

## Istituto Marangoni Limited Board of Directors Agenda

25/2/2021 – 14.30-16.30(UK),16.30-17.30(IT) via videolink

<b>Members</b>	Ms Stefania Valenti Ms Charlotte Gorse Prof Mark Hunt Prof David Vaughan Mr Salvatore Sivari	Director and Managing Director Istituto Maragnoni (Chair) Director and London School Director (Vice Chair) Non-Executive Director IM Ltd Non-Executive Director IM Ltd Group Head of Finance and Company Secretary
<b>Attendees:</b>	Ms Diane Rainsbury Maria Paolucci	London School Registrar and designated minute taker IML HR Manager

1. **Welcome and purpose of the meeting**  
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. The purpose of the meeting was as set out on the agenda.
2. **Declarations of interest**  
In accordance with the requirements of section 177 of the Companies Act and the Company's Articles of Association, there were no declarations of interest.
3. **Minutes of the previous meeting held on 26 January 2021**  
The minutes of the previous meeting held on 26 November were confirmed as an accurate record.
4. **Matters arising**  
The Board noted the following report of matters arising and completed actions since the previous meeting:
  - BoD21/ A further meeting was planned to continue the review of the terms of reference and Scheme of Delegation including relevant issues flagged by the annual reports of the Board of Governors and Audit Committee. ACTION
  - BoD/20/4 &19/11.5 The Inclusivity Advisory Group would be presenting to the next School Board on its recommendations relating to showcasing diverse student backgrounds. ACTION
  - BoD20/4&12 The School Director gave an update on the search process for a replacement Director and Non-Executive Director. ACTION
  - BoD/20/5 The issue had been followed with EY to enable the School to complete the requisite return to the OfS. ACTION
  - BoD20/4 &9.1 & 20.5 The School Director and Chair were continuing to progress clarification around the Persons with Significant Control with GGE. ACTION
  - BoD20/6 The arrangements governing the cash pooling arrangements had been provided and were included as one of the agenda items for formal consideration.
  - BoD20/5 The Outbreak Plan had been approved by the Board of Governors.
  - BoD20/5.3 The TDAP briefing was being arranged and would be in an 'away day' format. ACTION

BoD21/5.3 A cost benefit analysis of TDAP & validation partnership was being progressed in conjunction with the current financial planning cycle while negotiations were also continuing with MMU.

BoD21/6.1 The School had been working on its detailed reopening plans and the School Director would be making her customary report as set out on the agenda.

BoD20/7 The new Company Bank Account had been opened as approved at the previous meeting.

## 5. Covid and School reopening plans including regulatory updates

### 5.1 COVID Update and School reopening plans

The School Director updated the Board on the latest Covid management response and School's phased reopening plans following the government's easing of lockdown. The Board noted that access to the pattern cutting labs that had been in place since February would be extended following the government's announcement that practice and creative based subjects could resume from 8 March. This would involve the phasing of access for all creative components between 8-22 March inclusive although non-practice based subjects would not be able to resume until the next phase of government reopening currently anticipated towards the mid to end of April. Provision of lateral flow testing for students and staff was being implemented with effect from 8 March through continued partnering with Queen Mary.

ACTION

Additional recovery for practice based learning continued to be planned with priority for pattern cutting and fashion styling through use of the Easter break, assessment and study week. Sunday opening was also under consideration but was intended to be a last resort. In response to a question around staff working the School Director confirmed flexibly she was not envisaging this to be problematic with staff willing to be flexible and give priority to student learning.

In accordance with current government guidelines staffing operations were being restricted to essential services only (ie technicians, Library, Security and front of house staff) with the remaining workforce continuing to work from home. The Board was assured that careful attention was being given to maintaining safe staff student ratios based on the overall number of students present in the building and of the School's on-going compliance with legal, regulatory, health and safety and public health requirements.

ACTION

### 5.2 Regulatory updates

The Board received and discussed the report on regulatory updates and noted the OfS requirement to undertake a review of CMA compliance and the School's initial response had been considered by the Board of Governors with the Board being broadly satisfied with the proposal to date. The final findings would be reported and considered fully by the School Board and Board of Governors respectively. The Board noted all regulatory returns had been submitted on schedule including the Prevent Monitoring Return, HESA submission, Graduate Outcomes and Annual Financial Return.

ACTION

6

## Annual reports

## 6.1 Board of Governors 2019/2020 Annual Report

The Board received and discussed the Board of Governors Annual Report. It was noted that all meetings had been well attended, that the appointment of the Independent External Member had brought additional externality. Overall, the Board was able to confirm that the School was meeting its regulatory responsibilities and governance practice although it was recognised that the role of the Board continued to mature. The report also highlighted further areas for development in terms of reducing areas of duplication and addressing gaps which was being taken forward as part of the broader remit of the review of the terms of reference and scheme of delegation.

Recommended areas of development included the following:

- greater oversight of the strategic plan and strategic projects including TDAP more generally;
- the need to establish and maintain a regular annual away day;
- greater strategic oversight of health and safety;
- consider relocating the Company's employment responsibilities within the remit of the Board of Directors rather than through delegation.

The Board endorsed the report's recommendations and was agreed on the importance of taking forward the need to simplify and refocus the core business of each of the senior governance committees and more clearly focus their relationship to each other. The above would be taken forward through the TDAP Task Force and further reflection at the Board Away Day.

ACTION

## 6.2 Audit Committee 2019/2020 Annual Report

The Board received and discussed the Annual Report of the Audit Committee. The Chair highlighted that the Annual Report also summarised the main themes arising from the Committee's analysis of the CUC Code of Governance including its recent Code of Practice on the role of Audit Committees and the Corporate Governance Code. The Board noted that while the Audit Committee had discussed which Code should take precedence in practice there were few areas of difference between them. However, given IML was part of the higher education sector the Audit Committee's preference was to continue to adopt the CUC Code wherever possible while taking due account of pertinent sections of the Corporate Governance Code where this had greater applicability. A general discussion around the effectiveness of the external audit process and current audit team was taken as a separate agenda item. The Board noted the Codes' expectations and also the Annual Report's observations regarding the importance of the role of Audit Committees and Board of Directors or equivalent in the appointment and effectiveness of the External Auditors and scope of audits undertaken.

Recommended areas of development were as follows:

- progression of the simplification of the Risk Register
- access to independent legal or specialist accounting advice with specified budgetary allocation including specified in the Committee's terms of reference
- development of Standing Orders for all governance committees
- filling the remaining NED vacancy to maintain compliance with sector and governance Code expectations and to facilitate Board effectiveness and externality
- moving to renewable four year appointments with a maximum of two terms for both NED and IEM appointments

- further consideration of ethical considerations and associated policy and governance frameworks

The Report also highlighted areas that were working well including the School's COVID Management response including positive affirmation from UNIAC, the proven resilience of staff and the School's preparation and management of its statutory returns. The Board was assured on the effectiveness of the Audit Committee's role and work undertaken to date and recognised and was supportive of the need to resolve issues relating to the School's experience from the recent external audit.

### **6.3 Verbal update from the Chair of the Audit Committee on EY Audit**

The Chair of the Audit Committee reported on the experience of the external audit and his subsequent meetings with the School Director and Finance Manager. The Board discussed and was agreed on the need to resolve the difficulties encountered to date. It was further noted that despite the overall level of satisfaction within the Group there were specific needs and perspectives for the London School that were not being adequately met in practice. The Chair commented that there already appeared to be a consensus around the need to replace the existing audit team for the London School to one with greater specialisation in higher education although an alternative option for wider discussion was the appointment of a second audit firm for specific audit tasks.

The Board noted that the Group's Chief Financial Officer had already been made aware of the issue although there was an urgent need to involve both the Audit Committee and Board of Directors fully in further discussions ahead of the next audit.

ACTION

The Board agreed to convene a meeting between the Chair of Audit Committee, Group Finance Director and Group's Chief Financial Officer to progress the issues including the scope of engagement and possible replacement of the Audit Team.

### **7. Cash Pooling**

The Group Head of Finance and Company Secretary outlined GGE's framework for the operation of the cash pooling project as set out in the GGE Master Treasury Agreement and were considered in the context of the Company's Articles of Association provided as supporting documentation. It was further explained that the GGE Agreement was already in place for existing participant entities and the proposal sought to amend the existing agreement by approving the inclusion of IML as a further centralised company within the arrangement.

The Board noted that, in accordance with Article 61 of the Articles of Association, the Company may not enter into any arrangements or take any any actions set out in Article 61(a) to (ee), unless such arrangements and actions contemplated by the Cash Pooling System were carefully assessed against the matters set out in Articles 61(a) to (ee). It was further noted that the operation of the Cash Pooling System must not breach any contractual obligations already in place. The arrangements and actions contemplated by the Cash Pooling System were carefully assessed against the Company's contractual obligations already in place.

The Group Finance Manager and Company Secretary also outlined the various advantages of the Scheme which was considered to be in the best interest of the company due to reduced banking charges and access to more significant financial cash values of up to 50 million. It was noted that any additional costs associated with fluctuations in currency would be borne by GGE.

The Company Secretary confirmed that the arrangements did not pose any potential risk to the Company because of continued investment by the companies and shareholders and there were no issues of liquidity. In simple terms, GGE would cover the cash needs of all entities by releasing liquidity as needed through a cash

transfer mechanism.

Overall the Directors were satisfied that the arrangements would not breach any contractual obligations already in place or contravene Article 61(a) to (e). They were also broadly content in most aspects of the operational arrangements described.

However, from a governance perspective, the Board considered it important to have continued visibility of cash transactions including movement between the various entities and how this translated into the School's accounting practice. The Board further considered the importance of developing a detailed specification to provide the necessary visibility and oversight in the periodic reporting of the School's overall cash balance, reserves and financial forecasts to the Board.

ACTION

The Board RESOLVED to obtain further specialist legal and regulatory advice regarding the implications for the School's continued compliance with its initial and on-going conditions of OfS registration and any potential impact against overall TDAP eligibility criteria. More specifically, such advice would include detailed advice on future alignment with the requirements of the OfS Accounts Directive and the annual financial return.

Based on the advice, the School Director would bring the item back to the Board of Directors for final decision.

ACTION

8.

#### **Staff Handbook**

The HR Manager gave an overview of the Staff Handbook which brought together for the first time all the School's HR and employment policies and processes as a single source of reference. The Handbook incorporated a wide range of existing policies including various updates in response to new legislation. The HR Manager went through those areas that were discretionary for determination by the Company and those that were statutory requirements. It was noted that not all the policies were equally applicable to all members of academic staff depending on their employment status with the Company. The School also planned to be develop a customised Tutors' Handbook for relevant staff categories. Further planned updates included reviewing flexible working arrangements for inclusion in the next edition.

The Board noted that the Handbook also incorporated the Whistleblowing Policy although it stipulated there was a need to check whether this was the definitive version approved by the Board of Governors. It was further agreed that any new policies should have already been approved by the relevant governance authority prior to inclusion in the Handbook.

Subject to checking the currency of the version of Whistleblowing Policy, the approval status of the Health and Safety Policy and inclusion of an index/contents page the Board approved the Staff Handbook. The Handbook would be disseminated to staff through e-folders although it would eventually be incorporated on the staff Portal.

ACTION

The Board extended its thanks to the HR Manager for leading such a comprehensive project that successfully integrated the School's legal responsibilities within the broader corporate employment policy framework.

#### **9. Minutes of the meetings of the Board**

The Board received the minutes of the meetings of the Board of Governors, Audit Committee and School Board held on 7 October, 29 October and 29 September 2020 respectively.

10.

#### **Any other business**

There being no further business the Chair declared the meeting closed.

#### **Date of Next Meeting**

26 June 2021

Signed

Stefania Valenti



9.

