



**Reports and Financial
Statements
for the eight months
ended 31 March 2021**

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MEMBERS OF THE BOARD OF GOVERNORS

who served during the period 1 August 2020 to 31 March 2021.

Common Council Members

Vivienne Littlechild (Chairman)
Graham Packham (Deputy Chairman)
George Christopher Abrahams
Randall Anderson
Munsur Ali
Deputy David John Bradshaw
Deputy John Chapman (until 15 February 2021)

Marianne Fredericks
Ann Holmes (until 23 November 2020)
Andrew Mayer (from 15 February 2021)
Jeremy Mayhew
The Rt Hon. the Lord Mayor, Alderman William Russell

Principal of the Institution

Lynne Williams, as Principal of the Guildhall School of Music & Drama (until 6 September 2021)
Jonathan Vaughan, as Principal of the Guildhall School of Music & Drama (from 6 September 2021)

Institution's Staff Members

Steven Gietzen, elected by the Administrative Staff
Andy Taylor, elected by the Academic Staff

Institution's Student Representative

Dave Muncey as President of the Students' Union (until 15 February 2021)
Harry Plant as President of the Students' Union (from 15 February 2021)

Co-opted Governors

Natasha Bucknor
Professor Geoffrey Crossick
Professor Maria Delgado
Shreela Ghosh (until 23 November 2020)
Neil Greenwood
Paula Haynes

Advisory Members

Chairman of the Barbican Centre Board
Chairman of the Culture, Heritage & Libraries Committee
Representative of the Centre for Young Musicians

Officers of the Board of Governors

Clerk to the Governors: John Barradell, OBE
Town Clerk & Chief Executive, City of London Corporation

STRATEGIC REPORT 2020/21

Overview

The Guildhall School has historically prepared financial statements with a year-end date of 31 July, in keeping with the Academic Year and in common with almost all other higher education providers previously funded by HEFCE. However, following the introduction of the Office for Students and the regulator for the Higher Education sector the need for a 31 July year-end has been removed and at the February 2021 meeting of the Governing Board, the School resolved to move to a 31 March year-end, in keeping with that of The City of London Corporation, the School's ultimate owner and funder. These accounts therefore cover the eight-month period from 1 August 2020 to 31 March 2021.

The 2020/21 academic year saw the Guildhall School once again named as the Number One Conservatoire in the UK in the Guardian University rankings. In addition, the School came second against all universities for Drama and Production Arts and fourth for Music.

After a period of online learning because of the global pandemic, the School re-opened for a delivery of blended learning between September - December 2020, with various COVID-19 safety restrictions in place. Following government guidance, the School moved to online learning only from January to 8 March, then reopened again for blended learning once institutions with practical courses were allowed to resume some form of in-person teaching. Enrolment numbers for programmes starting in September 2020 held up despite considerable logistical difficulties for some international students in coming to the School amid the global pandemic – testament to the additional support offered by staff and the determination of students to begin their studies in person again. This also included a greater number of EU students enrolling in anticipation of the changing rules imposed by Brexit for entry from 2021 onwards.

The School's under 18s programmes also followed this pattern of learning and despite the challenges, were able to continue delivery of most aspects of Junior Guildhall, the Centres for Young Musicians and Music Education Islington, the music hub delivered in partnership with the London Borough of Islington. Fee discounts were offered to some parents in recognition that full teaching in some centres was restricted by COVID-19 safety measures. As part of the expanding Guildhall Young Artists network, the School launched a pilot online Young Composers Course in spring 2021, with a view to a fully-fledged online centre for under 18s opening later in the year.

The School's COVID-19 Gold Group continued to manage day-to-day decision-making on pandemic-related matters during this period, with the Group Accountant sitting on this group to ensure the School's financial position was considered in its decision making. The existing Hardship Fund, which had been substantially increased because of last year's COVID-19 fundraising campaign, plus targeted government funding to support students in financial hardship because of the pandemic, helped to ensure students were able to overcome financial difficulties and continue their studies through the year.

The School's Supported Application Scheme continued to successfully increase intake to the School of students from underrepresented backgrounds, with 16 offers made to participants on this year's scheme – a 69% rise in potential new entrants from these groups for entry 2021. The impact of the reduction in application fee for the Acting programme led to a 24% increase in applications for the BA Acting programme, with a record 3307 applications for 26 places.

In March 2021, for the first time in the School's history, Graduation Day took place online, with 270 graduates from the class of 2020 taking part in a live ceremony on Zoom, alongside the awarding of several prestigious honorary fellowships. The School also held its Open Days online for the first time this year, along with alumni CPD sessions, donor-facing activity, and all international auditions.

In autumn, the School launched a range of online short courses for the first time, with 282 participants taking part in online courses between September and March, resuming an income stream that had been on hold since the start of the pandemic when the School was forced to cancel its in-person short courses. Although income is lower from online short courses due to the loss of related accommodation fee income, the ability to move courses online will enable the School to offer a variety of different learning opportunities in the future. Coaching & Mentoring courses also continued to take place online and saw the number of participants on foundation courses increase by 32%.

Guildhall School has made a significant investment in its streaming and broadcast capabilities over recent years. As a result of the challenges posed on performers by COVID-19, in summer 2020 the School invested in new NDI video and Dante Audio Networks which enable low-latency collaboration between spaces in the School. This allows large-scale musical collaboration whilst ensuring social distancing amongst players and performers. This new technology supports the work the Recording and Audio-Visual department have already undertaken in building a world-class Solid-State Logic (SSL) analogue mix facility, as well as a state-of-the art TV Studio control room, that allows for streaming and broadcast from 30 venues and classrooms within the School. All of this enabled the School to present over 100 broadcasts (either live streamed or post-event) to public audiences between September 2020 and March 2021, including the School's Gold Medal competition which took place using the low latency technology across four rooms in the Silk Street and Milton Court buildings in September, to great success.

The pandemic acted as an additional catalyst for the School's work to lead and support cultural change within the sector. In the autumn term, Guildhall hosted a twelve-week series of free online participatory workshops for creative practitioners, led by a range of insightful artists and leaders, responding to the live challenges and changes facing those who work in the creative sector. In addition, musicians from the School partnered with Age UK Camden to bring music to isolated people living with dementia during the winter months as the COVID-19 pandemic continued and lockdown rules heightened. 'Music Bank' saw twelve students, staff and alumni of Guildhall School matched with twelve Age UK Camden clients to deliver a musical befriending service, playing music requested by the clients as well as getting to know them through conversation.

The School's research activity also continued during this period. Along with partners in three other countries, Guildhall launched a new multi-country research survey aimed at musicians who work, or have recently worked, in socially engaged settings as part of an Arts & Humanities Research Council funded three-year investigation into the social impact of music making entitled 'Music for Social Impact: practitioners' contexts, work, and beliefs.' The project examines the growing number of participatory music-making activities being offered to groups around the world, defined by factors such as their social needs or deprivation.

During this period the School also invested in vital Equality, Diversity, and Inclusion (EDI) work: an external specialist consultant worked with the School to form an Anti-Racist Task Force to develop the findings from multiple 'Listen & Learn' groups into a series of recommendations, which were shared with the whole School at the start of the spring term. The Anti-Racist Task Force included representatives of the staff, the student body, and the Board of Governors, prioritising those who have experienced racism. A report was shared with staff and students in February that summarised the work of the Anti-Racist Task Force and outlined the next steps to advance EDI at the School. This will include the appointment of a staff lead who will be responsible for managing the EDI programme and the delivery of the equality objectives going forward.

By the end of this reporting period, the School was preparing for a summer term of final recitals and other assessments to ensure progression for continuing students and graduation for completing students. Despite positive COVID cases amongst the student and staff body at various points in the year, we were grateful to have avoided a major outbreak, and did not have to cancel any major productions; most cases were unconnected to School activity and the School was able to manage these internally, including those affected students who were resident in Sundial Court, the School's hall of residence.

The National Student Survey took place in the spring term when students were obliged to study online, so the School was expecting substantial decreases in satisfaction across the board; given the circumstances, the results were surprisingly positive, with an 89.13% satisfaction rate in Drama (Acting and Production Arts) and a 76.4% satisfaction rate in Music. In Drama, the School was the highest scoring of the specialist drama schools. The substantial investment made to overcome the challenges of the pandemic therefore appears to have had a positive impact on the student experience and leaves the School well-placed to respond to future lockdowns and to maintain high standards in a fast-changing environment. This will undoubtedly be one of the focuses of the School's business recovery plan, now in development.

The Guildhall School

Founded in 1880 by the City of London Corporation, and owned, funded and managed by the City, the Guildhall School is eloquent testimony to its founders' commitment to education and the arts. The School was designated as a Higher Education Institution on 1 August 2006, since when it has received an annual teaching grant from the Office for Students (OfS) (until 2018 - HEFCE), together with Higher Education Innovation funding for its third-stream activity and, from 2009 a Quality Research grant, following a successful first entry to the Research Assessment Exercise in 2008 and an even more successful submission to the 2014 REF. The funding council

review of institution-specific funding delivered an additional £4m per annum of additional funding from the academic year 2016/17. The School was registered with the Office for Students during 2019.

Situated in the heart of the City, the School moved to its present premises in the Barbican estate in 1977. The opening of the Barbican Arts Centre in 1982 enabled the School to forge a unique link with both a world-class arts centre and a world-class orchestra, the London Symphony Orchestra.

In addition to the support of the principal funders, Guildhall School students receive significant assistance through scholarships and bursaries administered by the Guildhall School Trust, the School's linked charity.

Student Population, all full-time equivalent (fte):					
	2020/21	2019/20	2018/19	2017/18	2016/17
TOTAL	998.48	1077	999.75	1008.25	963.75 (fte)
By division:					
	2020/21	2019/20	2018/19	2017/18	2016/17
Music Undergraduate	471.04	464	429	429	412
Music Postgraduate	293.27	351	342.75	359.25	334.75
Acting and Technical Theatre	234.17	262	228	220	217
The total also included:					
	2020/21	2019/20	2018/19	2017/18	2016/17
Non-HEFCE-funded programmes	0	0	6.5	17.5	24.5
The total does not include					
Junior Fellows		76	47	39	33
61 (2019/20: 54, 2018/19: 55, 2017/18: 64, 2016/17: 65) countries represented in the student body:					
Domicile (Headcount of whole nominal roll population inc. Fellows)	2020/21	2019/20	2018/19	2017/18	2016/17
Outside UK	302.36 30.3%	356 31.9%	363 33.5%	394 (36.0 %)	348 (36.1%)
Outside of EU	150.37 15.1%	177 15.9%	155 14.3%	172 (15.7%)	143 (14.7%)
First Class Honours	N/A	35%	34%	31%	37%
Second Class Honours	N/A	61%	54%	60%	57%

NB: The data for 2020/21 in the above table refers to the Academic Year running from 1 August 2020 to 31 July 2021. At the time of these accounts being signed, graduate outcomes had not yet been confirmed.

Funding

The Guildhall School of Music & Drama is a department of the City of London Corporation which was its sole funder until 2006 when the School was designated as a publicly-funded Higher Education Institution and started to receive funding from HEFCE. The Office for Students (“OfS”) replaced HEFCE as funder and regulator with effect from 1 April 2018.

Despite having received designation, the School’s relationship with the City has not altered; the City still contributes significant support to the School on an annual basis and the School continues to operate within the City’s governance arrangements.

The financial accounts presented here have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP 2019) and other relevant Accounting Standards

in so far as they are relevant to the School in the context above.

Financial Results for the year

The School recorded a deficit of £1.027m for the eight months ended 31 March 2021 (year to 31 July 2020: Deficit of £2.538m). The 2020/21 outturn was always anticipated to be challenging as the School continued its efforts to recover from the pandemic and deliver a new business model to build a sustainable financial future for the School.

Over the last eight months the School has conducted a thorough review of its finances to identify efficiency savings where these can be made without damaging academic delivery standards and to identify several new programmes and activities to generate new income streams. The School has requested a loan from the City of London to underwrite the first year's running costs for these activities to allow the School to confidently take them forward in the coming months.

Conclusion

The Guildhall School continues to offer world-leading professional training in music, drama and production arts and works in dynamic partnership with some of the world's most outstanding individual artists, companies and ensembles. The School fosters research, innovation and entrepreneurship among both staff and students and increasingly looks to embed distinctive research programmes which examine the social impact of the arts and the role of artists in 21st century society.

Alongside the highest professional standards of performance and technical excellence, our students learn to work together in ensembles and companies, learn how to create new work and engage with new audiences, and how to be ambassadors for their art and advocates for culture more generally.

At the same time, our staff have committed strongly to professional development and we now have over 80 fellows of the Higher Education Academy, have won national teaching fellowships and validation by the HEA of our professional development and PGCert programmes.

Despite a successful year, the uncertainties within the higher education landscape and the more general political uncertainties in Britain and Europe have been unsettling. As with other higher education institutions across the UK, the School faces a growing number of risks and challenges which make it essential to adopt a robust business plan for the future, incorporating accelerated growth in both philanthropic fundraising and earned income, a regenerated Higher Education offer including new courses and refreshed curricula and step-change in ambition for Widening Participation, Diversity and Inclusion.

My thanks to our Board of Governors, staff and all our students who work so hard to ensure the ongoing success of the Guildhall School and to the wider Guildhall School community who support the institution in so many ways.

Jonathan Vaughan
Principal
October 2021

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The Guildhall School of Music & Drama (Guildhall School) is owned and governed by the City of London Corporation (City Corporation), the legal status of which is that of a municipal Corporation by Prescription.

The Guildhall School was designated as a publicly-funded Higher Education (HE) Institution for the first time on 1 August 2006. It is unusual in the HE sector in that it is essentially a department of a much larger corporate body and has no legal personality of its own. Arrangements for the distribution of funding to the Guildhall School by the Office for Students (OfS) take account of these circumstances to ensure that public funds are used for the purpose intended at all times.

Before designation, the Guildhall School operated exclusively under the standing orders and regulations of the City Corporation. As a result of designation it has adjusted its governance arrangements to enable it to comply with the responsibilities and reporting requirements placed on it as a publicly-funded body, whilst also maintaining its compliance with those of its owner.

City of London Corporation

The City Corporation provides local government services for the 'Square Mile', but its responsibilities extend to many other facilities for the benefit of the nation. These include open spaces such as Epping Forest and Hampstead Heath, Smithfield and Billingsgate Markets, maintenance of five Thames bridges, and grants for charitable purposes across Greater London. These services are funded from the City Corporation's own resources at no cost to the public.

The City Corporation has been in existence since before 1189 and operates through its Lord Mayor, Aldermen and other members of the Court of Common Council elected by the residents and businesses of the City's 25 wards. Like the Lord Mayor and Aldermen, the Members of the Court of Common Council carry out their work unpaid.

The Court of Common Council is the City of London's primary decision-making assembly. It works through committees, but it is unique in that, as a body, it is non-party political. Its main business focuses on the reports of committees and members' questions and motions.

Board of Governors

One of those committees is the Board of Governors of the Guildhall School of Music & Drama. Although part of the City Corporation's overall committee structure, it acts as the Guildhall School's governing body and discharges its duties accordingly. Assurances have been made by the City Corporation that it recognises the need for the Guildhall School's Board of Governors to enjoy operational autonomy and will not without good cause challenge any decision of the Board of Governors that has been properly arrived at, is within its terms of reference and is in accordance with a business plan approved by the City Corporation.

The Board of Governors includes independent governors who are not members of the Court of Common Council, and who bring expertise to the Board from the cultural, education and other sectors. The Board consists of:

- eleven members elected by the Court of Common Council for a term of three years (renewable twice);
- the Principal of the Guildhall School;
- one member of the Guildhall School academic staff elected by such staff for a term of three years (renewable twice);
- one member of the Guildhall School administrative staff elected by such staff for a term of three years (renewable twice);
- one Guildhall student representative, normally the President of the Guildhall School Student Union (ex-officio);
- up to six co-opted non-City Corporation Governors with appropriate expertise for a term of three years (renewable twice); and
- three advisory members: the Chairman of the Barbican Centre Board; the Chairman of the Culture, Heritage & Libraries Committee; and a representative of the Centre for Young Musicians

Normally governors do not serve on the Board for more than nine years. The Chairman and Deputy Chairman of the Board are elected from the Common Council Governors.

Appointment to the Board of Governors is confirmed each April by resolution of the Court of Common Council. The full list of Governors who served on the Board during the eight months from 1 August 2020 to 31 March 2021 and up to the date of signing these accounts is given at the beginning of this document.

The Board of Governors normally meets four or five times per year and is now advised by six committees, each of which operates according to Terms of Reference approved by the Board, and whose membership must be approved by the Board on an annual basis.

The Audit & Risk Management Committee meets at least three times per year and concerns itself with the adequacy and effectiveness of the Guildhall School's arrangements for risk management, control and governance, and economy, efficiency and effectiveness (value for money).

The Remuneration and Nominations Committee seeks out and makes recommendations to the Board on the appointment of new non-City Corporation governors with a particular brief to ensure transparency in the process, and to review and make recommendations on the salaries and terms and conditions of the Principal and such other members of staff as the Board deems appropriate. It meets as required when vacancies on the Board or relevant committees occur and/or a decision on salaries or terms and conditions is required.

The Governance and Effectiveness Committee normally carries out full reviews to consider improvements to the effectiveness of the Board of Governors every three years. When a full review is being undertaken the Committee determines the frequency of its meetings. In those years when a full review is not being undertaken, the Committee meets two to three times a year to consider progress of implementation of the Committee's recommendations and ensure due implementation of the Committee of University Chairs (CUC) Code of Governance.

The Finance and Resources Committee was set up in 2009 as a result of an Effectiveness Committee review on the Board of Governors. The Committee is chaired by the Chairman of the Board, and meets to review any matters that may affect the finances of the Guildhall School, reporting to the Main Board. The Committee meets at least 3 times a year to discuss, advise on and examine finance and resource issues.

The Reference Sub Committee meets as required to address any issues that may arise outside the cycle of the Board, and are moderately urgent, but the Chairman and Deputy Chairman feel that the matter is sufficiently great that other Members' views should be sought before a decision is made, thus ruling out urgency procedures. The Reference Sub Committee can meet in conjunction with the Reference Sub Committee of the Barbican Centre Board to discuss matters referred to the joint meeting by the respective Boards of Barbican Centre and Guildhall School of Music and Drama with powers to act as prescribed by the two Boards.

Statement of primary responsibilities

The School operates according to an Instrument and Articles of Government revised and approved in 2015 by the Privy Council following granting of degree-awarding powers.

Except where otherwise noted in this statement, and consistent with an undertaking given by the Court of Common Council in December 2005, the Board of Governors also complies, as far as is consistent with its unique constitutional status, with the Higher Education Code of Governance published by the Committee of University Chairs in September 2020.

In common with all the committees of the City Corporation, the Board also operates to Terms of Reference, which are approved by the Court of Common Council each April and are incorporated into the Instrument and Articles. These act as the Board's Statement of primary responsibilities and are given below.

To be responsible for:

- the approval of a strategic plan and the determination of the educational character and the mission/aims of the Guildhall School and oversight of its activities;
- the effective and efficient use of resources;
- the approval of an annual business plan;
- the approval of annual estimates of income and expenditure;
- the approval of the annual audited financial statements of the Guildhall School of Music & Drama;
- the appointment of the Principal of the Guildhall School and, where appropriate, the deputy;

- the management of the School's land and buildings belonging to the City Corporation (with the exception of those that are in the province of another City Corporation committee) subject always to compliance with the Code of Practice for Disposal of Property;
- writing off debts in accordance with such terms and conditions as are from time to time established by the Court of Common Council;
- authorising the institution of any criminal or civil proceedings arising out of the exercise of its functions;

each of the above to be subject to the City Corporation's Standing Orders, Financial Regulations, and such other terms and conditions as the City Corporation may determine, other than where varied otherwise.

Following granting of taught degree-awarding powers in 2014, and as provided for in the Instrument and Articles (paras 7 and 8), the School Board of Governors has established an Academic Board, responsible under delegated authority from the Board for the regulation of the academic work of the School in teaching, examination, and research and to advise the Board on academic matters affecting the School. In common with the practice in all other HEIs, the Board is required to consult the Academic Board on any matter coming before the Board of Governors which has academic implications and which has not previously been considered by the Academic Board.

Following designation as an HEI in 2006, financial accounts were prepared for each academic year ending 31 July in accordance with the current Higher Education SORP, notwithstanding the omission of a Balance sheet and Cash flow Statement in line with the School's agreement with the Office for Students in keeping with the School's status as a department of the City of London Corporation. This is in addition to the accounts required for the City's financial year end of 31 March. As noted in the overview on page 2, the School has now opted to prepare financial statements for submission to the Office for Students with a year-end of 31 March each year. These accounts are the first set of accounts with the new date and therefore cover a period of eight months only.

Executive management

The Principal is the chief officer of the Guildhall School, with responsibility to the Board of Governors for its organisation, academic and artistic direction and day-to-day management. She is supported in her work by a Senior Leadership Team which meets fortnightly and consists of the three Vice-Principals (Directors of Music, Drama and Production Arts) and such other senior managers as are required by the business in hand. The Senior Leadership Team also meets as required with members of the Board who act in an advisory capacity.

The Principal is also a chief officer of the City Corporation, responsible to the Town Clerk who is its chief executive. The City Corporation's standing orders and financial regulations govern the extent to which powers are delegated to chief officers, and when decisions must be taken by committee.

Under Ongoing Conditions of Registration between the Guildhall School and the OfS, the Principal is the Accountable Officer and in that capacity can be summoned to appear before the Public Accounts Committee.

Prevention and detection of fraud, and conflicts of interest

The City Corporation expects all people and organisations associated with it to be honest and fair in their dealings with the City Corporation and its clients and customers. The City Corporation expects members and officers to lead by example in this respect, observing the seven Principles of Public Life promoted by the Nolan Committee.

The Guildhall School adheres and is subject to the Anti-Fraud and Corruption Strategy of the City Corporation. Employees must report any suspected cases of fraud and corruption to the appropriate manager, or if necessary, direct to the Chief Internal Auditor of the City Corporation.

Governors are required to operate within the requirements of the Standing Orders of the Court of Common Council and the City Corporation's Code of Conduct for Members. These include the requirement to declare at meetings and to register with the Monitoring Officer potential areas of conflict between their City Corporation duties and responsibilities and other areas of their personal and professional lives. As a result of designation, this register has been extended to include the senior management team of the Guildhall

School most closely involved in servicing the Board of Governors.

Statement on Internal Control

As part of the City Corporation, the Guildhall School operates within an overall environment that has the identification and management of risk firmly embedded in all its systems and procedures. Central to this approach is the City Corporation's Internal Audit service, which undertakes regular reviews of a wide range of activity throughout the organisation. The annual audit plan for each department of the City Corporation is developed using a risk-based approach, taking account of the key areas of risk identified for the City Corporation as a whole and of specific areas of risk highlighted by the Chief Officers of each City Corporation department. The internal audit plan aims to cover all significant areas of risk at least once during each five year cycle. Any major risks are reviewed more frequently.

It is the Head of Audit and Risk Management's opinion that, based on the audit work undertaken during the eight months to 31 March, the School's systems of risk management, control and governance, and economy, effectiveness and efficiency are generally robust and can be reasonably relied upon to ensure that objectives are achieved.

The finance functions of the School and its neighbour, the Barbican Centre, were merged in February 2007. This has provided the School with a much strengthened ability to manage its finances, improving overall control. In 2011 a restructure of the wider finance function in the City Corporation has meant that the School and Barbican Centre finance functions now report directly into the Chamberlain's office. As a result there are much closer working relations between the different finance teams of the City Corporation.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, a system of delegation and accountability, and independent scrutiny. In particular the system includes:

- comprehensive budget setting and monitoring systems;
- regular reviews of periodic financial reports which indicate financial performance against budgets and forecasts;
- access by all finance staff and appropriate departmental staff to systems providing a suite of enquires and reports to facilitate effective financial management on an ongoing basis;
- clearly defined capital expenditure guidelines;
- formal project management disciplines;
- an in-house internal audit service; and
- scrutiny by Governors, OfS, other inspectorates, external audit and other stakeholders.

As a result of designation, the Guildhall School has adopted its own risk management policy to complement that of the City Corporation, and has developed its own comprehensive risk register which is monitored on a regular basis. The risk management policy was approved by the Board of Governors in April 2009 and makes clear that overall responsibility for the control and management of risk rests with the Board. Detailed monitoring and evaluation of risk is delegated to the Audit & Risk Management Committee, which must consider the Guildhall School's risk register at each of its meetings. Risk is also a standing item on the agenda for all staff committees at the School to ensure that risks and mitigating actions are flagged at the earliest opportunity and added to the register where appropriate. An updated Risk Management Protocol is currently being drafted with to being submitted for approval by the Board of Governors later in 2021.

The risk register was developed at individual department level within the School, with the information then consolidated into a School-wide register by the Executive Directorate team, and each risk evaluated according to its probability and impact. The register is reviewed and updated by the Executive Directorate team prior to consideration by the Audit & Risk Management Committee at each of its meetings. A crucial part of this process is an evaluation of the effectiveness of management action to mitigate each risk, and risk owners have been identified in order to facilitate this.

The following key risks have been identified by the Senior Management Team:

- Inability to invest in infrastructure and teaching spaces;
- Failure of safeguarding policies;
- Failure to mitigate against a potential fall in EU student numbers as a result of Brexit; and
- Inability to adequately respond to the continuing impact of Coronavirus

In reviewing the register, consideration is always given to the School's *Business Recovery Plan 2021-2025* and to the risks associated with its delivery. Similarly, risk is considered whenever strategic documents and policies are being developed, and appropriate commentary and management action is included. The Guildhall School's risk register is referred to by the City Corporation's Internal Audit section when updating its five-year rolling audit plan for the School, to ensure that all the key risks in the School's risk register are reviewed as part of the cycle.

The Board has relied on the opinions contained in the annual report received by it from the Audit & Risk Management Committee, which in turn is informed by the annual report and opinion of the City Corporation's Internal Audit section and the external auditors' management letter. Any system of internal control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board acknowledge that it is responsible for ensuring that a sound system of control is maintained, and that it has reviewed the effectiveness of this process.

Graham Packham
Chairman

Jonathan Vaughan
Interim Principal

Date:

Date:

Independent Accountants' report to the Board of Governors of the Guildhall School of Music and Drama

Independent Reasonable Assurance Report to the Guildhall School of Music and Drama and City of London Corporation

We were engaged by the Guildhall School of Music and Drama and the City of London Corporation to report on the Guildhall School of Music and Drama's Statement of Comprehensive Income comprising the Statement of Comprehensive Income and related notes.

Guildhall School of Music and Drama and the City of London Corporation's Responsibilities

The Governors of the Guildhall School of Music and Drama and the City of London Corporation are responsible for preparing the Statement of Comprehensive Income that is correctly extracted in accordance with the stated criteria and for the information contained therein. The Governors of Guildhall School of Music and Drama and the City of London Corporation are also responsible for ensuring that, in all material respects, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the Guildhall School of Music and Drama have been properly applied for the purposes for which they were received.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of the Statement of Comprehensive Income. It also includes developing the criteria around the correct extraction of the Statement of Comprehensive Income and Expenditure statement from the audited accounts of City's Cash for the period 1 August 2019 to 31 March 2020 (8 months) and from its unaudited accounts for the period 1 April 2020 to 31 July 2020 (4 month).

The Governors of the Guildhall School of Music and Drama and City of London Corporation are also responsible for preventing and detecting fraud and for identifying and ensuring that the Guildhall School of Music and Drama complies with laws and regulations applicable to its activities. The Governors of the Guildhall School of Music and Drama and City of London Corporation are responsible for ensuring that staff involved with the preparation of the Statement of Comprehensive Income and Expenditure are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units/operational sites.

Our Responsibilities

Our responsibility is to examine the Statement of Comprehensive Income prepared by the Guildhall School of Music and Drama and the City of London Corporation and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (UK) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE (UK)) issued by the International Auditing and Assurance Standards Board. That standard requires that we comply with ethical requirements, including independence requirements, and plan and perform our procedures to obtain reasonable assurance about whether:

- on the basis of agreed criteria and in all material respects, correctly extracted from the audited accounts of City's Cash for the period 1 August 2019 to 31 March 2020 (8 months) and from its unaudited accounts for the period 1 April 2020 to 31 July 2020 (4 month).
- in all material respects, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the Guildhall School of Music and Drama have been properly applied for the purposes for which they were received.
- based on the work performed in giving our reasonable assurance opinion on the subject matter, we have nothing to report, on the following matters which the OfS requires us to report to you:
 - The School's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
 - The School's expenditure on access and participation activities for the financial year has been materially misstated.

Scope of the Assurance Engagement

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Statement of Comprehensive Income and Expenditure whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation of the Statement of Comprehensive Income in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Guildhall School of Music and Drama and the City of London Corporation's internal control over the preparation of the Statement of Comprehensive Income and Expenditure. Our engagement also included: assessing the appropriateness of the Statement of Comprehensive Income, the suitability of the criteria used by Guildhall School of Music and Drama and the City of London Corporation in preparing the Statement of Comprehensive Income and Expenditure in the circumstances of the engagement. Reasonable assurance is less than absolute assurance.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

In our opinion:

- the Statement of Comprehensive Income and Expenditure statement has, on the basis of agreed criteria and in all material respects, been correctly extracted from the audited accounts of City's Cash for the period 1 August 2019 to 31 March 2020 (8 months) and from its unaudited accounts for the period 1 April 2020 to 31 July 2020 (4 month).
- in all material respects, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the Guildhall School of Music and Drama have been properly applied for the purposes for which they were received.

Based on the work performed in giving our reasonable assurance opinion on the subject matter, we have nothing to report on the following matters which the OfS requires us to report to you if, in our opinion:

- The School's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The School's expenditure on access and participation activities for the financial year has been materially misstated.

Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Guildhall School of Music and Drama and the City of London Corporation for any purpose or in any context. Any party other than Guildhall School of Music and Drama and the City of London Corporation who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Guildhall School of Music and Drama and the City of London Corporation for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to Guildhall School of Music and Drama and the City of London Corporation on the basis that it shall not be copied, referred to or disclosed, in whole (save for Guildhall School of Music and Drama and the City of London Corporation's own internal purposes) or in part, without our prior written consent.

BDO LLP
Chartered Accountants
London
United Kingdom
Date

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF COMPREHENSIVE INCOME FOR THE EIGHT MONTHS ENDED 31 MARCH 2020

	Notes	Eight months Ended 31 March 2021 £000	Year Ended 31 July 2020 £000
Income			
Funding Body Grants	2	4,007	5,859
Tuition fees and education contracts	3	10,166	15,399
Research grants and contracts	4	264	364
Other Income	5	10,021	11,171
Total Income		24,458	32,793
Expenditure			
Staff Costs	7	16,006	22,902
Other operating expenses	10	9,479	12,474
Total Expenditure		25,485	35,376
Deficit on continuing operations		(1,027)	(2,583)
Deficit for the year met by the City of London Corporation from its City's Cash Fund		1,027	2,583
Result for the year		-	-

.....
Graham Packham
 Chairman

Date:

.....
Jonathan Vaughan
 Interim Principal

Date:

NOTES TO THE ACCOUNTS

1. Principal Accounting Policies

The Guildhall School is owned, funded and managed by the City of London Corporation and forms part of the services funded from City's Cash. This is a private fund that is not governed by statute or regulations. The School is a Public Benefit Entity. The following accounting policies have been applied.

a) Basis of Preparation

The School is not itself a legal entity and as such does not produce its own statutory accounts. For this reason, and as agreed with the Office for Students, the statements exclude a balance sheet, cash flow statement and other disclosures usually contained in the financial statements of OfS registered organisations.

The School's Statement of Comprehensive Income has been prepared following the general format of the Statement of Recommended Practice: Accounting for Further and Higher Education 2019. The statement has been prepared under the historic cost convention in accordance with generally accepted United Kingdom accounting policies. The only exception to this is pensions, which have been prepared under FRS 102 as detailed in Note 1f and 12.

b) Recognition of Income and Expenditure

All income and expenditure is recognised in the accounts on an accruals basis. Income is included gross without deduction of expenses.

Income from tuition fees is recognised in the academic year to which it relates and includes all fees chargeable to students or their sponsors. The costs of any fees waived by the School are included as expenditure in Note 10 within Scholarships, Bursaries and Prizes.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned or when conditions attached to their receipt has been met.

Grants (including research grants) from non-Government sources are recognised in income when the School is entitled to the income and performance related conditions are met. Income received in advance of performance related conditions being met is held as deferred income and released to income as the conditions are met.

Income from UK charities is restricted and recognised when the grant conditions, including incurring expenditure, have been met.

Income receivable from the Office for Students is recognised in the Academic Year to which it relates

c) Agency Funds

Funds received from agencies for disbursement to students have been excluded from income. Similarly, the disbursement of these funds has also been excluded from expenditure. The list of funds received from agencies and disbursed is disclosed in Note 14.

d) Foreign Currencies

Transaction of foreign currencies is recorded using the rate of exchange ruling at the date of the transaction.

e) Balance Sheet

As the Guildhall School of Music & Drama is owned, funded and managed by the City of London Corporation, assets and liabilities relating to the School are consolidated into the City of London Corporation's City's Cash balance sheet. No Balance sheet is presented for the School.

f) Pension schemes

The City of London Corporation's Pension Scheme is a funded defined benefits scheme. City of London Corporation staff are eligible for membership of the pension scheme. Details of the pension scheme are disclosed in Note 12 in accordance with FRS 102.

g) Capital Expenditure

The School operates a rolling programme of planned capital expenditure covering substantial works to the School's premises and acquisition of major items of equipment. The cost of these approved capital projects is met directly by the City Corporation's City's Cash and is not accounted for within the financial statements of the School. The cost of smaller items of equipment, and any associated grant income, is recognised in the income and expenditure account in the year it is incurred.

h) Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period that it is incurred.

i) Taxation

As the Guildhall School is part of the City of London Corporation, and not a separate legal entity, it shares the same tax status as the City Corporation which is exempt from Income and Corporation Tax.

2. Funding Body Grants	Eight Months Ended 31 March 2021	Year Ended 31 July 2020
	£000	£000
Basic Teaching Grant	3,066	4,750
Higher Education Innovation Fund – Round 4	430	553
Teaching Capital Investment Fund	137	112
Strategic Priorities Fund	-	50
Quality Research Grant	374	394
Total	4,007	5,859

3. Tuition fees and education contracts	Eight Months Ended 31 March 2021	Year Ended 31 July 2020
	£000	£000
UK Students – Tuition fees	4,443	6,730
EU Students – Tuition fees	970	1,517
Overseas Students – Tuition fees	2,041	3,178
Summer Schools – Tuition fees	41	132
Part-time non award bearing courses – Tuition fees	230	155
Junior School – Tuition fees	824	1,740
Centre for Young Musicians – Tuition fees	1,347	1,603
Examination fees	-	2
Audition fees	270	342
Total	10,166	15,399

4. Research grants and contracts	Eight Months Ended 31 March 2021	Year Ended 31 July 2020
	£000	£000
UK based charities	17	-
Other grants and contracts	247	364
Total	264	364

5. Other Income	Eight Months Ended 31 March 2021	Year Ended 31 July 2020
	£000	£000
Residencies, catering and conferences	798	1,069
Other income generating activities	117	515
Other income	741	544
City of London Corporation support:		
An annual cash limited contribution towards net operating costs	7,551	7,805
Reimbursement of administrative and central service costs attributed to the School as shown in note 11	815	1,171
Funding of major repairs and maintenance projects	-	67
Total	10,021	11,171

6. Grants & Fee Income	Eight Months Ended 31 March 2021	Year Ended 31 July 2020
	£000	£000
Grant Income from the Office for Students	3,633	5,465
Grant Income from other bodies	638	758
Fee income for taught awards	7,191	11,163
Fee income for research awards	263	262
Fee income for non-qualifying courses	2,712	3,974
Total Grants & fee income	14,437	21,622

7. Staff Numbers	Eight Months Ended 31 March 2021	Year Ended 31 July 2020
	FTE	FTE
The average number of persons (including Senior postholders) employed by the Guildhall School of Music & Drama during the period expressed as full-time equivalents was:		
Teaching departments	203	194
Teaching support services	1	1
Administration and central services	128	119
Total	332	314

8. Employee Benefits	Eight Months Ended 31 March 2021	Year Ended 31 July 2020
	£000	£000
Wages and salaries	12,563	18,130
Social Security costs	1,141	1,567
Pension contributions	2,302	3,205
Total – Staff costs	16,006	22,902

9. **Senior Employee Benefits**

The Principal's emoluments included in note 8 are made up as follows:

	Eight Months Ended 31 March 2021	Year Ended 31 July 2020
	£000	£000
Salaries	128	183
Social Security costs	17	24
Other Pension contributions	27	39
Total	172	246

- i) The head of the provider's basic salary is 4.42 times the median pay of staff (2019/20: 4.3 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.
- ii) The head of the provider's total remuneration is 4.3 times the median total remuneration of staff (2019/20: 4.25 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration paid by the provider to its staff.

10. **Total employee benefits in excess of £100,000**

The number of staff excluding the Principal whose total employee benefits (including taxable benefits but excluding employer's pension contribution) in excess of £100,000 in the following ranges was:

	Eight Months Ended 31 March 2021	Year Ended 31 July 2020
No. of staff paid between £150,000 and £154,999	1	1
No. of staff paid between £135,000 and £139,999	1	-
No. of staff paid between £130,000 and £134,999	-	1
No. of staff paid between £120,000 and £124,999	1	-
No. of staff paid between £115,000 and £119,999	-	1
No. of staff paid between £110,000 and £114,999	-	1
No. of staff paid between £100,000 and £104,999	1	-
Total	4	4

Note: The staff numbers in the above table for the eight months ended 31 March 2021 reflect the annualised employee benefits for the staff members in question for the purpose of allowing comparisons to be made against the prior reporting period.

11. Other Operating Expenses	Eight Months Ended 31 March 2021	Year Ended 31 July 2020
	£000	£000
Administration & Central Services	803	1,722
Administration & Central Services met by the City of London Corporation ¹	815	1,171
Bank charges & Legal Fees	114	44
Catering	70	132
Contracted-out Lecturing Services	1,271	1,370
Equipment	832	791
Information Technology	231	260
Non-teaching – fees	785	901
Premises	3,134	3,910
Publicity	65	73
Scholarships, Bursaries & Prizes	1,070	1,465
Student support (Library, Student Placement expenses and Student Union subsidy)	169	351
Subscriptions	91	266
Training & development	26	18
Total	9,479	12,474

12. Pensions

The Guildhall School of Music & Drama is owned by the City of London Corporation and the employees of the School are also employees of the City of London Corporation. As such they are eligible for membership of the City of London Corporation Pension Scheme (the “Scheme”).

The Scheme is operated under the regulatory framework for the Local Government Pension Scheme with policy determined in accordance with the Pension Fund Regulations. It is a funded defined benefit scheme, meaning that the employers and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with investment assets. Prior to 1 April 2014, LGPS pension benefits were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme.

The City Corporation administers the Scheme on behalf of its participating employers. The City Corporation’s Establishment Committee is responsible for personnel and administration matters, whilst its Financial Investment Board is responsible for appointing fund managers and monitoring performance. The principal risks to the authority of the scheme are the mortality rate assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

The Guildhall School does not have an exclusive relationship with the Scheme, neither is the portion of the Scheme that relates to City of London employee members engaged on Guildhall School activities separately identifiable. Consequently, in accordance with FRS 102, the pension arrangements are treated as a defined contribution scheme in the Guildhall School accounts. This

¹ City of London Corporation central department costs attributed to the School relating to financial, legal, secretarial, human resources and building services together with various insurances.

means that the FRS 102 surplus or deficit on the Scheme is not included in the Guildhall School accounts.

The annual actuarial valuation of the defined benefit scheme was updated to 31 March 2020 by an independent qualified actuary in accordance with IAS19. As required by IAS19, the defined benefit liabilities have been measured using the projected unit method. The valuation has been completed under IFRS, in line with the City Fund requirements, rather than under FRS102, with the differences considered not to be materially incorrect.

As an employer the City of London Corporation's share of the deficit on the Pension Fund on 31 March 2021 (calculated in accordance with IAS19) is £919.7 million (31 March 2020: £635.6 million).

2020-21 has seen a substantial increase in the deficit due to changes in the financial assumptions made by the actuary when calculating the value of the scheme in accordance with IAS19. This change has been driven by a decrease in the discount rate, from 2.35% to 2.00% (which is derived from the yield corporate bonds), together with an increase in inflation expectations.

13. Debtors

As stated previously, the School's assets and liabilities are consolidated into the City of London Corporation's City's Cash balance sheet. The total outstanding Tuition Fees and Bursaries for the Guildhall School of Music & Drama as of 31 March 2021 were £233,810 (31 July 2020: £407,596).

14. Grants Received and Disbursed – Excluded from Income & Expenditure calculations

	Awarded/Received for disbursement £000	Disbursed £000	No. of students awarded funds
Erasmus	9	7	4
Total	9	7	4

15. Access & Participation

	Eight Months Ended 31 March 2021 £000	Year Ended 31 July 2020 £000
Access investment	258	339
Financial support for students	30	45
Support for disabled students	18	31
Research & Evaluation	7	9
Total	313	424

Included in the above amounts is £116k (2020: £194k) relating to staff costs that have also been reported within Note 7 to these accounts. A copy of the Schools current Access & Participation Plan can be found at

https://www.gsmd.ac.uk/fileadmin/user_upload/files/Policies_and_Reports/GuildhallSchoolOfMusic_Drama_APP_2020-21_V1_10007825.pdf

16. Capital Expenditure

Capital expenditure totalling £336,747 (2019/20: £361,362) was incurred during the period by the City of London on behalf of the School. This mainly related to the ongoing renewal of fire alarm systems and upgrades to engineering controls (2019/20: this mainly related to the renewal of fire alarm systems and the sound system in the theatre).

17. **Related Party Transactions**

Elected Members of the City of London Corporation are represented on the Board of Governors of the Guildhall School of Music & Drama. A full list of Governors who served on the Board during the eight months from 1 August 2020 to 31 March 2021 is given at the beginning of this document. The City of London Corporation provides administration and central services to the School. The costs incurred by the City of London Corporation in providing these services are charged to the School.

Members of the Board of Governors responsible for managing the School are required to comply with the Relevant Authority (model code of conduct) Order 2001 issued under the Local Government Act 2000 and the City of London Corporation's guidelines which require that:

- Members sign a declaration agreeing to abide by the City of London Corporation's code of conduct;
- A register of interest is maintained;
- Personal, prejudicial, pecuniary and non-pecuniary interests are declared during meetings; and
- Members do not participate in decisions where they have an interest.

There are corresponding arrangements for staff to recognise interests and avoid possible conflicts of those interests. In this way, as a matter of policy and procedure, the School ensures that Members and Officers do not exercise control over decisions in which they have an interest.

There are no material transactions with organisations related by virtue of Members and officers interests which require separate reporting. Transactions are undertaken by the School on a normal commercial basis.

The Guildhall School Trust, a registered charity independent of the School, exists solely to support the School's students. A number of members of the School Board are also trustees of the Guildhall School Trust. During the academic year 2020/21 the School received £1,740,000 (2019/20: £1,840,027) from the Trust for scholarships for tuition fees and bursaries for maintenance.