

Meeting of the Board of Governors

4.00 - 5.00 pm on Thursday, 24 June 2021
in MS Teams

Agenda

<i>No.</i>	<i>Item</i>	<i>Pages</i>	<i>Presenter</i>
2.	Declarations of Interest <i>Governors are required to declare any interest in any item of business at this meeting</i>	3 - 4	JC

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

Members: Jerry Cope (Chair), Michael Cutbill (Vice-Chair), John Cole, Maureen Dalziel, Peter Fidler, Mark Lemmon, Nicki Martin, Jeremy Parr, David Phoenix, Rashda Rana, Tony Roberts, Maxwell Smith, Kate Stanton-Davies, Vinay Tanna and Harriet Tollerson

Apologies: Duncan Brown and Deepa Shah

In attendance: Michael Broadway, Richard Flatman, Paul Ivey, Fiona Morey, James Stevenson, Ruth Farwell and Carol Rose

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Note on potential LSBU/SBC conflicts of interest in the proposed London Realty transaction

A recommendation was made to the SBC Board meeting of 21 June 2021 to sell SBC's Clapham estate and part of (Block 'C') of SBC's Vauxhall estate to London Realty for £94m (£16.1m of this will be used to fund the redevelopment of a Gateway Centre at Clapham, the freehold of which will be gifted back to SBC. Under the Governance Agreement between LSBU and SBC, LSBU will be requested to consent to this transaction. This consent will be sought at an LSBU Board meeting of 24 June 2021.

General duties around conflict of interest

There is a general duty for directors and charity trustees around conflicts of interest, summarised in the VWV advice note: "the Trustees are required to declare and avoid putting themselves in a position where their duty to act solely and exclusively in SBC's best interests conflicts with any personal interests or loyalty to any other person or body (for example some Trustees may also be governors of LSBU or otherwise be connected to LSBU)".

The advice note goes on to say:

"The Trustees should:

- act in good faith and only in the interests of SBC's charitable purposes;
- manage any conflicts of interest".

One of the SBC directors/trustees is also a director/trustee of LSBU: the Group CEO. The Group CEO therefore owes duties to LSBU as well as SBC.

VWV's advice to LSBU governors on their duties in relation to consenting to the transaction states:

"2.7 Any decision must ... be in the best interests of LSBU's charitable purposes. Given that these are also SBC's charitable purposes, our view is that the Governors are able (and as a result of the CIFF case essentially obliged) to look at the proposal in the round, with the likelihood that the best interests of LSBU and SBC and their respective purposes will be aligned; in other words, that there is a common interest in seeing the development of the SBC estate in order to advance education in accordance with its Estates Strategy.

2.8 The only caveat to this is if there are any aspects of the Offer and the proposed disposal to the Developer which will or may create a conflict between the interests of SBC's and LSBU's charitable purposes, the duty owed by the Governors would need

to be assessed in light of that conflict. Based on our understanding of the position, there are no such conflicts, but this should be considered”.

Based on this, the governance team’s advice is that the Group CEO is able to fully participate in the decision-making of both LSBU and SBC in relation to this transaction.

N.B. The SBC articles of association cover conflicts of interest in relation to “Relevant Matters” (a transaction between SBC and LSBU (or another LSBU subsidiary), e.g. an intra-group loan agreement). However, the proposed transaction is with London Realty so is not relevant.

*Group Governance Team
June 2021*