

**FINANCE AND RESOURCES COMMITTEE OF THE BOARD OF GOVERNORS
OF THE GUILDHALL SCHOOL OF MUSIC & DRAMA**

Tuesday, 19 January 2021

Minutes of the virtual meeting held at 10.00 am

<https://youtu.be/tZRPuSh1qa4>

Present

Members:

Graham Packham (Deputy Chairman)
George Abrahams

Lew Hodges
Neil Greenwood

In Attendance:

Officers:

Lynne Williams	- Principal, Guildhall School of Music and Drama
Jonathan Vaughan	- Guildhall School of Music and Drama
Jonathan Poyner	- Guildhall School of Music and Drama
Graeme Hood	- Guildhall School of Music and Drama
Nikki Cornwell	- Chamberlains/Guildhall School of Music and Drama
Matt Lock	- Head of Audit and Risk Management, Chamberlains
Julie Mayer	- Town Clerks

1. APOLOGIES

Apologies were received from Vivienne Littlechild (Chairman).

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were no declarations.

3. PUBLIC MINUTES

RESOLVED, that – the public minutes and non-public summary of the meeting held on 10th November 2020 be approved.

4. ANNUAL FINANCIAL RETURN TO THE OFFICE FOR STUDENTS (OFS)

The Committee considered the Annual Financial Return to the Office for Students, in accordance with the OfS requirement that the documents which make up the return are approved by a committee of the Governing Board prior to their submission. This year the return must be filed and signed-off by 31st January 2021.

The External Auditors' Management Letter (Appendix 2 to the report) had been received by officers the previous evening, along with a final version of the financial statements (Appendix 1 to the report) but they contained only minor drafting errors. Both documents had been circulated to the Committee earlier in the day but the Chairman felt that this late circulation was unacceptable. The

Finance Officer explained that the External Auditors had worked to the original timetable and misunderstood OfS Guidance in respect of this year's deadlines.

In considering the Financial Statements to 31st July, the Committee noted the statement of comprehensive income which reflected the impact of Covid; i.e. - loss of the Summer School and programme of short courses, accommodation fees, transitional costs incurred in moving to on-line teaching and the period when face to face teaching resumed, but in smaller groups and with classes being run more than once. The Committee noted a loss for the year of £2.58m, which had virtually eliminated the School's reserves.

In response to questions/comments it was noted that:

- a) Compliance with SORP could be referenced in more detail in the Governance Report, although it was noted that it had been included in the Internal Control Section. The Finance Officer agreed to review this before submission.
- b) The resignation date of Shreela Gosh, as of the Board Meeting on 23rd November should be included.
- c) The private sector equivalent of an '*assessment of confidence in on-going concerns*' was captured by the City of London Corporation's External Auditors' assessment of the City's Cash Fund, and the School relied on the assurance given to the City Corporation in this regard.
- d) There was a proposal going through the City Corporation's Committee process in respect of the extra funding required to help the School through the pandemic and recovery. In common with all City Corporation Departments, the School had made a commitment to make 12% of savings. The Principal advised that the School's position had been of concern to the OfS, but they now had confidence in the City's commitment to the School and this was no longer the case.
- e) Risk Management was now a standing item on all School Committees and, as this improved the effectiveness of the Risk Register, it should be recorded as a systemic change.
- f) The Chairman had spotted a couple of some minor errors on the revised statements which would be corrected before submission.

RESOLVED, that - The Finance & Resources Committee approve the return and authorise the Group Accountant to submit it to the Office for Students, subject to the comments at (a), (b), (e) & (f) above, and in accordance with the filing requirements.

5. **MANAGEMENT DASHBOARD**

The Committee received a report of the Principal which presented the Management Dashboard for the 9 months ending 31st December 2020. The Committee noted that this included an extraordinary grant from the City Corporation, in the sum of £1.35m, representing the additional amount required for the School to break even, having expended its reserves in supporting the Covid19 induced deficit. The Finance Officer advised that the loss for the year was forecast to be approximately £3.6m, which was largely but not solely due to the Covid-19 pandemic. The School expressed its gratitude to the City Corporation for its ongoing support.

The Principal advised that meetings with the Chamberlain in early January had sought assistance with the Covid related deficit, together with the possibility of a grant of £1.5m for an investment pot. Whilst the latter was under discussion, the grant to cover the deficit had been supported by the Chamberlain, provided that the School committed to 12% of savings, as referenced above. The Committee also noted that the figures were compiled before the latest National Lockdown and the Chamberlain had accepted that there would now be a further increase in the deficit. The Finance Officers advised that 140 students had not returned to their accommodation since the Christmas holidays and the current 50% discount being offered would cost approximately £100k. The Committee were asked to note that, should a full discount become necessary, the worst-case scenario would be an additional £400k to the end of March 2021.

The Principal stressed that the School was already very fiscally responsible, when compared to the rest of the sector, but the maintenance of a positive student experience must remain the highest priority.

RESOLVED, That – the report be noted.

6. **PROPOSAL TO CHANGE REPORTING DATE TO THE OFFICE FOR STUDENTS**

The Committee considered a report of the Principal in respect of a proposal to change the reporting date to the Office for Students. The Finance Officer explained that, up to and including the year ended 31st July 2020, the School had produced a set of Financial Statements for submission to the Office for Students (previously the Higher Education Funding Council of England). Whilst it was a requirement of HEFCE that the accounts be produced with a 31st July year-end date, this was no longer the case for the OfS.

The Committee noted that the change 31st March would align with the City Corporation's year-end and the audit of the City's Cash fund. This might need a small adjustment to the Committee reporting schedule, as the statements are filed 4 months after year-end. However, this would result in a more efficient use of resources during the late Summer and Autumn, as finance officers would be able to focus on forecasting and modelling for the following year's budget.

In response to questions/comments, the following points were noted:

- a) The Finance Officer explained that this change in date would not affect accounting in terms of student fees, as they would continue to be captured by Management Dashboard reporting, and budget modelling is based on the academic year and apportioned across multiple financial years.
- b) In respect of the Trust, the Committee noted that a large part of the grant request would continue to be on an academic year basis and, whilst this could be discussed with the Trust, there would be no reason for them to change their requirements.
- c) The Finance Team would be able to use the time they currently spend each autumn preparing the financial statements to conduct additional analysis for the benefit of the School, such as unit cost per student.

RESOLVED, that – the production of financial statements for the Office for Students, with a 31st July year-end, cease forthwith and instead the accounts be produced with a 31st March year-end, in common with the City of London Corporation’s accounting date.

7. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE FINANCE & RESOURCES COMMITTEE

There were no questions.

8. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There were no urgent items.

9. EXCLUSION OF THE PUBLIC

RESOLVED – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part I of Schedule 12A of the Local Government Act as follows:-

Item	Paragraph
11,12	3

10. NON-PUBLIC MINUTES

RESOLVED, that – the non-public minutes of the meeting held on 10th November 2020 were approved as a correct record.

11. ANNUAL TRANSPARENT APPROACH TO COSTING (TRAC) RETURN FOR THE GUILDHALL SCHOOL OF MUSIC & DRAMA

The Committee considered and approved a report of the Principal.

12. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE FINANCE & RESOURCES COMMITTEE

There were no questions.

13. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There were no urgent items.

The meeting ended at 11.15 am.

Chairman

**Contact Officer: Julie Mayer
julie.mayer@cityoflondon.gov.uk**