

**Minutes of the meeting of the Board of Governors sub-committee to review the contract with the DfE regarding the SBC estates strategy held at 10.00 am on Thursday, 22 October 2020
MS Teams**

Present

Jerry Cope (Chair)
Michael Cutbill (Vice-Chair)
David Phoenix
Rashda Rana

In attendance

Michael Broadway
Richard Flatman
Paul Ivey

1. Welcome and apologies

The Chair welcomed members to the meeting.

2. Delegation of authority

The Chair noted that the purpose of the meeting was to authorise entry into the draft contract with the DfE on behalf of LSBU and consent to SBC entering into the same contract with the DfE.

The committee noted its delegated authority from the Board. At its meeting of 21 May 2020 the Board had delegated authority to the sub-committee to consent to SBC entering into the contract on behalf of LSBU. At its meeting of 15 October 2020 the Board delegated authority to the sub-committee to give a parent company guarantee to the DfE on behalf of LSBU.

3. Declarations of Interest

The committee noted that David Phoenix is also a director and the Accounting Officer of SBC.

4. Draft contract with DfE for SBC estates strategy

The committee discussed the near final draft contract with the DfE. The proposed contract was a condition of the DfE consenting to the SBC estates strategy.

The proposed contract would enable the DfE to claim up to £17.15m (the original grant funding to the DfE as part of the transfer of Lambeth College to

SBC) from SBC in the ten year period after completion of the SBC estates strategy, or until 1 January 2035, whichever is earliest, if SBC:

- makes a disposal from the new site (not including short-term leases as long as they make up less than 10% of the overall estate);
- incurs any financial indebtedness (not for refinancing any financing used for the estates strategy); or
- releases any capital value from the property in any other way (excluding any value released by the College in the ordinary course of business)

The committee supported the principles of the contract on the basis that it did not materially increase the liabilities of the LSBU Group. The committee questioned the broad definitions of Financial Indebtedness and Estates Strategy. The committee noted that these are still subject to negotiation with the DfE.

The committee discussed the proposed parent company guarantee to the DfE. The committee noted the advice from VWV that, as SBC is a charitable subsidiary of LSBU with similar objects, LSBU had the power to give a guarantee. In addition, the committee was satisfied that giving a guarantee was in the best interests of LSBU as it would enable SBC to operate effectively and deliver outcomes for its students benefitting the LSBU Group. The committee also considered the financial risk to the University of giving the guarantee to be low as it was unlikely that SBC would default on its obligations to the DfE.

The committee noted that the Executive was reviewing whether consent was needed from the University's lenders for the University to give a guarantee.

The committee was broadly content with the draft contract subject to clarification on some of the definitions in the contract. The committee requested that a updated versions of these definitions be circulated for its approval.

The committee delegated authority to the Group CEO to approve other necessary minor changes to the contract.

{Secretary's note: by email on 16 December 2020, the sub-committee approved that LSBU enters into the deed, as amended, and gave consent under the Governance Agreement to SBC to also do so.

By email on 16 December 2020, the sub-committee confirmed approval for legal completion of the deed, and authorised the Vice Chancellor to approve any necessary minor amendments}.

Confirmed as a true record

..... (Chair)