



**Reports and Financial
Statements
for the year ended 31
July 2020**

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MEMBERS OF THE BOARD OF GOVERNORS

who served during the year 1 August 2019 to 31 July 2020.

Common Council Members

Vivienne Littlechild (Chairman)
Graham Packham (Deputy Chairman)
George Christopher Abrahams
Randall Anderson
Munsur Ali (from 1 July 2020)
Deputy David John Bradshaw
Deputy Michael Cassidy (until 1 July 2020)
Deputy John Chapman
Marianne Fredericks
Ann Holmes (until 23 November 2020)
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

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

Co-opted Governors

Natasha Bucknor (from 25 November 2019)
Christina Coker, OBE (until 25 November 2019)
Professor Geoffrey Crossick
Professor Maria Delgado
Shreela Ghosh (until 23 November 2020)
Neil Greenwood (from 18 May 2020)
Paula Haynes (from 18 May 2020)
Michael Hoffman (until 30 April 2020)

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 2019/20

Overview

The 2019/20 academic year saw the Guildhall School once again named as the Number One Conservatoire in the UK in the Guardian University rankings.

The School's objective to enable students to be 'adaptable, purposeful and responsible artists in society' has rarely been more fully realised than during 2019/20. Guildhall School has witnessed some of the most incredible creativity and innovation in its 140 years of history in the wake of the COVID-19 pandemic. Students and staff have collaborated, with energy and commitment, to sustain teaching and learning in the face of the pandemic, and for summer term 2020, entered a new world of remote teaching and learning.

At an early stage of the pandemic, the School established a COVID-19 Gold Team to manage day-to-day decision-making, provide guidance specific to our needs as a performing arts training institution and to keep students and staff informed of health and safety procedures. The Group Accountant sits on this group to ensure the School's financial position is taken into account in its emergency decision making.

The School's artistic highlights continued despite dark periods in our usual performance spaces, with outstanding online productions that demonstrated superb resourcefulness and ingenuity. Significant investment in streaming and broadcast has been made in recent years, and the addition of low-latency technology this year (which is optimised to process very high volumes of data with minimal delay) enabled large-scale collaboration between spaces in the School while ensuring social distancing. The installation of this technology puts us at the forefront of recording and broadcast facilities among conservatoires globally.

To support students who found themselves in financial difficulty during the pandemic, we launched a COVID-19 Hardship Fund Appeal to extend our existing Hardship Fund. The generosity of Guildhall alumni and supporters resulted in our most successful direct mail appeal ever, with donations totalling over £30,000 enabling provision of essential support to students in severe hardship. Further support was made available to students unable to pay their fees thanks to the generous support of the Guildhall School Trust.

During a challenging year for international activity, we have established an international steering group of staff across the School to develop ongoing international strategy and momentum, and to ensure that Guildhall remains an open, internationally-focused institution as we meet the challenges of Brexit and Covid-19 – and beyond – in the increasingly interconnected world of performing arts education.

In 2019, our joint Creative Learning department with the Barbican celebrated a decade of collaboration to support people of all ages and backgrounds to develop creative skills for life. In 2019/20 Creative Learning worked with over 350 partners including schools, community groups and artists and reached approximately 38,300 people, online or in-person. Our under 18s work responded to the demands of COVID-19, as all of our Centres for Young Musicians successfully launched "like for like" online teaching for the start of summer term 2020, with over 1,400 students choosing to access an individually tailored online timetable. Music Education Islington engaged with a total of 56 schools, and 130 primary children received after-school provision at Islington's two Music Centres. In March, Junior Guildhall programmes also moved online in response to the COVID-19 pandemic, together with the majority of its entrance auditions for 2020.

The School's commitment to access and participation has not dimmed during this year. Guildhall's Supported Application Scheme launched in July 2019. The scheme offers advice, guidance and invitations to performances, workshops and events to eligible young people across the UK, in order to encourage and support applications to the School from underrepresented groups. In February 2020, the School also announced a reduction in the Acting application fee, with Guildhall now offering the most financially accessible one-off application fee among major drama schools.

In June and July 2020, we held intensive discussions in response to global protests around racism and the Black Lives Matter movement. We are now undertaking a specific piece of work on anti-racism with input from across the School, and will add a new Equality, Diversity and Inclusion Strategy to the cross-cutting priorities of our strategic plan next year.

The School's income-generating work, led by Innovation, adapted to the restrictions of the pandemic, with short courses moving online, enabling us to open our short courses offer up to participants across the globe for the first time. During the year, a number of our Coaching and Mentoring courses were oversubscribed. Courses were adapted to be taught online in the wake of the COVID-19 pandemic, and feedback has remained positive, with a 143% increase in income.

Research at the School continues to explore fundamental questions about the creative arts. The School's largest research project to date, 'Music for social impact: practitioners' contexts, work and beliefs', continued during the year, and the Institute for Social Impact Research in the Performing Arts was launched, reflecting the centrality of social impact in the School's institutional strategy.

In response to COVID-19, our work with Culture Mile, a home for contemporary culture in the City of London of which the School is a partner, refocused to support local community needs, especially mental wellbeing. Projects included a musical befriending service for people with dementia, resources distributed to local families to support creative activities during lockdown and the installation of the Moor Lane Community Garden developed with local communities and architecture firm, Wayward, using a co-design approach.

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 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 four million pound 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):					
	2019/20	2018/19	2017/18	2016/17	2015/16
TOTAL	1077	999.75	1008.25	963.75 (fte)	910.5 (fte)
By division:					
	2019/20	2018/19	2017/18	2016/17	2015/16
Music Undergraduate	464	429	429	412	399
Music Postgraduate	351	342.75	359.25	334.75	310.5
Acting and Technical Theatre	262	228	220	217	201
The total also included:					
	2019/20	2018/19	2017/18	2016/17	2015/16
Non-HEFCE-funded programmes	0	6.5	17.5	24.5	24
The total does not include					
	2019/20	2018/19	2017/18	2016/17	2015/16
Junior Fellows	76	47	39	33	38
54 (2018/19: 55, 2017/18: 64, 2016/17: 65, 2015/16: 63) countries were represented in the student body:					
Domicile (Headcount of whole nominal roll population inc. Fellows)	2019/20	2018/19	2017/18	2016/17	2015/16
Outside UK	356 31.9%	363 33.5%	394 (36.0 %)	348 (36.1%)	312 (31.9 %)
Outside of EU	177 15.9%	155 14.3%	172 (15.7%)	143 (14.7%)	129 (13.2%)
First Class Honours	35%	34%	31%	37%	31%
Second Class Honours	61%	54%	60%	57%	60%

Performance Highlights

Despite the COVID-19 pandemic’s disruption of events taking place from late-March 2020, Guildhall School was still able to present an impressive array of performances during the 2019/20 academic year.

Drama productions included *Red Velvet*, *The Wheel*, *Provok’d: A Restoration*; *Gut*, *The Royale* and *Earthquakes in London*. The Opera department presented Haydn’s *La Fedeltà Premiata* and the world premiere of *The Angel Esmeralda* composed by Guildhall alumnus Liam Paterson. In response to Covid-19, the summer double bill of Purcell’s *Dido and Aeneas* and Respighi’s *La bella dormente nel bosco* was transformed from the physical to the digital stage, with the creative team and artists from across the School bringing the operas to life from their homes using digital technology.

Opera and Production Arts students also collaborated for the School’s regular *Opera Scenes* performances. *Opera Makers* returned in summer 2020 in online format, showcasing three 25-minute chamber operas created by composer-librettist pairings from Guildhall’s MA in Opera Making & Writing course.

In addition to the School’s productions, the talent of Production Arts students was showcased in a site-specific light and sound installation in Tower Bridge’s Bascule Chamber, and in the final months of *The Beasts of London* – an immersive experience created in partnership with the Museum of London. This multi-sensory digital installation featured video projection mapping created by Guildhall Video Design for Live Performance artists, with actors from the School voicing many of the characters, Guildhall production artists designing the experience, and Guildhall composers creating the musical soundtrack.

Guildhall’s Electronic Music department continued their ongoing series of masterclasses with a sold-out event exploring the recording and production of electronic scores. The Guildhall Session Orchestra presented innovative new works by Guildhall composers commissioned by the Illuminated River Foundation, and performed revised soundtracks in a screening of the classic 1970s children’s cartoon animation *Ludwig* as part of the Barbican’s Beethoven Weekender.

Guildhall Jazz Orchestra welcomed back alumni as special guests for two performances: trumpeter Yazz Ahmed and saxophonist Tim Garland. Singer, pianist and entertainer Joe Stilgoe joined Guildhall Studio Orchestra with his hit show *Songs on Film*. The School's *Girls in Jazz* day offered young female musicians aged 11–18 the chance to explore the world of jazz in an exciting day of practical workshops and rehearsals led by some of the UK's most prominent female jazz performers.

An eclectic programme of orchestral, choral and jazz works, performed by Guildhall Symphony Orchestra & Chorus and Guildhall Jazz Orchestra & Singers in Barbican Hall, opened the academic year. Guildhall Symphony Orchestra welcomed Thomas Søndergård and Roberto González-Monjas to conduct concerts in Barbican Hall, and Candida Thompson joined the Guildhall Chamber Orchestra for music by Arvo Pärt, Britten and Shostakovich in Milton Court. Celebrated trumpet player Mike Lovatt starred as soloist with the Guildhall Wind, Brass & Percussion Big Band, in a programme including *Big Fat Brass* by Billy May.

The School's Alumni Recital Series continued with a special, sold-out performance of *Beloved Clara* from award-winning pianist and Lucy Parham, featuring actors Dame Harriet Walter and Sir Simon Russell Beale, and a *Guitar Spectacular*, which offered up a thrilling evening of music for the instrument performed by Guildhall alumni including Marius Gundersen and Isabel Martínez.

A celebration of the music of Guildhall School's Head of Composition, Professor Julian Philips, was performed by a distinguished ensemble of students and alumni, and the School's Head of Keyboard Studies Ronan O'Hora presented Beethoven's final three piano sonatas to mark the 250th anniversary of the great composer's birth. A residency by acclaimed Canadian string quartet Quatuor Bozzini culminated in a concert of new chamber works by Guildhall composers.

Students were involved in many events with partner organisations. Guildhall musicians took part in the BBC Symphony Orchestra's *Total Immersion* performances celebrating composers Detlev Glanert and Anders Hillborg, and performed in the London Symphony Orchestra's LSO Platforms events and LSO Discovery series. Members of the Guildhall Chamber Orchestra worked side-by-side with the Australian Chamber Orchestra in a concert directed by Richard Tognetti, and a Chorus of Guildhall singers featured in a Barbican Hall concert with alumna Alison Balsom. Three outstanding Guildhall instrumentalists also travelled to New York for a recital at the world-renowned Weill Recital Hall at Carnegie Hall.

Masterclasses provided a further opportunity for students to work with distinguished artists, including bass-baritone Sir Willard White; sopranos Edith Weins and Joan Rodgers; pianists Richard Goode and Sa Chen; violinist Krysia Ososowicz; trumpeter Miroslav Petkov; oboist Juliana Koch and members of the Los Angeles Philharmonic.

In addition to new, live performances across the year, during the summer 2020 lockdown, the School broadcast more than 12 performance highlights from recent years – including two full productions – for free on the Guildhall website, reaching an audience of thousands. Innovative new work by Guildhall staff, students and alumni were also celebrated during this period, including collaborative virtual performances, podcast conversations, curated playlists, and a series of Instagram Live sessions featuring creative work by Guildhall artists.

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 £2.583m for the year ended 31 July 2020 (2019: Deficit of £851k). The 2019/20 academic year outturn was always anticipated to be challenging as costs were expected to increase as part of a planned investment towards delivery of the 2018-2023 Strategic Plan. This was further exacerbated by the impact of Covid-19 on the School's ability to run short courses and generate income from student accommodation and commercial hire of its spaces during the summer.

During 2020/21 the School will be conducting a thorough review of its strategic plan with a view to developing a refreshed business model that will return it to a sustainable footing and enable the necessary investment to deliver on its long-term strategic plans.

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. We are confident that the new five-year business plan has begun to address these challenges but delays in national decision-making are making planning for the School's future difficult.

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.

Lynne Williams
Principal
22 February 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 arts and education sectors. The Board consists of:

- 11 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 year 1 August 2019 to 31 July 2020 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 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. It meets as required when vacancies occur.

The Remuneration Committee meets as required 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.

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 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 are 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.

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 2019-20, 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.

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 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 given at all times to the School's *Strategic and Operational Plan* 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 acknowledges that it is responsible for ensuring that a sound system of control is maintained, and that it has reviewed the effectiveness of this process.

A handwritten signature in black ink that reads "G. Packham".

Graham Packham
Deputy Chairman

Date: 24.02.2021

A handwritten signature in black ink that reads "L. Williams".

Lynne Williams
Principal

Date: 22.02.2021

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

BDO LLP
Chartered Accountants
London
United Kingdom

Date 26 February 2021

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2020

	Notes	Year Ended 31 July 2020 £000	Year Ended 31 July 2019 £000
Income			
Funding Body Grants	2	5,859	5,880
Tuition fees and education contracts	3	15,399	15,025
Research grants and contracts	4	364	409
Other Income	5	11,171	11,930
Total Income		32,793	33,244
Expenditure			
Staff Costs	7	22,902	21,424
Other operating expenses	10	12,474	12,671
Total Expenditure		35,376	34,095
Deficit on continuing operations		(2,583)	(851)
Deficit for the year met by the City of London Corporation from its City's Cash Fund		2,583	851
Result for the year		-	-



.....
Graham Packham
 Deputy Chairman

Date: 24.02.2021



.....
Lynne Williams
 Principal

Date: 22.02.2021

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 11.

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 13.

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 11 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	Year Ended 31 July 2020	Year Ended 31 July 2019
	£000	£000
Basic Teaching Grant	4,750	4,822
Higher Education Innovation Fund – Round 4	553	535
Teaching Capital Investment Fund	112	117
Strategic Priorities Fund	50	4
Quality Research Grant	394	402
Total	5,859	5,880

3. Tuition fees and education contracts	Year Ended 31 July 2020	Year Ended 31 July 2019
	£000	£000
UK Students – Tuition fees	6,730	6,356
EU Students – Tuition fees	1,517	1,569
Overseas Students – Tuition fees	3,178	3,095
Summer Schools – Tuition fees	132	266
Part-time non award bearing courses – Tuition fees	155	456
Junior School – Tuition fees	1,740	1,689
Centre for Young Musicians – Tuition fees	1,603	1,233
Examination fees	2	1
Audition fees	342	360
Total	15,399	15,025

4. Research grants and contracts	Year Ended 31 July 2020	Year Ended 31 July 2019
	£000	£000
UK based charities	-	69
Other grants and contracts	364	340
Total	364	409

5. Other Income	Year Ended 31	Year Ended 31
	July 2020	July 2019
	£000	£000
Residencies, catering and conferences	1,069	1,491
Other income generating activities	515	446
Other income	544	1,335
City of London Corporation support:		
An annual cash limited contribution towards net operating costs	7,805	7,557
Reimbursement of administrative and central service costs attributed to the School as shown in note 10	1,171	1,094
Funding of major repairs and maintenance projects	67	7
Total	11,171	11,930

6. Grants & Fee Income	Year Ended 31	Year Ended 31
	July 2020	July 2019
	£000	£000
Grant Income from the Office for Students	5,465	5,478
Grant Income from other bodies	758	811
Fee income for taught awards	11,163	10,761
Fee income for research awards	262	259
Fee income for non-qualifying courses	3,974	4,005
Total Grants & fee income	21,622	21,314

7. **Staff Numbers**
 The average number of persons (including Senior postholders) employed by the Guildhall School of Music & Drama during the year expressed as full time equivalents was:

	Year Ended 31	Year Ended 31
	July 2020	July 2019
	FTE	FTE
Teaching departments	194	203
Teaching support services	1	2
Administration and central services	119	110
Total	314	315

8. Employee Benefits	Year Ended 31	Year Ended 31
	July 2020	July 2019
	£000	£000
Wages and salaries	18,130	16,987
Social Security costs	1,567	1,459
Pension contributions	3,205	2,978
Total – Staff costs	22,902	21,424

9. **Senior Employee Benefits**

The Principal's emoluments included in note 7 are made up as follows:

	Year Ended 31 July 2020 £000	Year Ended 31 July 2019 £000
Salaries	183	174
Social Security costs	24	23
Other Pension contributions	39	36
Total	246	233

- i) The head of the provider's basic salary is 4.3 times the median pay of staff (2018/19: 6.3 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 4.25 times the median total remuneration of staff (2018/19: 5.3 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:

	Year Ended 31 July 2020	Year Ended 31 July 2019
No. of staff paid between £150,000 and £154,999	1	-
No. of staff paid between £140,000 and £144,999	-	1
No. of staff paid between £130,000 and £134,999	1	1
No. of staff paid between £115,000 and £119,999	1	-
No. of staff paid between £110,000 and £114,999	1	1
Total	4	3

11. Other Operating Expenses	Year Ended 31	Year Ended 31
	July 2020	July 2019
	£000	£000
Administration & Central Services	1,722	1,244
Administration & Central Services met by the City of London Corporation ¹	1,171	1,094
Bank charges & Legal Fees	44	57
Catering	132	156
Contracted-out Lecturing Services	1,370	1,034
Equipment	791	1,354
Information Technology	260	231
Non teaching – fees	901	1,297
Premises	3,910	3,658
Publicity	73	271
Scholarships, Bursaries & Prizes	1,465	1,824
Student support (Library, Student Placement expenses and Student Union subsidy)	351	285
Subscriptions	266	130
Training & development	18	36
Total	12,474	12,671

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

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.

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 at 31 March 2020 (calculated in accordance with IAS19) is £635.6 million (31 March 2019: £621.0m)

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 at 31 July 2020 were £407,596 (31 July 2019: £62,178). The figure at 31 July was larger than normal because students were given longer to pay as a result of Covid-19. At the revised payment deadline of 31 August, debt stood at £10,761.

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

	Awarded/Received for disbursement £000	Disbursed £000	No. of students awarded funds
Erasmus	3	3	2
Total	3	3	2

15. Access & Participation

	Year Ended 31 July 2020 £000
Access investment	339
Financial support for students	45
Support for disabled students	31
Research & evaluation	9
	424

Included in the above amounts is £194k relating to staff costs that have also been reported with 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/Applications/GuildhallSchoolOfMusicAndDrama_APP_2019-2020_V1_10007825.pdf

16. Capital Expenditure

Capital expenditure totalling £361,362 (2018/19: £130,138) was incurred during the period. This mainly related to the renewal of fire alarm systems and the sound system in the Theatre (2018/19: this mainly related to the acquisition of a new Steinway Grand Piano).

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 year 1 August 2019 to 31 July 2020 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 2019/20 the School received £1,840,027 (2018/19: £1,848,875) from the Trust for scholarships for tuition fees and bursaries for maintenance.