbill (Vice-Chair)
John Cole
Peter Fidler
Mark Lemmon
Nicki Martin
Jeremy Parr
David Phoenix
Rashda Rana
Tony Roberts
Maxwell Smith
Kate Stanton-Davies (co-opted MPIC member)
Vinay Tanna
Harriet Tollerson

Apologies

Duncan Brown
Maureen Dalziel
Deepa Shah
Fiona Morey

Invitee

Ruth Farwell (SBC Chair)

In attendance

Kerry Johnson
Richard Flatman
Paul Ivey
James Stevenson
Stephen Lamont

1. Welcome and apologies

The Chair welcomed members to the meeting.

The above apologies were noted. The Chair advised the meeting that Duncan Brown had indicated his broad support for the proposals on the agenda, subject to today's discussion.

2. Declarations of Interest

The committee noted the advice on conflicts of interest, which confirmed that there was no conflict of interest in the proposed transaction for the Group CEO as a director/trustee of both LSBU and SBC.

No member of the meeting declared an interest in the proposed transaction.

3. **SBC estate disposal and development**

The Board discussed in detail the proposal [REDACTED] for the disposal and development of LSBU's subsidiary SBC's Clapham and Vauxhall sites.

[REDACTED]

The Board noted that the cash receipt would cover the match funding requirement for the NESC as well as the construction and fit out of Blocks B and D. [REDACTED] would also gift back the freehold of the proposed Gateway centre to SBC.

Due diligence

The Board discussed the due diligence report and the updated responses to questions from Board members. [REDACTED]

The SBC Chair reported that the SBC Board had noted the risks and mitigations [REDACTED] and had requested continued due diligence be carried out, but on the basis of current information the SBC Board was content to proceed with the transactions with all the three participants.

The Board noted that the initial [REDACTED] payment [REDACTED] would be held in an escrow account and used to meet construction costs as they fall due.

Heads of Terms

The Board discussed the draft Heads of Terms. The Board noted that both parties could negotiate changes to the Heads of Terms up until the contract is formally entered into, which would not happen until planning permission was granted, expected no earlier than Spring 2022.

The Board noted that a separate exclusivity agreement and confidentiality agreement were being negotiated.

The Board noted that, should planning permission be varied or refused, [REDACTED]. The SBC estates strategy would have to be then reconsidered.

The Board discussed the protections in relation to the building of the brand new Gateway centre at Clapham [REDACTED]. In particular, the payment [REDACTED] into an escrow account.

The Board discussed the sequencing of payments and construction as set out in the draft Heads of Terms. The Board noted the pressure on Group cashflow and requested that cashflow projections be reviewed to ensure the ability to fund both Blocks B and D, and that [REDACTED] be pressed further to look at the cash-flow options. The Board requested that a note on cashflow be circulated.

After further discussion, the Board agreed that an independent review of the draft Heads of Terms by a senior partner in Eversheds would be prudent.

Report from SBC Chair

The SBC Chair reported on the SBC Board meeting held on 21 June 2021. The SBC Board had concluded that the [REDACTED] proposal is on the best terms that can, overall, reasonably be obtained, and would raise sufficient funds to deliver the SBC estates strategy.

The Board noted that the SBC Board was satisfied that it had fulfilled its duties as a Board under charity and company law.

In addition, the Board noted the legal advice from VWV that LSBU's and SBC's interests were aligned in this proposal and accordingly, LSBU was meeting its fiduciary duty as member of SBC.

Report from Chair of MPIC

The Chair of MPIC confirmed that the committee had thoroughly reviewed the proposals at every stage. The Chair of MPIC considered that there were no additional points, on overall viability, to cover given the thorough discussion at today's meeting.

5. Consideration of recommendation

In conclusion, the Chair of the Board summarised the Board's decision as follows: The Board:

- noted the due diligence report prepared by Avison Young and the responses to the queries raised;
- noted its duties under charity and company law for the sale of the properties;
- noted that the SBC Board had resolved on 21 June 2021 that "the terms of the disposal are the best that can reasonably be obtained" for SBC (as required under the asset deed with the DfE);
- consented to SBC entering into the draft Heads of Terms in substantively the form presented; and
- delegated to a sub-committee of the Chair of the Board, the Chair of MPIC, the Chair of FPR and the Vice Chancellor to give prior consent to SBC to any subsequent substantive variation to the agreed Heads of Terms and to consent to any related agreements.

subject to:

- i) ongoing due diligence focused on the wider context of the transaction as a whole;
- ii) an urgent review of Group cashflow and, as appropriate, further discussions with [REDACTED] in respect of alternative cash-flow options ; and
- iii) a risk assessment on the current draft Heads of Terms by a senior partner at Eversheds to ensure that they are both balanced and appropriate.

{Secretary's note: the CFO provided a review of cashflow to the Board on 25 June 2021.}

**Date of next meeting
4.00 pm, on Thursday, 22 July 2021**

Confirmed as a true record

..... (Chair)