

Action against Medical Accident

Minutes of the board meeting

Held on Wednesday 15th May at 4pm Online via Teams

Present on Teams: Jocelyn Cornwell, Caroline Browne, Carol Jones, Mike Andersson, Bill Kilvington Michele Salter, Amrat Khorana,

In attendance: Lisa O'Dwyer, Ed Maycock, Nathan Bacon, Nicky Rushden, Paul Whiteing

1. Apologies of absence

Janine Collier; Farrah Pradhan (Associate trustee)

2. Declarations of interest

There were no declarations reported.

3. Freedman House Options appraisal

The trustees carefully considered the paper that they had been sent setting out an options appraisal for the sale or retention of Freedman House in light of the recent offer made on the building via AvMA's estate agents.

Trustees noted the need to satisfy themselves in making a consideration of any disposal of the property, which is on a long lease, that the offer was in their view the best offer they could reasonably obtain in the circumstances and would be in the best interests of beneficiaries – current and future. Trustees particularly noted the advice note from the Charity Commission about land and property disposals that was attached to the papers and in particular the need to obtain a report from a designated adviser who is suitably qualified and who could provide a written report that supports the offer made in terms of being good value. Trustees further observed that having considered all of this advice and the financial options forecasts, then ultimately they need to reach a judgement as to whether to accept the offer made or not in the context of considerable uncertainty about financial and property markets.

Trustees had numerous questions and comments and in particular the following points were noted:

On the question of the potential purchaser, there was a question about whether we need to consider who the buyer is. The view was that other than due diligence, there was not further additional considerations that would be required about the nature of the business provided by the buyer. And it was noted that they are a local accountancy firm.

The financial assumptions should remove the costs associated with managing the building as these costs were not cash releasing. And if we were to re-locate then there would be removal and other costs which we need to ensure feature fully in the financial assumptions model. In respect of new office rental costs there was a question about the robustness of these costs, albeit we would expect to rent a much smaller office hence a cost of 50% of current ground floor expenditure is not unreasonable.

With respect to the restrictive covenant trustees asked for more information about this and its implications for potential alternative future use. It was noted that a surveyor's report had been drawn up in 2022 which covered some of these options. It was agreed that trustees would need to take further legal advice on this issue as had been suggested by our solicitors. It was also noted that we have not to date ever been contacted by a developer making suggestions about future alternative uses of the building. But with respect to alternative uses, it was noted we should explore these as best as we could as a part of our due diligence.

There was a discussion about the consequences of selling the building and releasing the cash and what we would need to consider about its use and our obligations to not be retaining unreasonably high levels of reserves which should be put to use for beneficiaries.

There were questions raised about the ramifications of disposing of the property and associated risks attached to then being less financially diversified than we are now. It was suggested that this question be raised with our investment advisors.

It was noted that if we sold Freedman House we would need to re-consider our reserves policy as currently Freedman House is an asset that would be used in the event of winding up the charity. If we no longer held the building as an asset then we would need to provide for this possibility and designate some reserves accordingly. Preliminary discussions on this point are already in hand with the Treasurer with respect to reviewing our reserves strategy which will come to the next FIC to consider.

There is a question around the assumption we make about future capital appreciation of Freedman House. At present we assume no change over 5 years in the value and in recent times the value has declined. How robust and accurate is that view? It was agreed that we should ask the valuers to comment on this if they can.

The level of interest obtainable on the monies we invest if we sold Freedman House was commented on. Are we being too optimistic? It was agreed that we would develop some further scenarios with interest rates closer to what they have been in recent times in the UK where they have been below 1% until recently.

PWh provided an update on the party wall dispute and the issues that are likely to be involved in seeking a resolution to it.

There was a brief discussion about the future of remote working and whether we can establish any intelligence that gives us a pointer to what this might mean for future office space demand.

There were some discussions about what we would do with the proceeds of the sale should it go ahead. Trustees noted that high levels of reserves should not be held and money should be put to best use for the benefit of beneficiaries. There was agreement that if we did proceed further with consideration of a sale, then we should have some plan about how we might strategically use the cash asset that is released.

Trustees and staff were then asked to express their preliminary views on the proposal before them. It was noted that there were a range of opinions at this stage but agreement that the option of a sale warranted further consideration.

After some discussion it was agreed that we should proceed to investigate further the potential sale of the building and that in order to make an informed decision at a later stage we would need:

- More information on the issue of the covenant and the materiality of that issue to the sale.
- Consideration of what impact having larger cash reserves could mean for AvMA and how we would plan for their use in the event of a sale. The context for a strategy for growth was noted as being helpful.
- What risks are posed from an investment perspective of coming out of property beholden to the stock market for investment income. On this we should speak to our investment advisers and Nigel Holland.
- Whether there are other uses that the building could be put to if we retained it.
- Our views and market intelligence on staff returning to offices generally and its impact on holding an office as an investment.
- Revise our modelling in terms of worst-case scenarios around interest rates on sales proceeds and make other changes to the model as noted from comments made.

Action: The Executive team

Finally, it was agreed that given the need to move at some pace, a small group of trustees should act as an advisory group to work with the Executive over the coming weeks as we proceed with further consideration of the offer. The small group of trustees will be Jocelyn, Michele, Janine (If available and not conflicted as a partner at Tees) and Mike (in reserve).

Action: JC to contact Janine about joining the group

4. Business case for the appointment of a director of Fundraising, Marketing and Communications

Trustees had before them a revised business case from when the post had last been considered by the Strategy Working Group (who had recently met and been supportive of making such an appointment). After discussion, including clarity about this role being a permanent role and noting that the proposed salary was within market ranges, it was agreed that the budget for this role, on-costs, recruitment costs of £17,000 and first-year support costs be approved and as set out in the business case presented to trustees.

5. AoB

There was no AOB.