



**Reports and Financial
Statements
for the year ended 31
March 2023**

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MEMBERS OF THE BOARD OF GOVERNORS

who served during the period 1 April 2022 to 31 March 2023

Common Council Members

Deputy Graham Packham (Chairman)
George Christopher Abrahams
Deputy Randall Anderson (Deputy Chairman)
Munsur Ali
The Right Hon. Emily Benn (from 16 May 2022)
Deputy Simon Duckworth
John Foley (from 16 May 2022)
Andrew Mayer
Alderman William Russell (until 1 April 2022)

Principal of the Institution

Jonathan Vaughan, as interim Principal until 6 July 2022 and then as Principal

Institution's Staff Members

Steven Gietzen, elected by the Administrative Staff (until 20 February 2023)
Julian Hepple, elected by the Administrative Staff (from 20 February 2023)
Andy Taylor, elected by the Academic Staff

Institution's Student Representative

Harry Plant as President of the Students' Union (until 1 September 2022)
Darcie Jago as President of the Students' Union (from 1 September 2022)

Co-opted Governors

Natasha Bucknor (until 28 November 2022)
Professor Geoffrey Crossick
Professor Maria Delgado
Amatey Doku
Neil Greenwood
Sean Gross (from 28 November 2022)
Paula Haynes
Michelle Wright (from 28 November 2022)

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 (until 3 February 2023)
Ian Thomas CBE (from 6 February 2023)
Town Clerk & Chief Executive, City of London Corporation

STRATEGIC REPORT 2022/23

Overview

The year 2022-23 saw a number of major successes for Guildhall School. The School built on last year's position as the top-placed Conservatoire for Music in the Guardian University Guide 2023, with its ranking moving from third to first place overall amongst all higher education institutions for Music. In the drama & dance league table, Guildhall received an excellence score of 92.8 for Production Arts and Acting programmes.

Guildhall School was also ranked first in the Arts, Drama and Music Complete University Guide League Table, which compares specialist arts colleges and conservatoires by using data from the National Student Survey, Research Excellence Framework and the Higher Education Statistics Agency; and maintained its placing in the top ten institutions in the world for performing arts in the QS World University Rankings.

In July 2022, the School's new Principal, Professor Jonathan Vaughan, formally began in post following an international search and assessment process by the Board of Governors. Professor Vaughan, who had been Interim Principal for the previous academic year, began a series of consultations on developing a new seven-year strategic plan for the School, to run from September 2023 to 2030, the School's 150th anniversary year.

Student enrolment numbers remained buoyant, with 383 higher education students enrolling in autumn 2022. Applications for 2023 indicated a notable increase in international applications following the end of the pandemic, with the entry 2023 recruitment cycle on course to see the highest level yet of applications from the overseas market for Music programmes, making up for the continued decline in applications from the EU as a result of the changes to tuition fees following Brexit. While the School was unable to hold its annual auditions in Asia due to the final months of pandemic restrictions in that region, the annual auditions in New York City took place as planned and continued to attract a substantial number of North American applicants.

The School's Supported Application Scheme had a discernible impact on conversion of offer-holders from underrepresented groups, with two-thirds of participants made an offer accepting and enrolling in September 2022, up from 50% in 2021. Scheme participants remain more likely to receive and accept an offer than UK undergraduate applicants overall, testament to the breadth of support and activity offered to participants throughout the application and audition process.

While confirmation of the UK's National Student Survey results has been delayed for 2023, graduating students in 2022 gave an 88% overall satisfaction rate for their time spent at Guildhall School, with a 90% overall satisfaction rate for teaching across the School. Overall satisfaction in 2022 was at 93% for Acting students, 86% for Music and 85% for Production Arts students, with the Music and Drama departments at Guildhall receiving the highest scores across UK conservatoires and drama schools for overall satisfaction, learning community and student voice.

By November, 394 students were due to graduate, and the School's annual ceremony at the City of London's Guildhall featured speeches by singer and songwriter Zara McFarlane and composer Judith Weir, who received fellowships alongside actor Monica Dolan, National Theatre company manager Gemma Tonge and a number of other esteemed artists and supporters of the School.

Performance highlights during this period included seven drama productions, most notably a new play by Tristan Fynn-Aideuenu and Janice Okoh's powerful work *The Gift*; two Total Immersion collaborations with the BBC Symphony Orchestra; three Guildhall Symphony Orchestra concerts in the Barbican Hall; *Open Your Eyes*, a special musical event highlighting the effects of climate change; and a number of major jazz performances including the annual Guildhall Jazz Festival. A special collaboration with drum & bass label RAM records saw Guildhall Session Orchestra, the School's professional alumni ensemble, perform orchestral arrangements of RAM releases over three nights to a sell-out crowd in Milton Court, with amplified accompaniment by the Electronic and Produced Music Department, as well as extraordinary visuals and staging enabled by Guildhall Live Events and the School's AV & Recording Department. This collaboration received a further iteration at the Barbican in spring 2023 and it is anticipated will lead to other major performances in future. Meanwhile the School's three opera productions included the first full British staging of Jake Heggie's *Dead Man Walking*, described by the Times as having 'unflinching intensity and total believability' and as a 'triumphant staging' by Bachtrack. In addition, doctoral composer-in-residence Oliver Leith saw his opera *Last Days* (a co-commission between Guildhall School and Royal Opera House, based on a fictionalised account of the last days of Kurt Cobain) premiere at London's Royal Opera House to critical acclaim.

Across the period of this report, the School sold over 20,000 tickets for its public performances.

The School's Research department had a number of major successes, not least the Research Excellence Framework 2021, in which Guildhall was found to have the highest percentage of world-leading research amongst its music conservatoire peers and the second-highest of all conservatoires across Drama, Music and Production Arts, with 56% of its submission classed as world-leading (4*, the highest rating). Within that overall score, 46.5% of the School's research outputs were rated world-leading (4*) and 100% of the School's impact case studies were rated world-leading (4*). Guildhall was the only conservatoire or specialist drama school to score the maximum in this area. Meanwhile in early 2023, the School was able to announce its receipt of two major research grants: £400,000 from the Leverhulme Trust to support a large-scale study of the composer Domenico Scarlatti, and over £900,000 from the Arts and Humanities Research Council to develop a new research facility for Extended Reality (XR) Production Arts. The grant is one of the largest research-related funding awards Guildhall School has received to date and will help position the School as a key player in the exploration and development of XR performance, which is reshaping the performance and entertainment landscape.

This year was a major period of development for Guildhall Young Artists (GYA), the School's network of performing arts centres for children and young people. A new centre in King's Cross opened in September, the first GYA centre to offer production arts alongside music and drama, attracting 90 students by the end of its first term. In addition, Centre for Young Musicians was the latest centre to join the GYA brand; by the end of this reporting period, five centres (Junior Guildhall, Centre for Young Musicians, GYA Norwich, GYA Taunton and GYA King's Cross) had adopted the brand, preparing the groundwork for a national launch of the network later in spring 2023. This was also the year that London Schools Symphony Orchestra, the flagship ensemble of Centre for Young Musicians, in partnership with Black Lives in Music, launched a new Conductor in Residence Scheme, providing a unique opportunity for a young conductor to be resident with the orchestra for a year, aimed at attracting applications from under-represented groups.

In terms of income-generating activity, the School's Innovation Team increased its number of in-person activities as well as continuing to offer an online programme. Since spring 2022, Open Programmes have been able to offer Summer Schools, Easter short courses and Evening Courses in person at a level comparable to that of 2019, pre-pandemic. So far in 2023 Open Programmes have welcomed 870 participants on short courses (in person and online), returning a consistent level of commercial income to the School. And Guildhall Coaching & Mentoring continued to offer a range of coaching training courses, alongside the implementation of a wider offer in leadership and organisational development – for clients in the arts sector and beyond.

The Guildhall School

Founded in 1880 by the City of London Corporation, and managed as a department of 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 confirmed via subsequent submissions to the REF in 2014 and more recently in 2021. The funding council review of institution-specific funding in 2016 confirmed the School's status as a world leading specialist provider, a status that was confirmed once again in the 2022 review. The School has been registered with the Office for Students since it replaced HEFCE as regulator in 2018.

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):					
	2022/23	2021/22	2020/21	2019/20	2018/19
TOTAL	1040	1084.45	998.5	1077	999.8
By division:					
	2022/23	2021/22	2020/21	2019/20	2018/19
Music Undergraduate	468	481.5	471	464	429
Music Postgraduate	362	384.95	293.3	351	342.8
Acting and Technical Theatre	210	218	234.2	262	228
The total also included:					
	2022/23	2021/22	2020/21	2019/20	2018/19
Non-HEFCE-funded programmes	0	0	0	0	6.5
The total does not include					
Junior Fellows	0	0	0	76	47
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)	2022/23	2021/22	2020/21	2019/20	2018/19
Outside UK	378 36.3%	343.5 31.7%	302.4 30.3%	356 31.9%	363 33.5%
Outside of EU	221 21.3%	186 17.2%	150.4 15.1%	177 15.9%	155 14.3%
First Class Honours	Not available	40.50%	45%	35%	34%
Second Class Honours	Not available	54%	52%	61%	54%

NB: The data in the above table refers to the Academic Year that commenced during each reporting period and has not been adjusted to account for the revised Financial year end date since 2021.

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 £2.068m for the year ended 31 March 2023 (31 March 2022: Deficit of £1.172m). The 2022/23 proved to be more challenging than was originally anticipated and the School is working closely with the City to develop a new, sustainable, size and shape financial model. In common with many institutions, among the key reasons for the worsening performance were the inflationary impact to our cost base from the cost of living crisis and the impact on revenues from the ongoing freeze to regulated fees for UK undergraduates. This was exacerbated by a slightly larger than expected proportion of our new intake for academic year 2022/23

coming from the UK rather than from overseas. Commercial revenues from corporate hire and student accommodation fell slightly short of target and demand from students for financial support with the cost of living exceeded expectations.

Over the last year 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 a number of new programmes and activities to generate new income streams. In tandem with this, a review into the optimum size and shape of each programmes is currently underway to ensure that the School is able to minimise the funding gap between student fees and the cost per student on each programme. The School anticipates gradually decreasing deficits over the next few years before moving back into surplus within the next 2 – 3 years.

In July 2022, the School was delighted to receive confirmation of its Research and Knowledge Exchange funding for academic year 2022/23 following on from our strong performance in the 2021 REF exercise. With a c70% increase in mainstream QR funding and QR RDP supervision funding and a c150% increase in specialist provider element funding the key task at hand will be to ensure that the School is well placed to use this additional funding to its best advantage, ensuring that research at the School continues to thrive and that the School is well placed to play a leading role in research practice for music & the performing arts over the next REF cycle.

This was followed in December 2022 with confirmation that the School had once again succeeded in securing world-leading specialist provider status with the Office for Students, securing the continuation of that valuable funding stream for the next five years.

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 seven-year business plan taking us to our 150th anniversary in 2030 will 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.

Jonathan Vaughan
Principal
August 2023

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:

- 8 Members elected by the Court of Common Council for a term of three years (renewable twice) at least one of whom shall have fewer than five years' service on the Court at the time of their appointment
- the Principal of the Guildhall School of Music & Drama
- one member of the Guildhall School academic staff to be elected by the Academic staff for a term of three years (renewable twice)
- one member of the Guildhall School administrative staff to be elected by such staff for a term of three years (renewable twice)
- one Guildhall student representative who shall normally be the President of the Students' Union
- up to eight co-opted non-City of London Corporation Governors with appropriate expertise for a term of three years (renewable twice)

None of the appointed Governors shall serve on the Board for more than a maximum of nine years.

The Chairman and Deputy Chairman of the Board shall be elected from the City Corporation Members. The Board shall also be permitted to appoint a Senior Independent Governor from amongst its external (co-opted) members for compliance with the Committee of University Chairs' (CUC) Higher Education Code of Governance.

The Chair of the Barbican Centre Board, the Chair of the Culture, Heritage & Libraries Committee, the Chair of the Guildhall School Trust and one representative of the Centre for Young Musicians shall be permitted to attend the Board in a non-voting, advisory capacity.

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 to 31 March 2023 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 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 of Music & Drama and oversight of its activities, assuring itself that appropriate steps are being taken to deliver the strategic plan;
- Institutional sustainability and the approval of an annual Business Plan, assuring itself that there are effective systems of control and risk management;
- the approval of annual estimates of income and expenditure;
- the approval of the annual audited financial statements of the Guildhall School of Music & Drama;
- ensuring that the requirements of the Office for Students, UK Research & Innovation and other relevant statutory bodies are followed and compliance is monitored;
- responsibility for the promotion of equality and diversity throughout the School;
- Oversight and assurance of safeguarding throughout the School;
- the appointment of the Principal of the Guildhall School of Music & Drama.

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.

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. He is supported in his work by a Senior Leadership Team which meets fortnightly and consists of the four Vice-Principals (Directors of Music, Drama, Production Arts and Innovation & Engagement), the Head of Finance, the Deputy Director of Advancement 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 year 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 function of the School is supported by the City of London, with the majority of the School's finance staff being directly employed by the City. In addition to supporting the School's Senior Leadership team the Head of Finance is a member of the Finance Services Directorate in the City's Chamberlains department. 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 first 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. Updates to the policy are considered by the Board at regular intervals with the most recent update to the protocols having been agreed by the Board at its meeting on 22 November 2021. 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. The minutes of those meetings are presented together with a summary version of the risk register at every meeting of the Governing Board. 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 the renewal of buildings and estates infrastructure;

- Inability to invest in new infrastructure and teaching spaces;
- Inability to deliver a balanced and sustainable model over the School's business cycle; and
- Inability to adequately address Equity & Inclusion

In reviewing the register, consideration is given at all times 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.

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

Graham Packham
Chairman

Date: 30/08/2023

A handwritten signature in blue ink that reads "Jonathan Vaughan".

Jonathan Vaughan
Principal

Date: 30/08/2023

Independent auditor's report to the Governors of Guildhall School of Music and Drama

Opinion

We have audited the Statement of Comprehensive Income of the Guildhall School of Music and Drama (the School) for the year ended 31 March 2023, and notes to the financial statement, including a summary of significant accounting policies (together "the financial statement").

In our opinion the financial statement:

- presents fairly, in all material respects, the state of the School's affairs income and expenditure, for the year ended 31 March 2023;
- has been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (including FRS 102) relevant to preparing such a statement; and
- has been prepared in accordance with the requirements as agreed with the Office for Students (OfS) of the *Statement of Recommended Practice – Accounting for Further and Higher Education* and the OfS Accounts Direction (issued October 2019) ("the OfS Accounts Direction");

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 and ISA (UK) 805. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statement in the United Kingdom, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1a to the financial statement, which describes the basis of accounting. The financial statement is prepared to assist the School to meet the requirements of Office of Students. As a result, the financial statement may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Opinion on other matters prescribed by the OfS accounts direction

In our opinion:

- 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.

Matters on which we are required to report by exception

We have nothing to report on the following matters where the OfS Accounts Direction requires us to report to you where:

- The School's grant and fee income, as disclosed in note 6 to the accounts, has been materially misstated.
- The School's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions and for such internal control as management determines is necessary to enable the preparation of financial statement that is free from material misstatement, whether due to fraud or error. In preparing the financial statement, management is responsible for assessing the School's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the School's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs UK will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statement is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statement from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the School operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statement. The laws and regulations we considered in this context were safeguarding regulations, health and safety requirements, GDPR. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statement but compliance with which might be fundamental to the school's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the School for fraud. The laws and regulations we considered in this context for the UK operations were health and safety legislation.

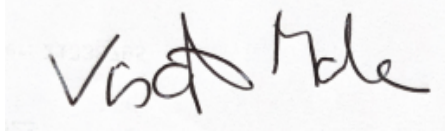
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statement from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, designing audit procedures over the timing of income and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statement, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statement, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of this report

This report, including the opinion, has been prepared for and only for the Governors of Guildhall School of Music and Drama to meet the accountability requirements of the OfS. Our audit work has been undertaken solely so that we might state to the Governors those matters that we have agreed to state to them in our report in order to assist the Governors to meet their obligation under those requirements to procure such a report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governors for our audit work, for this report or for the opinions we have formed.

A handwritten signature in black ink that reads "Vincent Marke". The signature is written in a cursive style with a large 'V' and 'M'.

Vincent Marke
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

31.08.2023

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Year Ended 31 March 2023 £000	Year Ended 31 March 2022 £000
Income			
Funding Body Grants	2	7,451	6,095
Tuition fees and education contracts	3	16,767	15,607
Research grants and contracts	4	1,258	680
Other Income	5	14,598	14,070
Total Income		40,074	36,452
Expenditure			
Staff Costs	8	24,125	23,223
Other operating expenses	11	18,017	14,401
Total Expenditure		42,142	37,624
Deficit on continuing operations		(2,068)	(1,172)
Deficit for the year met by the City of London Corporation from its City's Cash Fund		2,068	1,172
Result for the year		-	-



Graham Packham
Chairman

Date: 30/08/2023



Jonathan Vaughan
Principal

Date: 30/08/2023

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.

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 11 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) Foreign Currencies

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

d) 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.

e) 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.

f) 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.

g) Maintenance of premises

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

h) 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 March 2023	Year Ended 31 March 2022
	£000	£000
Basic Teaching Grant	5,123	4,799
Higher Education Innovation Fund – Round 4	620	607
Teaching & Research Capital Investment Funds	133	50
Enhancing Research Culture	51	36
Policy Support Fund	50	50
Participatory Research Fund	13	-
Quality Research Grant	1,461	553
Total	7,451	6,095

3. Tuition fees and education contracts	Year Ended 31 March 2023	Year Ended 31 March 2022
	£000	£000
UK Students – Tuition fees	6,896	6,649
EU Students – Tuition fees	1,544	1,553
Overseas Students – Tuition fees	3,691	3,484
Part-time non award bearing courses – Tuition fees	634	539
Junior School – Tuition fees	1,862	1,520
Centre for Young Musicians – Tuition fees	1,855	1,584
Examination fees	5	6
Audition fees	280	272
Total	16,767	15,607

4. Research grants and contracts	Year Ended 31 March 2023	Year Ended 31 March 2022
	£000	£000
UK based charities	70	96
Other grants and contracts	1,188	584
Total	1,258	680

5. Other Income	Year Ended 31	Year Ended 31
	March 2023	March 2022
	£000	£000
Residencies, catering and conferences	1,620	1,601
Other income generating activities	470	488
Other income	1,306	980
City of London Corporation support:		
An annual cash limited contribution towards net operating costs	8,551	8,721
Reimbursement of administrative and central service costs attributed to the School as shown in note 11	1,748	1,602
Funding of major repairs and maintenance projects	903	678
Total	14,598	14,070

6. Grants & Fee Income	Year Ended 31	Year Ended 31
	March 2023	March 2022
	£000	£000
Grant Income from the Office for Students	5,926	5,506
Grant Income from other bodies	2,719	1,269
Fee income for taught awards	11,797	11,348
Fee income for research awards	334	338
Fee income for non-qualifying courses	4,636	3,921
Total Grants & fee income	25,412	22,382

7. Staff Numbers	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:	
	Year Ended 31	Year Ended 31
	March 2023	March 2022
	FTE	FTE
Teaching departments	193	193
Teaching support services	1	1
Administration and central services	125	126
Total	319	320

8. Employee Benefits	Year Ended 31	Year Ended 31
	March 2023	March 2022
	£000	£000
Wages and salaries	18,782	18,243
Social Security costs	1,816	1,644
Pension contributions	3,527	3,336
Total – Staff costs	24,125	23,223

Included within the above totals is the sum of £75k (2022: £109k) paid to 6 (2022: 7) employees in respect of compensation for redundancy or loss of office.

9. Senior Employee Benefits

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

	Year Ended 31	Year Ended 31	Year Ended 31
	March 2023	March 2022 (JV)	March 2022 (LW)
	£000	£000	£000
Salaries	194	110	93
Pension contributions	40	23	17
Total	234	133	110

- i) The head of the provider's basic salary is 3.5 times the median pay of staff (2021/22: 4.1 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 3.5 times the median total remuneration of staff (2021/22: 3.6 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.
- iii) Professor Lynne Williams served as Head of Provider until her retirement 31 August 2021. Professor Jonathan Vaughan became Acting Head of Provider on the same date. Professor Vaughan became the Permanent Head of Provider in July 2022. For the purposes of the pay multiple in this note the annualised salary of Professor Vaughan has been used in both years.
- iv) Remuneration for senior staff, including the Principal, is determined by the Remuneration & Nomination Committee of the Governing Board. Being a small specialist institution and based in the City of London, there are some posts which are difficult to recruit. Accordingly there is often the need to use market forces supplements to attract, recruit and retain highly sought after skills. Any request for a market forces supplement must be supported by independent market data and is considered by a panel of senior officers and the Establishment Committee of the City of London where appropriate. The Establishment Committee is responsible for personnel and establishment matters throughout the City of London, including negotiations with the recognised trade unions and is not within the Guildhall School's governance structure. The data that supports remuneration recommendations is drawn from a variety of sources including:
 - Higher Education Statistics Agency data
 - Times Higher Education salary data
 - Reports and reviews from external experts commissioned by Human Resources
 - Internal analysis of salary distributions, performance and contribution to the strategy of the Guildhall School

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

The number of staff including 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 March 2023	Year Ended 31 March 2022
No. of staff paid between £190,000 and £194,999	1	-
No. of staff paid between £165,000 and £169,999	-	1
No. of staff paid between £135,000 and £139,999	1	1
No. of staff paid between £125,000 and £129,999	1	-
No. of staff paid between £120,000 and £124,999	1	1
No. of staff paid between £105,000 and £109,999	1	1
No. of staff paid between £100,000 and £104,999	1	1
Total	6	5

Key management personnel

Key personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Guildhall School. The School considers the key management personnel to be the Principal and the Vice Principals of the School. There was no compensation for loss of office paid to key personnel during the year and there were no salary sacrifice arrangements in place for any key personnel during the year. The total remuneration, including employer pension contributions paid to the 5 (2021/22: 6) key management personnel was £757,984 (2021/22: £814,491).

11. Other Operating Expenses	Year Ended 31	Year Ended 31
	March 2023	March 2022
	£000	£000
Administration & Central Services	1,446	1,064
Administration & Central Services met by the City of London Corporation ¹	1,738	1,592
Amount paid to Accountants:		
- Assurance Review	10	10
Bank charges & Legal Fees	123	38
Catering	57	77
Contracted-out Lecturing Services	2,424	1,938
Equipment	1,601	792
Information Technology	677	548
Non-teaching fees	1,475	1,419
Premises	5,954	4,528
Publicity	134	129
Scholarships, Bursaries & Prizes	1,984	1,867
Student support (Library, Student Placement expenses and Student Union subsidy)	101	128
Subscriptions	208	185
Training & development	85	86
Total	18,017	14,401

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.

12. Pensions (continued)

The actuarial valuation of the defined benefit scheme was updated to 31 March 2023 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 2023 (calculated in accordance with IAS19) is £142.6 million (31 March 2022 restated: £758.6 million). The 2021/22 position has been restated to incorporate the results of the March 2022 funding valuation which were not available at the time the annual report was approved.

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 March 2023 was £95,022 (31 March 2022: £99,269).

14. Access & Participation

	Year Ended 31 March 2023	Year Ended 31 March 2022
	£000	£000
Access investment	333	374
Financial support for students	89	79
Support for disabled students	14	16
Research & Evaluation	40	48
Total	476	517

Included in the above amounts is £158k (2022: £166k) relating to staff costs that have also been reported within Note 8 to these accounts. A copy of the Schools current Access & Participation Plan can be found at <https://www.gsmd.ac.uk/about-guildhall/corporate-documents/policies>

15. Capital Expenditure

Capital expenditure totalling £1,408,000 (2021/22: £1,529,000) was incurred during the period. This mainly related to a major investment in the School's digital capabilities funded by the Research Council's Cresca fund plus further improvements to lighting, heating, ventilation and air conditioning across the estate to support the School's efforts to reduce carbon emissions (2021/22: this mainly related works improving lighting, heating, ventilation and air conditioning across the estate to support the School's efforts to reduce carbon emissions). The totals include amounts funded by the City of London Corporation.

16. 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 ended 31 March 2023 and up to the date of signing these accounts 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:

16. Related Party Transactions (continued)

- 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 2022/23 the School received £1,800,000 (2021/22: £1,600,000) from the Trust for scholarships for tuition fees. As tuition fees are recognised gross, this grant is not recognised separately within these financial statements.