

## Istituto Marangoni Limited Board of Directors Minutes

Minutes of the meeting of the Board of Directors of Istituto Marangoni Limited (Company) held on 30 June 2020 at 14.30 by video conference

<b>Members</b>	<b>Ms Stefania Valenti</b> <b>Ms Charlotte Gorse</b> <b>Prof Mark Hunt</b> <b>Prof David Vaughan</b> <b>Mr Salvatore Sivari</b>	Director and Managing Director Istituto Maragnoni (Chair) Director and London School Director (Vice Chair) Non-Executive Director IM Ltd Non-Executive Director IM Ltd Istituto Marangoni Group Head of Finance and Company (Secretary)
<b>In attendance</b>	<b>Diane Rainsbury</b> <b>Ilenya Antonacci</b> <b>Sofia Sadiq</b>	London School Registrar and designated minute taker ILM Finance Manager Communications Manager

### 1. Welcome

The Chair reported that due notice of the meeting had been given and that a quorum was present. Accordingly, the Chair declared the meeting open.

### 2. Purpose of the meeting

- 2.1 The meeting had been convened as part of the Board's routine schedule of business as well as a number of additional agenda items including the change in beneficial ownership of the ultimate parent company.

### 3. Declarations of Interest

- 3.1 The Chair and Vice-Chair disclosed their declaration of interest both of them having been recently invited to the join Management Investment Plan.

### 4. Minutes of the meeting held on 11 May 2020

- 4.1 The minutes of the previous meeting were confirmed as an accurate record.

### 5. Matters arising

- 5.1 The Board received a report of the following matters arising and completed actions from the previous meeting:

BOD/20/5.1 The consideration of any governance implications arising from the completion of the change in ultimate beneficial ownership was included as a discussion item. The relevant notifications would be submitted to the OfS and UKVI respectively.

BOD/20/5 The School Director reported on the recent resignation of Roberto Riccio as CEO of srl who would be retaining involvement in the Company through his new role as President. Donato Medici had been appointed as Roberto's successor with effect from 1 July to coincide with the change of ownership and to ensure a smooth

transition. The video announcement would be circulated to the NED's following this meeting.

The appointment of a new Director to replace the existing Providence Equity Director was in process, pending completion of the necessary due diligence and suitability checks. The CV of the nominee would be circulated to all Board members to assess overall suitability.

BOD/19/16.1 Preparations for the forthcoming audit had been considered by the Audit Committee prior to inclusion on the Board's agenda.

BoD20/6.1 The agreed Terms of Service had been signed and returned to UCAS by their required deadline.

BoD20/6.3 The School had submitted its response to the OfS consultation on Stability measures.

BoD20/6.2 The Communication on Term 3 had been finalised and issued to students.

## **6. Sale of Beneficial Ownership of Ultimate Parent Company**

6.1 The Chair reported on the change of ultimate beneficial ownership of the largest Parent Company Provident Equity Partners and confirmed that the completion of the sale would be concluded on 1 July through the activation of the put out option. The School Director explained that the change of ownership constituted a reportable event to the OfS and a reportable change of circumstance with UKVI. The School had sought the necessary legal advice on the regulatory and reporting implications including the necessity of disclosing all entities with shareholdings over 10%.

6.2 The Board received the simplified structure diagram denoting the distribution of share ownership amongst the various entities that would be included in the submission to the OfS. The Board further noted that the change of ownership would achieve even greater stability through their new owners longer term investment plans. The entities also already had a specific interest and longstanding investment record in education.

6.3 In considering any governance implications the Board was satisfied that there were no changes in the governance or management of IML. The London School would continue to maintain its autonomy and independence as a legal entity and registered company with no change to its Articles of Association or Scheme of Delegation.

6.4 The narrative on the reportable event would be circulated to the Board following any further revisions advised by Penningtons. The Chair, School Director and Registrar would ensure all necessary documentation was submitted to the OfS by 8 July, UKVI and Companies House within their required deadlines.

6.5 The solicitors had advised of an error in the original PSC Register registration with Companies House regarding the status of IML srl and this would be corrected in tandem with the notification of the resignation of the Director.

**ACTION**

## **7. Internal Audit Plan**

7.1 The Board considered and approved the Audit Committee's proposed Internal Audit plan. In discussion, the Board raised the importance of progressing the functionality of the student management information system to support statutory returns and

acquisition of TDAP. The Chair pointed out that good progress had been made in developing the functionality of the existing management information system but the internal auditors could also support the development of management reporting. The Board remained mindful of the critical importance of concluding final decisions regarding the retention of the existing management information system or purchasing a new system.

## **8. Budget Position and External Audit**

8.1 The Company Secretary reported on the approved 2021 budget and adjusted five year plan which was almost in line with the version considered at the previous meeting. The new financial plan and budget adopted a prudent approach in response to the continuing impact of COVID-19. The budget assumptions were based on a forecasted 20% reduction in student recruitment from specific regions notably India, Asia and Pacific, delayed enrolment and potential deferral from October to February. Additionally, the forecast budget also anticipated deferrals and withdrawals due to continuing uncertainties around any potential second wave and travel restrictions.

8.2 Notwithstanding the above, the School Director confirmed that to date annual growth in recruitment was being maintained at 8% with relatively few deferrals and withdrawals. Nevertheless, the School would be closely monitoring recruitment and retention leading up to the start of the new academic year, the overall financial performance and cashflow distribution.

8.3 The Chair confirmed that further revenue could be released in the Autumn depending on the actual tuition fee income and overall financial position. In the meantime, the Board was content with the appropriateness of the overall approach. The Board welcomed IML's continuing investment in student learning facilities through completion of the extension as originally scheduled. However, it noted the suspension on staff recruitment would continue until the overall financial position and 2020/2021 student recruitment was clearer.

8.4 The IML Finance Manager gave an update on preparations for the forthcoming financial audit and schedule for completion of the OfS return. The Finance Manager was meeting EY later in the week around deliverables including support from their higher education specialist. The Board noted all preparations were in hand for approval and submission of the OfS Workbook and Financial Statements by 31 October and 30 November respectively. EY would present the accounts to the Audit Committees's October meeting prior to final sign off by the Board in November.

## **9. Management response COVID- 19 including preparations for reopening**

9.1 The School Director reported on the planned re-opening of the School and associated risk management undertaken on the basis of the latest government guidance and further legal advice. The legal advice had emphasized the importance of undertaking rigorous risk assessment and checking the School's Public Liability insurance. The School Director confirmed that at this point it was important to provide information on the phased reopening of facilities and planned communication although the School would still be closely monitoring the situation over the next two weeks. The Plan continued to be to enable existing students to access the School facilities with the full reopening commencing from October.

**ACTION**

9.2 In the meantime all preparations to ensure observance of social distancing were well-advanced and meetings with staff had not raised any major concerns regarding their phased return. Staff had been grouped into bubbles working on different days for this purpose while students would have access to the facilities in the next two weeks.

9.3 The Board supported the overall approach subject to continuing risk assessment demonstrating that it remained safe to reopen and subject to the School being fully covered in terms of its public liability insurance. The School Director confirmed the system of detailed daily monitoring feeding into weekly risk assessments was fully in place and this provided the necessary mechanism and capacity to initiate action as needed. The phased reopening also had the advantage of enabling effective orientation to the new School environment in terms of social distancing.

## 10. Inclusivity Advisory Group

The Communications Manager reported on the establishment of an Inclusivity Advisory Group and the Statement on Inclusivity in response to the Black Lives Matter movement. The aims of the Advisory Group was to bring about positive change and embed equality and diversity all levels of the organisation including leadership, accountability and governance. The Inclusivity Advisory Group was still in the process of consulting on their terms of reference, membership and initial priorities and a full proposal would be presented to the Board in due course. In the meantime, the Board fully supported the development and highlighted the importance of ensuring that the Group was sufficiently empowered to be able to drive positive change. In terms of the proposed membership, the Board was agreed on the importance of having a Board of Governor appointee and agreed that Marta Phillips as one of the Independent External Members with significant experience in this area be invited to join the Group. It was also agreed that inclusivity should be standing agenda item on all Boards and Committees.

**ACTION**

## 11. Regulatory updates

11.1 The Board received a briefing paper summarising the most recent regulatory updates including a wide range of OfS guidance and briefing notes and the latest UKVI publication relating to temporary concessions granted in response to COVID-19.

11.2 The Board received the CUC Code of Governance on Audit Committees and the initial recommendation from the Audit Committee regarding the need to review the Code against ILM's governance arrangements. Members were asked to send any comments or observations on the Code to feed into the review.

**ACTION**

## 12. Minutes of the Board's sub-committees

12.1 The Board received the minutes of the following sub-committees:

Minutes of the meetings of the Audit Committee held on 30 March and 8 June 2020

Minutes of the meetings of the Board of Governors held on 13 February and 19 May 2020

Minutes of the meetings of the School Board held on 13 February and 19 May 2020.

The Chair of the Audit Committee drew attention to the decision to streamline the stages in the application process for the Student Governor Representative and amendments to the wording of the nomination and appointments process to extend the term of office.

**ACTION**

**13. Any Other Business**

13.1 The Board considered and agreed to endorse thnot the recommendation to seek an increase in the School's UKVI CAS allocation including the bolder option that should prevent the need to re-apply for a further increase the following year. The School Director would forward (above 20%) the recommendation for approval to the Chair.

**14. Date of next meeting and schedule of 2020/21 meetings**

- 2020 Awayday-tbc
- 18 November 2020
- 25 February 2021
- 29 June 2021
- 20 July 2021-Awayday

Signed Chair: .....