



Annual Report and Financial Statements

31 July 2020

The Conservatoire for Dance and Drama
The Energy Centre
Units 1 – 3
Bowling Green Walk
London N1 6AL

Company number: 4170092
Charity number: 1095623

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1. Company information

Governors (These are all company directors, charity trustees)	Julian Roskill (Chair) Louise Verrill (Deputy Chair) Dr Roderick Clayton Peter Dunleavy Emily Fletcher Janice French Prof Martin Halliwell Rabia Harrison Derek Hicks Robert Jude	Mindy Kilby Rebecca Laschetti Tierney Lawlor Lesley Payne Matthew Slater Guy Stobart William Underhill Colette Wilson Tamas Wood
Accountable Officer	Jill Leigh	
Registered office	The Energy Centre, 1 Bowling Green Walk, N1 6AL T: 020 7387 5101 www.cdd.ac.uk	
Registered company no.	4170092 (a company limited by guarantee having no share capital)	
Registered charity no.	1095623	
Constituent schools	Bristol Old Vic Theatre School (BOVTS) Central School of Ballet (CSB) London Contemporary Dance School (LCDS) National Centre for Circus Arts (National Centre) Northern School of Contemporary Dance (NSCD) Rambert School of Ballet and Contemporary Dance (Rambert School)	
Company Secretary & Clerk to the Board of Governors	Emma Swift	
Internal auditor	KCG Audit Limited 7 Bell Yard Street London WC2A 2JR	
External auditor	BDO LLP City Place, 2 Beehive Ring Rd Gatwick RH6 0PA	
Bankers	Lloyds Bank Plc 2nd Floor, 25 St George Street London W1S 1FS	

2. Review of the year

The Conservatoire for Dance and Drama (“the Conservatoire”) is a formal collaboration amongst six member schools who are committed to the delivery of world-leading education and specialist vocational training in dance, drama, circus arts and production arts.

2019-20 was a year of unprecedented challenges for the higher education sector with the onset of the COVID-19 pandemic in March 2020, and a critical year for the Conservatoire as it considered its future purpose and viability as a collective endeavour. The extraordinary circumstances of the COVID-19 crisis have impacted upon all areas of higher education, from teaching and learning to community engagement and commercial activities. The transition to online and blended delivery presented a particular challenge for performing arts education and training and it is testament to the creativity, innovation, and dedication of Conservatoire school staff that higher education programmes were able to continue and final year students were supported to complete their degree. Delivery models continue to evolve and adapt into the next academic year in response to fast-changing conditions, local and national restrictions, and government and regulatory requirements.

The pandemic unfolded against a backdrop of organisational and personnel change, with the Conservatoire welcoming three new School Principals over spring and summer 2020: Mark Osterfield at Central School of Ballet, Sharon Watson at Northern School of Contemporary Dance, and Fiona Francombe at Bristol Old Vic Theatre School. We wish their predecessors – Heidi Hall, Janet Smith, and Paul Rummer – the very best for the future.

In March 2020, the Conservatoire Board discussed a Case for Change which considered organizational and structural matters with regards to the evolving regulatory requirements of the sector. Agreement on a multilateral Operating & Financial Agreement could not be reached and following consultation with the Office for Students, a Manual for Compliance and Assurance was developed in consultation with a Board Structure Working Group. The Manual makes explicit the obligations of the Conservatoire and the Schools to one another in order to meet the OfS conditions of registration and strengthens the control environment and verification of information received by the Board. The Manual was approved by the Conservatoire Board in November 2020, followed by the School Boards’ in December 2020, with formal adoption effective from 1 January 2021.

Responding to the extensive changes in the higher education landscape, each of the member schools took decisions as to their futures. Northern School of Contemporary Dance gave formal notice of its resignation in November 2019 to pursue independent registration. Bristol Old Vic Theatre School gave formal notice of its resignation in August 2020 with the intention to pursue a partnership arrangement with another provider. In October 2020, Central School of Ballet, London Contemporary Dance School, National Centre for Circus Arts, and Rambert School confirmed that their futures also lay outside of the Conservatoire. The Conservatoire and the Schools are engaged in ongoing discussion with the Office for Students regarding the coordination and development of school exit plans, which were submitted to the OfS in December 2020 and January 2021. The Conservatoire is working towards a transition date of July 2023 with Schools’ new arrangements in place from 1 August 2023.

The Board’s focus now moves towards pursuit of a solvent wind down of the Conservatoire’s registration and supporting the schools into their new arrangements. With consideration to the change in priorities, the Chair, Caragh Merrick, gave notice of resignation in December 2020. In the

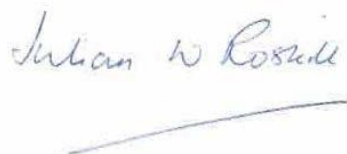
context of these changes, the CEO, David Ruebain, also decided to step down. The Board thanks them both for their service. The Board elected Julian Roskill as Chair and Louise Verrill as Deputy Chair.

A Coronavirus Response Team was established early in the pandemic to monitor the financial impact and identify mitigating actions. Executive staff continued to undertake scenario planning and stress testing which, in tandem with the plans of the member schools, informs the Conservatoire's five-year financial forecast submitted to the Office for Students (OfS), postponed to February 2021. The OfS review of institution-specific targeted allocation (ISTA) was also postponed and the Conservatoire received confirmation that it would continue to receive ISTA funding in 2020-21. It is expected that the upcoming consultation and review will inform eligibility and funding allocations for 2021-22 onwards.

The introduction of temporary Student Number Controls during the summer led to a short hiatus in recruitment for some schools; however, this was lifted by the Universities Minister in mid-August. Despite international travel restrictions and changes to audition processes, recruitment remained strong for entry in 2020 with a slight increase in student numbers and all schools developed and implemented successful plans for safe re-opening in the autumn. Staff have maintained ongoing dialogue with students to ensure training throughout the pandemic remains responsive to student feedback and needs.

Students continued to report high satisfaction levels in the National Student Survey 2020, with a slight increase in overall satisfaction to 92%. The Conservatoire performed strongly against the sector in nearly all areas of the survey. The schools continue to develop new provision in response to industry demand and three new programmes were approved this year: the MA in Dance Research for Professional Practitioners at Rambert School, the CertHE in Contemporary Urban Dance Practices at Northern School of Contemporary Dance, and the MA Screen Acting at Bristol Old Vic Theatre School.

Protecting the student interest remains at the heart of the Conservatoire's mission and continued close collaboration between the Board, executive, and the regulator will be essential to ensure a smooth transition to the new arrangements over the next three years. As the Conservatoire enters this transitional period, it will continue to celebrate the achievements of its students, staff and graduates, and to support the member schools in the collective endeavour to deliver an exceptional student experience.



Julian Roskill
Chair of the Board of Governors



Jill Leigh
Accountable Officer

3. Strategic report for the year ended 31 July 2020

In 2018-19 the Conservatoire published a Strategic Plan for 2019-24 with the following five strategic aims:

1. To enable a diverse body of students to benefit from the opportunities we provide and to deliver an exceptional student experience
2. To promote excellence and innovation in conservatoire training
3. To strengthen and celebrate our partnership working
4. To build a robust and sustainable model for future delivery
5. To widen our reach and offer as a national conservatoire

The full Strategic Plan for 2019-24 is published on its website at:

<http://www.cdd.ac.uk/about-us/how-we-work/strategic-plan-2019-24/>

Amidst an exceptionally challenging year, the Conservatoire has made good progress towards its first two strategic aims and protecting the student interest remains central to its vision and mission. Other areas of the strategy are under review as the focus moves to transition planning; these are considered further under Plans, Principal Risks and Uncertainties.

3.1 Achievements and performance during 2019-20

Learning enhancement and research

In 2019-20, the Conservatoire faced distinctive and unforeseen challenges posed by the relatively sudden arrival at the end of February 2020 of the COVID-19 coronavirus pandemic. The Quality Team supported (and continues to support) Schools to navigate through a highly complex landscape which is entirely new both from an artistic educational perspective, and also from a wider-industry perspective. Staff across the whole Conservatoire have faced incredible pressures and have worked tirelessly to ensure that the excellent quality and standards of our delivery have been maintained and that the exceptional level of pastoral and learning support students receive has not been compromised. The achievements of School staff in swiftly pivoting to online delivery of the educational courses across the Conservatoire alongside the additional demands this placed upon already significant workloads should not be underestimated, particularly given the heavily studio-based nature of the training in our various artistic disciplines.

We wish to highlight that staff across the Conservatoire should be highly commended for their continued unwavering commitment to the student experience and to delivering the highest quality of educational training, especially given the external pressures, and continually fluxing circumstances and requirements arising from the pandemic. In the current climate, it is more important than ever to draw attention to and recognise the truly exceptional commitment and dedication from staff in all roles.

A combination of learning & teaching and academic-related staff from across the Schools sit on the Learning, Teaching & Quality Assurance Committee and undertook some significant developmental work on behalf of the Conservatoire Senate and the wider Conservatoire this year, including the development of the Conservatoire Framework for Contextual Admissions, Programme Design & Development, Good Practice Guide to Inclusive Learning and Teaching, a Conservatoire Assessment Overview document, and crucially, the development and agreement of Exceptional Academic Measures that Schools could reasonably take to ensure the success of students in the wake of the COVID-19 pandemic. The Quality Team coordinated this last piece of work with the validating

universities, ensuring that measures agreed internally by the Conservatoire could be applied if necessary.

Additionally, the Quality Team set up a 'School Safe Return Group' open to all School staff that meets regularly to discuss and support colleagues with managing COVID-19 arrangements, to share good practice and information and to 'check in' with staff about any new information or developments surrounding the pandemic.

There was one major periodic programme review undertaken in the 2019-20 academic year, for BOVTS in March 2020. This process followed the 'Programme Enhancement Review' procedures of the validating institution, the University of the West of England, and was the second part of the review cycle, following the first Programme Enhancement Review in May 2019. It reviewed the following programmes for BOVTS:

- FdA Production Arts (Stage)
- BA (Hons) Production Arts (Stage & Screen)

The Panel agreed to reapprove the above programmes for delivery for a further six years with two conditions, four recommendations and two commendations. Following the review, BOVTS submitted their responses to the two conditions, which were reviewed and subsequently approved by the Panel Chair and Officer. Both programmes were granted final approvals in summer 2020.

Schools continued to consider their existing higher education course provision and develop new programmes in line with the strategic aims of the Conservatoire. In line with the Conservatoire's quality assurance processes, proposals for the following new programmes were scrutinised by the Conservatoire ahead of submission to the validating institution:

School	Programme	Update/Information
Rambert	MA in Dance Research for Professional Practitioners	Approved by the Conservatoire and validator on 4 May 2020
NSCD	CerTHE in Contemporary Urban Dance Practices	Approved by the Conservatoire and validator on 9 December 2019
NSCD	MA Dance Teaching (Education and Community)	The validator recommended that the proposal be resubmitted in a re-written form for further consideration
BOVTS	MA Screen Acting	Approved by the Conservatoire and validator on 22 June 2020

Proposals for major and minor amendments to existing programmes also received Conservatoire scrutiny ahead of submission to the validating institution, as set out below:

School	Programme	Type of amendment	Update/information
LCDS	MA Contemporary Dance	Minor	Change in terminology (removal of references to 'apprenticeships')
NSCD	MA Contemporary Dance Performance	Minor	Change in terminology (removal of references to 'apprenticeships')
BOVTS	MA Drama Directing	Major	Changes to programme structure - from 44 weeks down to 38. Conservatoire scrutiny completed and validator approval on 22 June 2020.
BOVTS	MFA Professional Voice Studies	Major	Changes to programme structure - from 44 weeks down to 38. Conservatoire scrutiny completed and validator approval on 22 June 2020.

School	Programme	Type of amendment	Update/information
BOVTS	MA Professional Theatre Design	Major	Changes to programme structure - from 44 weeks down to 38, and a change of programme title to MA Performance Design. Conservatoire scrutiny completed and validator approval on 22 June 2020.
BOVTS	BA (Hons) Costume for Theatre, Television and Film (top-up)	Major	Changes to credit weightings and module titles, and introduction of a new module. Conservatoire scrutiny completed and validator approval on 21 July 2020.

For the fifth year, the Conservatoire ran a research project fund to give school staff the opportunity to apply competitively for small-project funding. Interest in funding was lower this year, with the total value of the funding awarded being just below £9,000, with 5 projects funded from three schools (2018-19: just over £18,000 allocated, with 11 projects funded from six schools). The reduction in the number of research proposals submitted and funding awarded was in part due to the departure of two of the largest Conservatoire schools, RADA and LAMDA. However, applications continued to reflect the diversity of the staff body, as well as a strong focus on investigation into pedagogy, with three collaborations: one between Central School of Ballet and Rambert School, another between Rambert School and academics at UCL and University of Kent, and an international collaboration between Rambert School and Queensland University of Technology in Brisbane, Australia.

Competition and Markets Authority (CMA) compliance

In June 2019 at the end of the 2018-19 academic year, following a review of how well the previously agreed principles for managing CMA compliance were working, it was established that they did not provide a sufficiently robust model of operation that satisfied the Conservatoire it could give itself the level of assurance needed with regard to CMA compliance. To remedy this situation, the Conservatoire Executive Committee approved a different approach to take effect for admissions from September 2021 entry, and agreed that the following would be put in place:

- A single Conservatoire Admissions Policy
- A single Conservatoire Terms and Conditions
- A single Conservatoire Fees Policy

The development of these three documents was delayed by the additional work arising from the COVID-19 pandemic, but all of these were approved in November 2020 and were implemented shortly afterwards. Some School admissions were opened by this point which will necessitate some further work to ensure applicants are communicated with about these changes once they are implemented, as the changes will constitute a 'change to material information'.

At the beginning of 2019-20, the Quality Team also produced and published the 'Consumer Law Handbook' for Schools to use in order to further support CMA compliance for the institution. Additionally, the Quality Team continuously undertake audits of School websites on request from Schools with regard to CMA compliance.

Initiatives to support the Conservatoire Student Experience

The Quality Team continued building on previous work under the Conservatoire's Inclusive Cultures Strategy to improve the student experience and strengthen the overall community of the Conservatoire. 2019-20 saw the introduction and implementation of the Policy on Sexual Misconduct, Harassment and Related Behaviours, a first in that it covers both students and staff of the

Conservatoire. A guide to the policy was also developed and published and additional supporting guidance and training to help robustly embed the policy and its procedures will be delivered in 2020-21. Other initiatives under the Inclusive Cultures Strategy either in development or planned in the near future include a new 'Conservatoire Code of Behaviour' (a set of 'positive behaviour standards'), the Framework for Contextual Admissions, Programme Development & Design, the Good Practice Guide to Inclusive Teaching and Learning, Conservatoire Mental Health Charter Principles, Conservatoire Guide to Student Support, and the development of a new set of 'Inclusivity Protocols', designed to assist all members of the Conservatoire community in better understanding and tackling discrimination of all kinds and establishing a set of baseline expectations and standards that the institution as a whole can hold itself to.

On 2 June 2020, the Conservatoire published a statement of solidarity with Black Lives Matter in the wake of George Floyd's death, including a commitment to being anti-racist and to recognising and working towards breaking down any systemic racism within our institution. Much of the initiatives and work under the Inclusive Cultures Strategy is designed to support the Conservatoire in this commitment. Through this work, we aim to empower our community and graduates to be positive agents for change and work towards improving equality (including equality of opportunity for our graduates) in the wider artistic sector.

The Inclusive Cultures Strategy itself is in the process of being updated to ensure it is fully fit for purpose and speaks directly to the overall Conservatoire Strategic Plan. The work under this strategy is considered of increasing significance given the Office for Students' recent move to focus on student mental health, wellbeing and support.

Staff development and learning enhancement

The central office of the Conservatoire is staffed by a team of 12 staff. School staff continue to be employed directly by their home school, though the Conservatoire 'buys out' time for the librarian at NSCD to oversee library resources for the Conservatoire.

With the first cohort commencing September 2019, NSCD began delivery of its PGDip in Arts, Teaching and Learning in Higher Education, which also affords HEA fellowship on completion. The School developed this programme in part in response to consultation and feedback from Schools about a desired approach to the professional development of staff with remits in learning and teaching/professional services. The School launched the programme with introductory fees at a lower rate and priority admission for Conservatoire school staff.

Training for School staff on policies is designed and delivered by staff in the Quality Team. The Quality Team also organise training for School and central office staff in relevant areas (e.g. Prevent, criminal records, rape crisis) as required in order to ensure both legal and statutory compliance, and the proper operation of policies. Additional guidance on policies is produced by the Quality Team for both staff and students.

Student numbers, applications, and achievement

The Conservatoire had 996 active students in 2019-20 across six schools (2018-19 1,657 across eight schools), maintaining a stable growth rate across the six schools. The Conservatoire schools generally continue to receive exceptional volumes of applications relative to the number of available places, particularly on undergraduate programmes, and recognise in this context the increased importance of ensuring that places are accessible to prospective students from a wide variety of backgrounds. The Conservatoire had an Access and Participation Plan for 2019-20, approved by the Office for Students this builds on the work of the Widening Participation and Success Access Plan which was in place for

2018-19. Access Plans were previously approved by the Office for Fair Access which was subsumed into the Office for Students from April 2018. The APP for 2020-24 has also been approved by the OfS.

Postgraduate recruitment continues to be challenging, even with the funding now available to taught MA students, although some growth is now forecast in postgraduate numbers for future years.

Student satisfaction

The Conservatoire uses the NSS to measure its overall levels of student satisfaction. It continues to score significantly higher than the sector in many areas of the survey. This year, the Conservatoire maintained its high score in Overall Satisfaction with 92% of students rating themselves satisfied with their experience (2019: 91%), well above the sector average of 83%.

The Conservatoire has seen improvements in most areas, particularly in Teaching (93% versus 91% in 2019), Learning Opportunities (91% vs 89%), and Learning Community (94% vs 92%). Areas for improvement included a slight dip in Learning Resources (81% versus 86% in 2019), and Student's Union (75% versus 77%).

There was also a dip in response rates (74% versus 81% in 2019), although this was likely to have been influenced by the timing of the survey window coinciding with the onset of the COVID-19 pandemic. Despite this, Conservatoire still achieved a response rate higher than the sector average of 69%.

Widening access and success

Equality and diversity are central to the Conservatoire's ethos.

All data in the table below refers all students, including postgraduate and overseas students, of the current six members schools. Data for LAMDA and RADA being excluded from 2017-18 and 2018-19.

	2019-20	2018-19	2017-18
Female Students	70%	70%	69%
BAME Students	23%	22%	22%
Students Declaring a Disability	27%	27%	27%

During 2019-20 the Conservatoire continued to embed its 2016-20 Widening Access and Success Strategy and to implement the 2019-20 Access and Participation Plan (APP). The overall diversity of the student population across the schools remains relatively consistent from one year to the next and the Conservatoire continues to perform well in comparison to other conservatoires in terms of the proportion of ethnically diverse and disabled students. Furthermore, it has a real demonstrable strength in its support for students with disabilities, both in terms of access to courses and in terms of their success. As the data above shows, 27% of students in the Conservatoire declare a disability, in 2019-20 this rose to 33.33% for UK domiciled undergraduate entrants.

The data shows that further progress has been made towards increasing the proportion of students from UK state schools and the Conservatoire performs well against other conservatoires and selective higher education institutions more generally. In terms of our APP targets, the Conservatoire had made considerable progress toward closing the access gap between students in POLAR4 quintiles 1 and 2 and quintile 5. Once enrolled on programmes at Conservatoire schools, the data show that there is a very low level of non-completion.

The Conservatoire Scholarship Scheme continued to support students in 2019-20 and we have completed an evaluation relating to the impact and effectiveness of the scheme. This evaluation has highlighted the importance of the scholarships in enabling students to stay engaged with their studies and balance the intensity of the training with external commitments. When both the Conservatoire

Scholarship Scheme and individual school awards are considered, in 2019-2020, 60.4% of all home/EU undergraduates new to higher education received some form of financial support (2018-2019: 51%, 2017-18: 49%). The proportion of home/EU undergraduates new to higher education receiving the Conservatoire Scholarship with an annual household income of £25,000 or under has remained stable at approximately 65%.

In its 2019-20 and 2020-25 Access and Participation Plans, the Conservatoire as a whole committed to spending over a third of its additional tuition fee income (as defined by OfS) on widening access and success activity. Recognising that non-completion and progression is less of an issue for the Conservatoire schools, the institution is focusing on the access stages of the student lifecycle from 2020 onwards, working to ensure equality of access to Conservatoire programmes regardless of background. To facilitate the planning and evaluation of these activities and ensuring that they are focused on the commitments made in the Conservatoire APP, a Widening Access and Participation Project Development and Evaluation Handbook has been developed. This seeks to support school colleagues in articulating a clear rationale and theory of change behind their provision and in strengthening evaluation and monitoring strategies.

Employment prospects for Conservatoire graduates

2019-20 saw the first publication of the new Graduate Outcomes survey developed by the Higher Education Statistics Agency (HESA) which replaced the Destination of Leavers of Higher Education survey (DLHE). Leavers from the 2017-18 academic year were the first to answer the Graduate Outcomes survey, which asked graduates about their employment or further study for the fifteen months following graduation.

Graduate Outcome Survey

The Conservatoire's full-time employment outcome was slightly above the average for comparable institutions (46% versus 45%), but below the UK HE sector average of 60%. Outcomes for part-time employment were below the average for comparable institutions (29% versus 31%), but much higher than the UK average of 11%.

Outcomes for full-time further study were slightly below the average for comparable institutions (3% versus 4%), and below the national average of 7%. This is explained by the fact that survey is performed 15 months after graduation, which would cover any period of study involving foundation degree students progressing to do a one-year BA top up course.

The Conservatoire's unemployment rate is slightly above the average for comparable institutions (3% versus 2%) but matches the UK average of 3%.

The Government's national data on employment and earning outcomes (the Longitudinal Education Outcome or LEO dataset) were incorporated into the Discover Uni website (previously Unistats) in 2017-18. These data suggest that median earnings are low for graduates of the Conservatoire relative to most other institutions. The Conservatoire remains concerned that the LEO outputs and the Graduate Outcomes survey are not good measures of whether the institution is performing well in its mission of supporting students into careers in the performing arts. The Conservatoire continues its work to provide an evidence base to explore common graduate pathways, identify other indicators of success, and identify potential areas for intervention by which the Conservatoire might support graduates in their early careers.

3.2 Financial review of the year ended 31 July 2020

The financial statements of the Conservatoire for Dance and Drama show the income, expenditure and funds derived from the publicly funded higher education activities of the six Conservatoire schools. However, as the schools are distinct legal entities, the Conservatoire's financial statements do not consolidate the financial statements of the schools.

The schools responded to COVID-19 by adopting online course delivery for the final term. This was sufficiently well received to protect higher education income from the risk of student refunds or deferrals. Schools did suffer a loss of other income, such as non-credit bearing short courses, public productions and facility hire. However, due to a combination of the furlough scheme, reductions in expenditure, and in two cases, support from Arts Council England, they all finished the year in surplus. Further details on the financial position of the member schools can be found in their individual financial statements.

The results have been stated in line with the requirements of FRS 102. Tuition fees are also stated net of any discounts and fee waivers.

Surplus for the year ended 31 July 2020:

Surplus	2019-20	2018-19
£000	731	173
As % income	4.9	0.8
As % of disbursements	5.8	0.8
As % of member service costs	62.6	17.4

The Conservatoire disburses the majority of funds to the Conservatoire schools, retaining only a small proportion to support higher education activity in the schools, collaborative activity, and to ensure that the Conservatoire fulfils its assurance requirements as a higher education institution. In 2019-20 the surplus was higher than usual, due to a planned increase in the reserves of the Conservatoire, consistent with an updated reserves policy.

Funding body grants, tuition fee income and disbursements to the schools

Along with other leading small specialist institutions, the Conservatoire receives significant grant income in recognition of the high cost of its intensive approach to teaching. In the 2016 institution-specific targeted allocation (ISTA) review, the institution was judged to be world-leading by an independent international panel. It therefore continued to receive institution-specific grant during 2019-20. Following the decision of the OfS to postpone the review planned for 2019-20, the existing ISTA funding arrangements were rolled forward into 2020-21.

Income	2019-20	2018-19	Change
£000	15,016	22,983	(7,967)
Fees as % total	66	64	2
Grant as % total	34	36	(2)

Although Conservatoire retained the full £4m ISTA grant, both income and expenditure were reduced by the departure of LAMDA and RADA, as they moved to direct registration with the OfS. This did result in a disproportionate reduction in the Higher Education Innovation Fund (HEIF) grant from Research England.

Expenditure (£000)	2019-20	2018-19	Change
Disbursements	12,648	21,185	(8,537)
Student support	470	633	(163)
Member services	1,167	992	175

Whilst the Conservatoire schools continue to deliver world-leading activity, they continue to seek to grow other sources of funding, whilst modelling how they would respond to a fall in OfS support.

Expenditure for the year ended 31 July 2020

Expenditure as % total	2019-20	2018-19	Change
Disbursed to schools	84	92	(8)
Student support	3	3	-
Member services	8	4	4

Conservatoire direct expenditure increased over the year with the largest cost pressure coming from the fees introduced to fund the OfS. Other expenditure increases in members services resulted from the new Conservatoire strategy. This included the strengthening of the senior management team and development of the new Quercus student management system (SMS). Financial modelling was also undertaken to provide the Board with assurance as to the financial resilience of the schools to the challenges of COVID-19. Most of the Conservatoire's operating costs expenditure comprises essential HEP fees and service that members would otherwise incur on an individual basis.

Capital expenditure

The Conservatoire receives capital funding from OfS for the Teaching Capital Investment Fund (TCIF). Capital funding is disbursed to schools for use in accordance with the funding terms and conditions. These capital disbursements are included as expenditure in the Conservatoire financial statements.

Funds and financial sustainability

The Conservatoire itself has no borrowings or estate and the financial liabilities for which the Conservatoire is contractually responsible continue to be small compared to the disbursements that it makes to the Conservatoire schools. The Conservatoire does, however, retain ultimate accountability for public funds disbursed to the schools, including capital funds over which an Exchequer interest is retained for several years. The Conservatoire has developed, and continues to improve, an assurance framework by which it obtains the necessary assurance that public funds have been properly expended and other regulatory obligations discharged.

The relationship between the Conservatoire and its schools is governed contractually through a Members' Agreement. Under this arrangement, each school is responsible for its own liquidity and sustainability, and this is overseen by its own Board.

The Conservatoire aims to maintain reserves sufficient to meet its own working capital needs and to provide a prudent cushion against unforeseen eventualities. Under its reserves policy, as updated in June 2020, the Conservatoire may hold reserves for the completion of agreed projects, liabilities that may arise from members student protection plans, organisational wind-down and a small general contingency. In setting the policy the Board is aware of the potential impact on the Conservatoire, including through the SPP, were a member school to fail financially.

3.3 Plans, principal risks, and uncertainties

Plans

The Conservatoire's Strategic Plan for 2019-24 set out five principal aims: an exceptional student experience; excellence and innovation in conservatoire training; partnership working; a robust and sustainable model for future delivery; and development of a national conservatoire. Some of these areas for development have been superseded by decisions as to the future direction of the member schools; however, protecting the student interest and maintaining an exceptional student experience remain the central consideration for the Conservatoire and its schools.

Sustainable model for organisational transition

The Conservatoire must ensure that it remains institutionally resilient for the duration of the transition period in terms of governance, management, staffing, funding, operational systems, and processes, in order to respond to regulatory, economic, and political changes and uncertainties, and so to be able to support and sustain the work of the schools into their new arrangements. A Transition Plan and accompanying workplan will be reviewed regularly by the Conservatoire Executive Committee and the Board as these plans progress.

The Conservatoire will implement the new Manual for Compliance and Assurance; this will resolve the issues relating to regulatory compliance and assurance which were raised by the Case for Change.

As the current round of ISTA concludes in 2020-21, the upcoming review of ISTA funding, the criteria for eligibility and application, and the likelihood of success will directly impact upon the Conservatoire's financial viability and sustainability during the transition period and for the schools in their future arrangements.

Taught degree-awarding powers

Preparations for a TDAP application were suspended during 2019-20 to enable more preparation work to be undertaken in the areas of compliance and governance.

Research and scholarship

The Conservatoire continues to be committed to provide staff with time, support and funding to encourage research and scholarly activity, as well as professional activity in the performing arts.

Principal risks and uncertainties

The Conservatoire, along with all higher education providers, faces significant levels of change and uncertainty in its operating environment. These changes pose a number of risks to the institution, which it manages partly by the implementation of a risk management policy and maintenance of an institutional risk register. The Conservatoire introduced a new model of register in 2019-20 which identifies the strategic risks within six key groups: governance & organisation; cash & liquidity; students; staff; teaching; research. Each risk is rated in terms of combined impact and likelihood; risk owners (both individual officers and committees) are identified, and the strategy and indicators of success to achieve the desired future state is explained. The risk register is regularly updated and reviewed by the Finance Committee and Audit Committee and reported to the Board of Governors. Currently, the top-rated risks relate to Governance & Organisation – Structure, and Cash & Liquidity.

The principal governance and organisation risk facing the Conservatoire is structural and relates to the formal resignations of four member schools (NSCD, BOVTS, LCDS and Rambert) and the confirmation from the two remaining member schools that their futures lie outside of the Conservatoire. In all cases the anticipated departure date is July 2023. The organisation must confirm viable exit plans for all

schools, agree the date and process for deregistration, and ensure it remains sustainable to the close of the transition period, including meeting any obligations beyond July 2023 such as legacy data requirements and statutory returns.

On cash and liquidity-related risks, the Conservatoire's viability depends on the group of schools as a whole remaining viable and it is vulnerable to the variable financial positions of the schools as distinct charities and arts organisations. The high cost of conservatoire training means that grant and ISTA funding (25% of income) make a significant contribution to the organisation. 2020-21 marks the final year of the current round of ISTA funding and the Conservatoire awaits the OfS consultation on ISTA eligibility and criteria. The prospect of success in an application may be impacted by the decision to pursue a solvent wind down, although there may be the possibility of a tapered withdrawal of ISTA in the event of non-renewal. A wider consultation on funding across the higher education sector was postponed to 2020-21 and may impact on funding allocations from 2021-22 onwards.

The COVID-19 pandemic increases the risk to cash & liquidity through a number of intersecting factors. School income is directly impacted both by disruption to commercial and non-HE operations due to local or national restrictions, and through the additional costs accrued through a safe re-opening of premises. This has been alleviated in part for some schools by support through the Arts Council Emergency Fund and the government's Cultural Recovery Fund.

The pandemic additionally increases the risk of potential loss of fee income, either as a result of student complaints or change in sector policy on refunds, or through a drop in international students. This may be compounded by Brexit and the change in status for EU students which will be reflected in a substantially higher international fee. The Conservatoire schools enrol a relatively large number of students from EU countries outside the UK: EU students comprised 14% of the total student body in 2019-20 (2018-19: 13%). Although the Conservatoire school programmes tend to be heavily oversubscribed, the ability to work with international teachers and peers contributes an important dimension to the quality of the students' experience of their training. The risks arising from the UK's withdrawal from the EU will continue to be monitored closely by the Conservatoire and each of the schools.

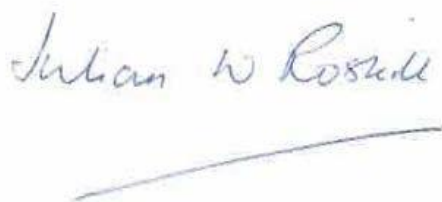
As a small, devolved organisation, the Conservatoire faces challenges in complying with regulatory requirements that are principally designed for larger unitary institutions. Whilst this has been challenging, the Board considers that the Conservatoire complies with the OfS conditions of registration.

During the year, the Conservatoire commissioned an independent review of compliance from Professor David Timms and engaged in a dialogue with the OfS about its systems of compliance. The new Manual for Compliance and Assurance includes a number of measures to enhance the control environment and provide additional assurances on the verification of information received. These comprise a Letter of Representations from each School Board to the Conservatoire, sight of Schools' internal audit reports and sight of Schools' external auditor management letter. Monthly financial information will also be shared by the Conservatoire and the Schools.

Since June 2020, the Conservatoire has been conducting an open dialogue with the OfS as to its compliance with the conditions of registration. Throughout this dialogue the OfS has been supportive of the efforts that the Conservatoire is taking to strengthen its assurance arrangements, particularly between the Conservatoire and the member schools, and has not placed any additional registration conditions, or sanctions, on the Conservatoire. Considering the lack of formal regulatory action by the OfS, the positive conclusion of the report from Professor Timms and the agreement reached on the

Manual of Assurance and Compliance, the Board are confident that the Conservatoire remains compliant with the OfS conditions of registration.

The pandemic presents a risk for schools in guaranteeing the health and safety of staff and students and safe operation in physical spaces. It also increases the risk of not meeting the welfare and well-being of students including their financial, physical, mental, and emotional needs as they undertake training under radically different circumstances. Long-term disruption to training for performers such as dancers and circus artists is likely to have a particularly high impact on physical and mental health. However, the Conservatoire schools are better placed to support students than traditional institutions due to the small cohorts, high staff-to-student ratios and high levels of contact time. All schools opened in the autumn term 2020-21 and successfully delivered a blended teaching model in line with government and local guidelines.

A handwritten signature in blue ink that reads "Julian W Roskill". Below the signature is a long, thin horizontal line.

Julian Roskill
Chair of the Board of Governors
10 February 2021

4. Report of the Board of Governors for the year ended 31 July 2020

The governors of the Conservatoire for Dance and Drama are pleased to present their annual report, together with the financial statements and auditor's report, for the year ended 31 July 2020.

This report of the Board of Governors and the Financial Statements have been prepared in accordance with the 2019 Further and Higher Education Statement of Recommended Practice (SORP 2019) and in line with regulatory advice in the form of the Accounts Direction from the Office for Students (OfS 2019.41).

The report of the Board of Governors also serves as the Directors' Report for the purposes of the Companies Act 2006. Section 3 included within this report meets the requirements for a Strategic Report as outlined in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

4.1 Nature of the Conservatoire's business

The Conservatoire is a company limited by guarantee and a registered charity. It was incorporated on 28 February 2001 and entered on the Register of Charities on 27 January 2003. It is registered as a higher education provider with the Office for Students (OfS). The charitable objects for which the Conservatoire is established are:

- the advancement of education in the performing arts, and;
- the promotion of research in the performing arts.

The current articles were approved by the Privy Council on 7 December 2017. The six schools who signed the Members' Agreement – Bristol Old Vic Theatre School, Central School of Ballet, London Contemporary Dance School, National Centre for Circus Arts, Northern School of Contemporary Dance, and Rambert School of Ballet and Contemporary Dance – are the sole Corporate Members of the Conservatoire for Dance and Drama.

The Conservatoire for Dance and Drama, together with its Member Schools, is committed to delivering world-leading education and vocational training in the performing arts. Teaching staff continue to be employed by their home school. Students are jointly registered with the Conservatoire and their home school and train to become the performing artists and production professionals of the future: actors, circus artists, dancers, stage managers, technical theatre practitioners, choreographers, designers and directors.

The overarching vision of the Conservatoire is to be a focus and catalyst for world-leading performing arts practice and education. Training the next generation of production professionals and performers is a shared enterprise, locally within each school, collectively across the schools and as part of the wider arts environment, to ensure that there are the resources, the expertise, and the infrastructure to maintain the Conservatoire's world-leading education and training.

4.2 Charitable objectives and public benefit

The Conservatoire's charitable objectives are the advancement of education in the performing arts and the promotion of research in the performing arts. The Conservatoire delivers its objectives through a range of charitable activities.

As a higher education provider (HEP) and charity, the Conservatoire's principal beneficiaries are its students, who are given the opportunity to receive intensive, supportive and world-class education and training to be dance, drama and circus artists and production professionals. By its nature, the Conservatoire must select students on the basis of their talent, propensity for training and with the appropriate pre-vocational experience. In doing so, however, the training is open to all students who meet entry requirements and are offered a place to study, regardless of personal, social, national or financial background.

Conservatoire training also includes public performances and exhibitions (some of which are led or facilitated by leading practitioners in their field) which attract around 200,000 people annually, many of which are free or subsidised and which are advertised widely by each school. The wider community thus benefits from the artistic skills and experience of the young people in training, the faculty and the wider industry.

Examples of the Conservatoire's activities which fulfil its charitable objectives are as follows:

- *Education:* the Conservatoire has around 1,000 active students each year. The public funding it receives as a designated HEP and registered charity enables it to support the teaching of these students. The combined faculty (although individually employed by the schools) may include as many as 400 individuals across full- and part-time staff members. Students are also taught by visiting professionals who work with the students for short projects, single productions or occasional workshops.
- *Research and knowledge exchange:* research into educational practice and performing arts is a developing facet of the Conservatoire's activities. There is an active and productive Research and Ethics Committee, Chaired by a school principal, and a small project fund for staff research. The Conservatoire is currently working to an interim research strategy.
- *Community engagement:* the Conservatoire schools all work closely with their local communities and offer a range of activities, many of which are made possible by the financial support provided centrally via the Conservatoire, such as annual performing arts festivals which are open to the public. Other activities include taking productions to inner city schools, workshops in local primary schools and regional tours, often involving question and answer sessions with the cast and crew afterwards.
- *Widening participation and access to vocational training:* encouraging potential students from a range of backgrounds to consider undertaking world-leading vocational training in the performing arts and to enter higher education is a key part of our mission. The Conservatoire and its schools continue to invest in providing preparatory training in the arts and improving access to professional education. This is both to ensure that young people have high quality experiences of dance, drama and circus arts and to create a diverse pool of talent from which to draw the next generation of students and artists, including students from traditionally low-participation sectors of the community. Activities range from student productions delivered to schools, to working with school teachers in drama and dance.
- *Engagement with alumni:* Many of the schools offer professional development opportunities after graduation and provide networks of support for these individuals throughout their careers.
- *Shaping the nation's cultural landscape:* by finding the most promising talent in dance, drama and circus arts and nurturing it through the delivery of world-class education and professional training, the Conservatoire and its Schools are able to produce exceptional artists who will go on to shape the future of the performing arts, both in the UK and abroad.

The Conservatoire also acts as a creative laboratory for the performing arts, through the commissioning of new works and collaborating with both emerging and established performers, writers, directors and choreographers.

The Conservatoire's trustees are its governors. They are aware of their responsibilities with regard to public benefit and with the Charity Commission's guidance in this area. The governors are satisfied that the activities of the Conservatoire meet its charitable objectives and the public benefit requirement as defined in section 17 of the Charities Act 2011.

The Conservatoire's governors are aware of their responsibilities, as leaders of a designated HEP, to comply with the Regulatory Framework for higher education in England (OfS 2018.01) and other sector-specific requirements. The disclosure of remuneration of higher-paid staff in the financial statements is made in accordance with the Office for Students Accounts direction to HEPs for 2019-20 financial statements.

4.3 Corporate governance and internal control

This review of corporate governance and statement of internal control covers the period from 1 August 2019 until the date of this report.

4.3.1 Directors

The directors of the Conservatoire are its governors as shown on page 3. The governors who held office during the period 1 August 2019 to the date of this report were:

Name	Position	Date of appointment / reappointment	Additional Information
Julian Roskill (Chair)	Independent governor	17 July 2013	Nominations Committee (Chair) Remuneration Committee Finance Committee
Louise Verrill (Deputy Chair)	Nominated governor	15 July 2020	-
Jill Leigh	Accountable Officer	11 January 2021	-
Dr Roderick Clayton	Independent governor	27 November 2013 23 November 2016 20 November 2019	Nominations Committee Remuneration Committee (Chair)
Peter Dunleavy	Elected staff governor	21 February 2018	-
Emily Fletcher	Independent governor	18 July 2012 22 November 2017	Nominations Committee
Janice French	Independent governor	18 July 2018	Finance Committee Remuneration Committee
Prof Martin Halliwell	Independent governor	18 July 2018	-
Rabia Harrison	Independent governor	31 January 2019	-
Derek Hicks	Nominated governor	13 December 2017	-
Robert Jude	Independent governor	15 July 2015 22 November 2017	Audit Committee
Mindy Kilby	Independent governor	3 December 2018	Finance Committee (Chair)
Rebecca Laschetti	Independent governor	3 December 2018	Finance Committee
Tierney Lawlor	Elected student governor	25 November 2020	-
Lesley Payne	Independent governor	18 July 2018	Nominations Committee
Matthew Slater	Elected staff governor	21 February 2018	-
Guy Stobart	Nominated governor	20 May 2020	-
William Underhill	Nominated governor	25 March 2020	-
Colette Wilson	Independent governor	20 January 2020	Audit Committee (Chair)
Tamas Wood	Nominated governor	9 June 2015	-
Brian Brodie	Nominated governor	12 July 2018	<i>Resigned 27 November 2020</i>
Dr Michelle Castelletti	Independent governor	18 July 2018	<i>Resigned 23 January 2020</i>

Name	Position	Date of appointment / reappointment	Additional Information
Richard Cooper	Nominated governor	20 July 2011	<i>Resigned 10 July 2020</i>
Prof David Halton	Nominated governor	1 August 2014	<i>Resigned 1 May 2020</i>
Matthew Lloyd	Nominated governor	30 May 2017	<i>Resigned 5 December 2019</i>
Caragh Merrick	Independent governor	20 November 2019	<i>Resigned 2 January 2021</i>
Alison Morris	Independent governor	24 November 2011	<i>Resigned 15 July 2020</i>
David Ruebain	Chief Executive Officer	15 October 2018	<i>Resigned 11 January 2021</i>
Elyssa Sena	Elected student governor	18 July 2018	<i>Resigned 15 July 2020</i>
James Smith CBE	Independent governor	24 November 2010	<i>Resigned 20 November 2019</i>

Qualifying third party indemnity provision is in force for the benefit of directors and officers of the Conservatoire.

4.3.2 Corporate governance

The Conservatoire's objects, powers and framework of governance are set out in the Articles of Association, as approved by the Privy Council on 7 December 2017. These reflect principles established in the Members' Agreement, which was approved by resolution of the Board of Governors at a meeting on 11 October 2017.

Signatories to the Members' Agreement are the sole Corporate Members of the Conservatoire. In signing the Members' Agreement, each Member School has confirmed its commitment to:

- Help ensure that the Conservatoire retains Designated Institution status (and maximises its rating under TEF) and permits it to apply for taught degree awarding powers;
- Requesting the Conservatoire have a management structure that includes a Chief Executive Officer, Conservatoire Executive Committee, and senior management team;
- Agree to adopt enhanced mechanisms to monitor and review certain functions taking place in the schools for the purpose of complying with the regulatory guidance and criteria relating to designation for student funding and TDAPs; and
- Implement the Principles of Collaboration for the purpose of recording the revised terms and conditions of their involvement with the Conservatoire and regulating their relationship with each other and certain aspects of the affairs of and their dealings with the Conservatoire.

Members of the Board of Governors are aware of their obligations as directors and charitable trustees. The Board was also aware of its obligations under the Office for Students' conditions of registration, to take into account any relevant guidance on accountability, probity or value for money issued from time to time. As an institution in receipt of public funding, the Board of Governors endeavours to conduct its business in accordance with the seven principles identified by the Committee of Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). The Board of Governors provides OfS with assurances on quality of the academic provision of the Conservatoire as required.

The Board has complied with the guidance to institutions of higher education published by the Committee of University Chairs (CUC) in its *Guide for Members of Higher Education Governing Bodies in the UK* (2009). The Board of Governors is also aware of the obligations and guidance produced by the CUC in the Higher Education Code of Governance published December 2014 and revised February 2018. The Board received the revised CUC Higher Education Code of Governance (published September 2020) at the Board Strategy Day on 7 October 2020 and intends to adopt the Code from 1 March 2021.

A summary of the Board and its committees' responsibilities is given below.

Board of Governors

The Board of Governors normally meets four times a year and comprises lay and academic members appointed in accordance with the Conservatoire's Articles of Association, as well as two elected staff members and one elected student member. There is a clear separation of roles between the non-executive chair and governors and the Conservatoire's executive function.

The Board approves the Conservatoire's long-term objectives and strategies and provides overall financial and organisational control. It has a number of committees, including a Finance Committee, an Audit Committee, a Nominations Committee, and a Remuneration Committee and other ad hoc working groups as required from time to time. The responsibilities of the Board of Governors in preparing the annual reports and financial statements are set out on pages 26 - 27. It is serviced by the Conservatoire Secretary.

Senate

The senior academic body of the Conservatoire, the Senate is convened under the revised Articles of Association.

Senate is chaired by a principal and comprises the principal of each constituent school, one further member nominated by each school, and three student representatives. There is also provision for two other nominated staff members and additional co-opted members.

Under its terms of reference, Senate is responsible for maintaining and assuring the academic standards and quality of the educational offer. It considers the development of the academic activities of the Conservatoire, including education, training and research, and the resources needed to support them, and advises the CEO and the Board of Governors thereupon. It has oversight of the quality of learning and teaching within the Conservatoire and has a key role in enabling the Conservatoire and the schools meet the conditions of registration with the Office for Students.

In line with the OfS's revised framework for higher education regulation, in autumn 2019 the Senate presented to the Board of Governors a report and accompanying action plan relating to the continuous improvement of the student academic experience and student outcomes. This was approved by the Board as the basis for the provision of assurances to the OfS on the quality and standards of the Conservatoire's provision.

Senate has responsibility for defining, in consultation with the schools, the overall quality framework of the Conservatoire. Senate oversees the Conservatoire's learning, teaching and assessment strategy and monitors the learning, teaching and assessment strategies of the schools. Senate is also responsible for encouraging and facilitating collaboration between schools and for identifying and disseminating good practice in learning and teaching. The Senate has a number of sub-committees supporting its work. During 2019-20, these were the Learning Teaching and Quality Assurance Committee, the Widening Access and Diversity Committee, the Research and Ethics Committee, and the Student Advisory Committee. In 2019 the Widening Access and Success Committee was merged with the Equality and Diversity Committee as both had most members in common and a holistic view of access and diversity issues and the success of underrepresented student groups are considered with a breadth and depth of expertise from members.

Finance Committee

The Finance Committee comprises no fewer than three independent members of the Board of Governors. The Conservatoire's Articles of Association limit the membership of the Finance Committee to independent governors.

The Finance Committee oversees all matters relating to the financial and business concerns of the Conservatoire and makes recommendations to the Board of Governors on appropriate action in relation to these matters. Through the review of management information from the conservatoire, and from each member school, the Committee has oversight of the financial position of the conservatoire and its members.

In particular, the committee recommends for approval to the Board of Governors the Conservatoire's annual revenue and expenditure budgets and Annual Business Plan and monitors performance in relation to approved budgets. It also recommends for approval the annual financial statements to the Board of Governors, having been satisfied that management is discharging its responsibilities to control and account for the income, expenditure and assets of the Conservatoire in compliance with the conditions of registration with the Office for Students, and other applicable laws.

Audit Committee

The Audit Committee comprises a chair who is an independent member of the Board of Governors, and at least two further independent governors. The Board approved the appointment of a new independent governor and Chair of Audit Committee with effect from 15 July 2020. The committee met four times during 2019-20. The internal and external auditors of the Conservatoire (respectively KCG Audit Limited and BDO) have a right to attend these meetings.

The Audit Committee considers internal audit reports, together with recommendations for the improvement of the Conservatoire's systems of internal control and management's responses and implementation plans. Through regular review of the risk register, the Audit Committee monitored risks, including those associated with OfS registration. The Audit Committee recommended a new model of risk register in 2019-20 for identification of strategic risk to the Board.

The Audit Committee exercises a monitoring role over the control mechanisms of the Conservatoire schools, including the commissioning and review of member school internal audit reports. For each member school, it also receives their external auditors' management letter via summary from the Finance Director, annual conservatoire accountability return, and annual letter of representation to the Conservatoire. Through these mechanisms the Committee is able to advise the Conservatoire Board on the members schools use of public funding.

The Audit Committee reviews the Conservatoire's annual financial statements, together with its accounting policies, and reviews the external auditor's plan and the results of their audit. The Audit Committee is also responsible for, and reports to the Board of Governors on, the Conservatoire's arrangements to ensure adequate internal control mechanisms, the adequacy and effectiveness of the management and quality assurance of data, value for money and risk management.

Nominations Committee

This committee is chaired by the Chair of the Board of Governors. There are currently four independent governor members of the committee including the Chair.

The primary responsibility of the Nominations Committee is to oversee the nomination of independent governors, the effectiveness of committees and general governance matters.

The Nominations Committee held one meeting in 2019-20.

Remuneration Committee

The Remuneration Committee comprises no fewer than three independent members of the Board of Governors. Membership of the Committee is limited to independent governors. The Chair of the Board must serve on the Committee as a member but may not serve as its chair.

The primary responsibility of the Remuneration Committee is to approve the Conservatoire's pay and performance policy, including the remuneration of senior staff.

The Remuneration Committee held two meetings in 2019-20.

Board Strategy and Structure Working Groups

The Strategy and Structure Working Groups were established at the end of the academic year in response to matters raised by the Case for Change, as presented to the Board in March 2020.

Each group comprised a chair, an executive lead, and representatives from the independent and nominated governors. The Strategy Working Group held one meeting in August 2020. The Structure Working Group held five meetings between August 2020 and the date of this report.

Conservatoire Executive Committee (CEC)

The Conservatoire Executive Committee (CEC) comprises the senior managers of the Conservatoire and the principals of the Member schools. It provides the collective leadership for the Conservatoire.

4.3.3 Internal control and risk management

Risk management

Details of the principal risks and uncertainties facing the Conservatoire can be found in the strategic report at pages 14 - 16. The Board of Governors has considered the principal financial risks including member resignation, withdrawal of ISTA funding, COVID-19 and maintaining the conditions of registration with the OfS and concluded that sufficient mitigations are in place.

Statement of internal control

The Board of Governors is aware that OfS requires it to provide a statement on internal control to cover all internal controls, including financial, operational, compliance and the management of risk. However, any system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss.

The Board is committed to exhibiting best practice in all aspects of corporate governance and acknowledges that it is responsible for ensuring that a sound system of control is maintained and during the year, the Board continued to follow the requirements of OfS guidance.

Reflecting the challenges of its unique organisational structure, the Conservatoire continues to work with the OfS and the member schools to formalise and strengthen the assurance procedures by which the members provide positive assurance to the Conservatoire as to the proper use of public funds and the meeting of the conditions of registration. The new Manual of Compliance and Assurance, formally adopted by the schools from 1 January 2021, will replace both the 2014 Financial Memorandum and the 2014 Operating Agreement. This document reflects the current regulatory framework, and sets out the obligations of the members, particularly in respect of information and reports, necessary for the Conservatoire to meet its assurance obligations to the OfS.

In line with OfS guidelines incorporating the code, the key elements of the Conservatoire's system of internal control, which is designed to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of the respective members of the management team;
- annual monitoring of the standards and quality of academic programmes leading to higher education awards, through a quality framework defining the roles and responsibilities of the Conservatoire and the Conservatoire schools;

- appropriate quality assurance mechanisms to ensure the robustness of data provided to OfS and other higher education agencies;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review as determined by the Board;
- comprehensive financial regulations and procedures, detailing financial controls and procedures approved by the Board;
- internal audit: apart from its normal programme of work, internal audit is responsible for aspects of the annual review of the adequacy and effectiveness of the internal control system within the Conservatoire and schools together with recommendations for improvement;
- external audit, which provides feedback to the Audit Committee on the operation of the internal financial controls reviewed as part of the annual audit, and;
- specific processes for assessing accountability for funds allocated to schools.

The Conservatoire's system of internal controls includes accountability for funds allocated to the schools under the terms of the Members' Agreement. Key elements in discharging this responsibility are:

- ongoing monitoring of compliance with the conditions of funding, including regular reporting from Conservatoire schools on all aspects of activity including their own internal control mechanisms;
- external audit opinions within school statutory financial statements on the use of funds from the Conservatoire;
- noting comments made by schools' external auditor in their management letters;
- being informed of the results of internal audits performed at each school and seeking explanations where appropriate;
- schools' completion of an annual accountability return,
- letter of representation from each school Board, and;
- schools fulfilling their obligation under the Members' Agreement to inform the Conservatoire of any event that has a material adverse impact on their financial situation.

The Conservatoire is committed to the operation of effective risk-management processes as part of a risk-based system of internal control. Responsibility for the management of these processes rests with the Accountable Officer. The risk management policy ensures that:

- the Conservatoire has in place policies and procedures set by the Board of Governors and communicated by senior management to staff;
- risk management is embedded into normal business processes and aligned to the Conservatoire's strategic objectives; through planning and budgeting processes objectives are set, action plans agreed, and resources allocated, and progress towards meeting action plans is monitored regularly with variances investigated;
- there is ongoing identification and evaluation of risks by staff members, with regular reporting through the Conservatoire's committees and Board; all risks are covered — financial stability, corporate governance, statutory, regulatory and school monitoring,

students, staff, programmes, employability, quality and standards, resources and external factors — and are rated according to their possible impact and/or likelihood;

- within the risk register, those risks that are rated most significant and considered most likely to occur are monitored by the Board of Governors directly, and these high-level risks and any mitigating actions to be taken are reviewed regularly, and;
- the Audit Committee is required by the Board of Governors to report at each Board meeting and provides updates on internal controls and alerts governors to any emerging issues; in addition, the Audit Committee oversees internal audit and external audit. The Audit Committee therefore provides advice to the Board on the effectiveness of the internal control system, including the Conservatoire's system for the management of risk.

The review of the effectiveness of the system of internal control is informed by:

- the work of the CEC within the institution, which comprises the Principals of the constituent schools and the senior leadership of the Conservatoire;
- the work of the internal auditor, who operates to standards defined in the OfS Accountability and Audit Code of Practice;
- comments made by the external auditors in their management letter and other reports, and;
- any other sources of internal or external review or evaluation which might contribute to the assessment.

Going concern

On 20 January 2021, the Board resolved to pursue a solvent winddown of the Conservatoires registration as a Higher Education Provider with the Office for Students working towards a transition date of no later than July 2023. There is a clear path for the execution of the transition of the members schools away from the Conservatoire. The Members' Agreement, having a notice period for resignation, provides the framework for the transition of the members schools to new arrangements. This has ensured that all schools are working towards an agreed transition date of July 2023. This avoids the prospect of uncertainty as to the date of transition, or the risk that a smaller number of schools are left trying to sustain the ongoing costs of the Conservatoire.

Following the transition, the Conservatoire will complete outstanding compliance returns, deregister with the OfS, and disband. This is being reflected in an updated Student Protection Plan, which, once approved by the OfS, will inform students of the transition process and how it may impact on their intended programme of study. This is being reinforced by distinct messaging from each member school to their own current and prospective students.

The Conservatoire has received information from each member school that includes their business plans and five-year income, expenditure, balance sheets and cash flow forecasts. This has included scenario modelling for the loss of ISTA funding. Having rigorously assessed these, in the context of the members' year-end positions, as discussed above, the Board are reasonably confident that each member school remains a going concern. This has been reinforced by each schools' annual reports confirming their auditors support for a going concern basis of preparation. The Conservatoire has also reviewed each schools' auditor's management letters in order to identify any previously unknown issues. This reduces the potential for claims, under the Student Protection Plan, that could exceed the reserves of the Conservatoire.

The high cost of conservatoire training means that grant and ISTA funding (25% of income) continue to make an important contribution to the organisation. 2020-21 marks the final year of the current round of ISTA funding and the Conservatoire awaits the OfS consultation on ISTA eligibility and criteria.

The prospect of success in an application may be impacted by the decision to pursue a solvent wind down, although there may be the possibility of a tapered withdrawal of ISTA in the event of non-renewal. A wider consultation on funding across the higher education sector was postponed to 2020-21 and may impact on funding allocations from 2021-22 onwards.

Following the decision to increase reserves, successfully implemented during 2019-20, the Conservatoire has sufficient funds to operate for a period in excess of 12 months from the date of this report.

After due consideration, the Board considers that, given the expected transition date of 31 July 2023, the continued financial strength of the Conservatoire, its compliance with the OfS conditions of registration, and the sound financial position of each member school it is appropriate to continue to adopt the going concern basis in preparing the annual financial statements.

4.4 Statement of responsibilities of the Board of Governors

The Board of Governors is responsible for preparing the report of the Board of Governors and the financial statements in accordance with applicable laws and regulations.

Company law requires the Board of Governors to prepare financial statements for each financial year. Under that law, the governors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law, including FRS 102. Under company law, the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the conservatoire and of the surplus or deficit of the conservatoire for that period. In preparing these financial statements, the governors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; state whether applicable accounting standards and statements of recommended practice have been followed, and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Conservatoire will continue in operation.

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the Conservatoire's transactions and disclose with reasonable accuracy at any time the financial position of the Conservatoire and enable them to ensure that the financial statements comply with the Companies Act 2006, its articles of association, the Accounts Direction issued by the Office for Students in October 2019, and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019). The Board of Governors is also responsible for taking steps that are reasonably open to them in order to safeguard the assets of the Conservatoire and to prevent and detect fraud and other irregularities.

The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the conservatoire's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

The Board of Governors has taken steps to:

- ensure that funds from OfS and Research England are used only for the purposes for which they have been given and in accordance with the Terms and Conditions of Funding with the funding council and any other conditions that the funding council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;

- secure the economic, efficient and effective management of the Conservatoire's resources and expenditure, and;
- comply with the guidance to institutions of higher education published by the Committee of University Chairs in its Guide for Members of Higher Education Governing Bodies in the UK (2014), known as the *CUC Governance Code of Practice*.

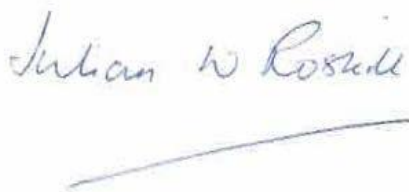
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint BDO will be proposed at a forthcoming meeting of the Board of Governors.

Approved by the Board and signed on its behalf by:

A handwritten signature in blue ink that reads "Julian W Roskill". Below the signature is a horizontal line, likely representing a signature strip or a separator.

Julian Roskill
Chair of the Board of Governors
The Conservatoire for Dance and Drama

5. Independent auditor's report to the members of the Conservatoire for Dance and Drama

Opinion

We have audited the financial statements of The Conservatoire for Dance and Drama ("the Conservatoire") for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Conservatoire's affairs as at 31 July 2020 and of the Conservatoire's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) "ISAs (UK)" and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Conservatoire in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Conservatoire's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information including the Review of the year, Strategic report, Achievements and performance,

Financial review, Plans, Principal risks and uncertainties, Report of the Board of Governors, Nature of Conservatoire's Business, Charitable objectives and public benefit, Corporate governance and internal control and Statement of responsibilities of the Board of Governors and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the report of the board of Governors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the board of governors have been prepared in accordance with applicable legal requirements.

Opinion on other matters required by the Office for Students ("OfS") and Research England

In our opinion, in all material respects:

- Funds from whatever source administered by the Conservatoire for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
- Funds provided by the OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions.
- The requirements of the OfS's Accounts Direction (OfS 2019.41) have been met.

We have nothing to report in respect of the following matters in relation to which the OfS requires us to report to you if, in our opinion:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Conservatoire and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Report of the board.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of board members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board of governors

As explained more fully in the statement of responsibilities of the board of governors set out on page 26, the board of governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board of governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of governors are responsible for assessing the Conservatoire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of governors either intend to liquidate the Conservatoire or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 these financial statements.

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

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the Conservatoire have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Terms and Conditions of Funding with the OfS and Research England.

Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Conservatoire's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Conservatoire and the members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Paula Willock (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick
16 February 2021

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

THE CONSERVATOIRE FOR DANCE AND DRAMA
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 July 2020

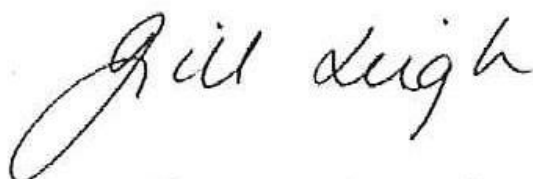
	Note	2020 £'000	2019 £'000
Income			
Tuition fees	2	9,925	14,660
Funding body grants	3	5,062	8,313
Other Income	4	29	10
Total income		15,016	22,983
Expenditure			
Allocations to schools	6	12,648	21,185
Conservatoire bursaries and scholarships	7	470	633
Staff costs	9	581	472
Other operating expenses	10	586	520
Total expenditure		14,285	22,810
Surplus before taxation		731	173
Taxation		-	-
Surplus for the year	15	731	173
Total Comprehensive Income for the Year		731	173
Represented by:			
Restricted income and expenditure for the year		(101)	42
Unrestricted income and expenditure for the year		832	131
		731	173

All items of income and expenditure relate to continuing activities.

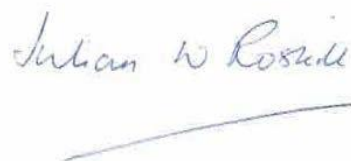
The notes on pages 35 to 45 form part of these financial statements.

	Note	2020 £'000	2019 £'000
Non-current assets			
Fixed assets	11	<u>7</u>	<u>9</u>
Current assets			
Debtors	12	90	59
Cash and cash equivalents	13	<u>1,627</u>	<u>1,556</u>
		1,717	1,615
Less: Creditors: amounts falling due within one year	14	131	762
Net current assets		<u>1,586</u>	<u>853</u>
Total net assets		<u>1,593</u>	<u>862</u>
Restricted reserves			
Income and expenditure reserve - restricted reserve		-	101
Unrestricted reserves			
Income and expenditure reserve - unrestricted reserve		1,593	761
Total reserves	15	<u>1,593</u>	<u>862</u>

The financial statements were approved and authorised for issue by the Board of Governors on 10 February 2021 and signed on its behalf by:



Jill Leigh
Accountable Officer



Julian Roskill
Chair of the Board of Governors

The notes on pages 35 to 45 form part of these financial statements.

THE CONSERVATOIRE FOR DANCE AND DRAMA
 STATEMENT OF CHANGES IN RESERVES
 For the year ended 31 July 2020

	Income and expenditure reserve		Total
	Restricted	Unrestricted	
	£'000	£'000	£'000
Balance at 1 August 2018	59	630	689
Surplus from the statement of comprehensive income	42	131	173
Balance at 31 July 2019	101	761	862
Balance at 1 August 2019	101	761	862
(Deficit) / Surplus from the statement of comprehensive income	(101)	832	731
Balance at 31 July 2020	-	1,593	1,593

The notes on pages 35 to 45 form part of these financial statements.

THE CONSERVATOIRE FOR DANCE AND DRAMA
 CASH FLOW STATEMENT
 For the year ended 31 July 2020

	Note	2020 £'000	2019 £'000
Cash flow from operating activities			
Surplus for the year		731	173
Adjustment for non-cash items			
Depreciation	11	4	6
(Increase) / decrease in debtors	12	(31)	6
(Decrease) / increase in creditors	14	(631)	652
Adjustment for investing or financing activities			
Investment income	4	(10)	(10)
Net cash inflow from operating activities		63	827
Cash flows from investing activities			
Investment income	4	10	10
Payments made to acquire fixed assets	11	(2)	(14)
		8	(4)
Increase in cash in the year		71	823
Cash and cash equivalents at the beginning of the year	13	1,556	733
Cash and cash equivalents at the end of the year	13	1,627	1,556

The notes on pages 35 to 45 form part of these financial statements.

1) Accounting Policies

1. Basis of preparation

The Conservatoire is a private company limited by guarantee, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is as given on the company information on page 3 and the nature of operations and principal activity are set out in the Strategic Report.

These financial statements have been prepared in accordance with the Companies Act 2006, the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standards (FRS 102). The Conservatoire is a registered charity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention.

The financial statements comprise only the financial results of the Conservatoire and do not consolidate the financial results of the schools to which it provides funding but in respect of which it does not exercise management or financial control. Please refer to note 14 of the financial statements.

2. Income recognition

Income from the sale of goods or services is credited to the statement of comprehensive income when the services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the statement of comprehensive income and expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a fee waiver, income receivable is shown net of the waiver. Cash bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of comprehensive income on a receivable basis.

3. Grant funding

Grant funding including Office for Students grant, research grants from government sources and grants (including research grants) from non-government sources are recognised as income when the institution is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

4. Capital grants

Capital grants are recognised in income when the institution is entitled to the funds subject to any performance related conditions being met.

5. Accounting for retirement benefits

The Conservatoire operates an automatic enrolment, defined contribution plan for eligible employees. Contributions to this pension plan are recognised as an expense in the statement of comprehensive income for the period during which services were rendered by employees.

6. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employee renders service to the Conservatoire. Any unused benefits are accrued and measured as the additional amount the Conservatoire expects to pay as a result of the unused entitlement.

The Conservatoire operates a defined contribution pension scheme. The amounts paid into the scheme are held in an independently administered fund (B&CE - The People's Pension). The pension cost charges to this workplace pension scheme represent contributions payable by the conservatoire to the fund. In line with auto-enrolment legislation, unless the employee has opted out of the scheme, the Conservatoire makes an employer contribution equivalent to 3% of gross pay.

7. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

8. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets. Equipment, including computers and software, costing less than £1,000 per individual item is recognised as expenditure. All other equipment is capitalised.

Capitalised equipment is stated at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The rates of depreciation are as follows:

- Computer equipment 3 years
- Other equipment 5 years

9. Taxation

The Conservatoire is a registered charity. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010, and accordingly the Conservatoire is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The Conservatoire is not registered for Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

10. Allocations to schools

Allocations to schools comprise the allocations of grant funding and tuition fee income in respect of the students jointly registered at a particular school.

Tuition fees are accounted for as income and equivalent expenditure to the respective school and described in further detail in note 1 to the financial statements.

11. Financial Instruments

The Conservatoire does not hold any non-basic financial instruments. The primary financial instruments are cash, receivables from debtors and payables to creditors. The recognition of trade debtors and trade creditors is at amortised cost.

Financial assets and financial liabilities are recognised when the Conservatoire becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Conservatoire intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

12. Critical judgements and key sources of estimation

The Conservatoire does not rely on any significant judgements or key sources of estimation uncertainty in the preparation of its financial statements.

13. Going Concern

On 20 January 2021, the Board resolved to pursue a solvent winddown of the Conservatoires registration as a Higher Education Provider with the Office for Students working towards a transition date of no later than July 2023. There is a clear path for the execution of the transition of the members schools away from the Conservatoire. The Members' Agreement, having a notice period for resignation, provides the framework for the transition of the members schools to new arrangements. This has ensured that all schools are working towards an agreed transition date of July 2023. This avoids the prospect of uncertainty as to the date of transition, or the risk that a smaller number of schools are left trying to sustain the ongoing costs of the Conservatoire.

Following the transition, the Conservatoire will complete outstanding compliance returns, deregister with the OfS, and disband. This is being reflected in an updated Student Protection Plan, which, once approved by the OfS, will inform students of the transition process and how it may impact on their intended programme of study. This is being reinforced by distinct messaging from each member school to their own current and prospective students.

The Conservatoire has received information from each member school that includes their business plans and five-year income, expenditure, balance sheets and cash flow forecasts. This has included scenario modelling for the loss of ISTA funding. Having rigorously assessed these, in the context of the members year-end positions, as discussed above, the Board reasonably are confident that each member school remains a going concern. This has been reinforced by each schools' annual reports confirming their auditors support for a going concern basis of preparation. The Conservatoire has also reviewed each schools' auditor's management letters in order to identify any previously

unknown issues. This reduces the potential for claims, under the Student Protection Plan, that could exceed the reserves of the Conservatoire.

The high cost of conservatoire training means that grant and ISTA funding (25% of income) continue to make an important contribution to the organisation. 2020-21 marks the final year of the current round of ISTA funding and the Conservatoire awaits the OfS consultation on ISTA eligibility and criteria. The prospect of success in an application may be impacted by the decision to pursue a solvent wind down, although there may be the possibility of a tapered withdrawal of ISTA in the event of non-renewal. A wider consultation on funding across the higher education sector was postponed to 2020-21 and may impact on funding allocations from 2021-22 onwards.

Following the decision to increase reserves, successfully implemented during 2019-20, the Conservatoire has sufficient funds to operate for a period in excess of 12 months from the date of this report.

After due consideration, the Board considers that given the expected transition date of 31 July 2023, the continued financial strength of the Conservatoire, its compliance with the OfS conditions of registration, and the sound financial position of each member school it is appropriate to continue to adopt the going concern basis in preparing the annual financial statements.

2) Tuition fees and education contracts

	2020	2019
	£'000	£'000
Home and EU students	6,768	9,561
International students	3,157	5,099
	9,925	14,660

Fees for students are accounted for by the Conservatoire as income and equivalent expenditure and are charged under the fees arrangements introduced in 2006-07. For 2019-20, the standard fee was £9,250 for home/EU undergraduates. Fees are collected from individual students, partly by individual Conservatoire schools under licence from the Conservatoire and partly by the Conservatoire itself, which collects the fees paid by loan finance from the Student Loan Company.

3) Funding Body Grants

	2020	2019
	£'000	£'000
OfS Recurrent grants	4,540	5,145
Research England	433	1,399
OfS Capital grants	89	1,769
	5,062	8,313

4) Other Income

	2020	2019
	£'000	£'000
Interest Receivable	10	10
Other	19	-
	29	10

5) Source of Grant and Fee Income

	2020	2019
	£'000	£'000
Grant income from the OfS	4,629	6,914
Grant income from other bodies	433	1,399
Fee income for taught awards	9,925	14,660
	14,987	22,973

6) Allocations to schools & other HEIs

	2020	2019
	£'000	£'000
Allocations to Conservatoire schools		
London Contemporary Dance School	2,781	2,559
Royal Academy of Dramatic Art	-	2,635
Bristol Old Vic Theatre School	2,434	2,391
Northern School of Contemporary Dance	2,781	2,677
National Centre for Circus Arts	797	946
Central School of Ballet	1,757	2,000
LAMDA	-	4,606
Rambert School of Ballet and Contemporary Dance	2,023	2,013
	12,573	19,827
Catalyst Fund allocations		
Capital funds disbursed to other HEIs	75	1,358
	12,648	21,185

7) Conservatoire bursaries and scholarships

	2020	2019
	£'000	£'000
Provision of bursaries	2	5
Conservatoire Scholarship Scheme	468	628
	470	633

In 2019-20 the Conservatoire continued to offer financial support to home/EU students paying fees through its Conservatoire Scholarship Scheme, as part of its package of responsibilities under the Access Agreement monitored by the Office for Students (OfS).

Under the Conservatoire Scholarship Scheme, schools provided £468,000 (2018-19: £628,000) funding to students, net of £2,500 Conservatoire Scholarship Scheme fee waivers (2018-19: £7,000).

The Conservatoire continues to offer bursaries for students that are care leavers or estranged from their families. Total bursary disbursements were £2,000 in 2019-20 (2018-19: £5,000).

8) Access and participation expenditure

	2020
	£'000
Access investment	517
Financial supported provided to students	465
Support for disabled students	123
Research and evaluation	1
	1,106

These amounts include staff costs, intrinsic to the delivery of the access and participation activities, of £309k.

The conservatoires Access and Participation Plan (2020-25) can be found at:

<http://www.cdd.ac.uk/about-us/widening-access/>

9) Staff costs

	2020	2019
	£'000	£'000
Staff Costs:		
Salaries	450	406
Social security costs	48	39
Pension contributions	9	9
Self-employed and Agency employees	74	18
Total staff costs	581	472

Salaries include non-recurring staff bonus payments of £3,077 (2019: £Nil).

The average employed staff headcount for the year was as follows:

2020	2019
Number	Number
<u>12</u>	<u>12</u>

The average employed staff full-time equivalent for the year was as follows:

2020	2019
Number	Number
<u>10</u>	<u>10</u>

Payment to the Chief Executive Officer

	Current CEO		Former CEO
	2020	2019	2019
		14/10/18 -31/07/19	01/08/18 - 14/10/18
	£	£	£
Basic Salary	95,577	63,962	25,367
CDD Staff bonus scheme	300	-	-
Pension contributions	2,876	1,537	1,164
Total remuneration	<u>98,753</u>	<u>65,499</u>	<u>26,531</u>

The amount paid to the Chief Executive Officer represents total Governors remuneration for the year.

The remuneration of the Chief Executive, which incorporates the role and responsibilities of the 'Accountable Officer', has been benchmarked against equivalent roles in higher education, with particular reference to the small specialist institutions of which the Conservatoire is one of the leading members. This benchmarking exercise, last undertaken in January 2020, identified the role as within the bottom quartile of equivalent roles. The performance of the Chief Executive Officer is subject to appraisal by the Chair of the Board of Governors in conjunction with the Remuneration Committee.

The bonus payable to the CEO is in respect of a fixed monetary amount, payable to all Conservatoire staff employed on 1 August 2020, proportionate to their FTE. The CEO claimed travel expenses of £2,946 (2019: £1,990).

There have been no non-taxable or taxable benefits paid to the Chief Executive Officer in the year other than those that are for the reimbursement of business travel and other business expenses. These are claimed in line with the Conservatoire's staff expenses policy.

The ratio of the Chief Executive's basic salary to the median of all staff is 2.3:1. (2019: 2.71:1). The ratio of the Chief Executive's total remuneration to the median of all staff is 2.3:1. (2019: 2.71:1). The median basic salary of all staff is calculated on a full-time equivalent basis for the salary paid by the provider to its staff.

No member of staff was paid more than £100,000 per annum.

No remuneration was paid to any governor. No payment was made to any governor or to any party connected to a governor, other than to schools, for services provided. Governors claimed expenses of £Nil (2019: £855).

Key Management Personnel staff costs:

Key management personnel are members of the Senior Management Team having authority and responsibility for planning, directing, and controlling the activities of the Conservatoire.

Staff costs include compensation paid to key management personnel consisting of salary and benefits, including any employer's pension contribution. In 2020 total staff costs of key management personnel at the Conservatoire was £317,111 (2019: £194,807).

10) Other operating expenses

	2020	2019
	£'000	£'000
Educational projects	12	40
Communications	4	2
Subscriptions	136	71
Consultancy	105	119
Legal	26	27
Audit	90	87
Staff recruitment and development	32	19
Travel and subsistence	17	24
Information systems	78	46
Premises	81	79
Other expenses	5	6
	586	520

Operating expenses for the year are stated after charging:

	2020	2019
	£'000	£'000
External Auditors	30	21
Internal Auditors	60	66
Operating leases	63	47
Depreciation	4	6

11) Fixed assets

	Fixtures & fittings £'000	Computer equipment £'000	Total £'000
At cost			
At 1 August 2019	4	10	14
Additions during the year	-	2	2
Disposals during the year	-	-	-
At 31 July 2020	<u>4</u>	<u>12</u>	<u>16</u>
Depreciation			
At 1 August 2019	2	3	5
Charge for the year	1	3	4
Disposals during the year	-	-	-
At 31 July 2020	<u>3</u>	<u>6</u>	<u>9</u>
Net book value			
At 31 July 2020	<u>1</u>	<u>6</u>	<u>7</u>
At 31 July 2019	<u>2</u>	<u>7</u>	<u>9</u>

12) Debtors

	2020 £'000	2019 £'000
Prepayments	71	46
Member Schools	5	-
Other debtors	13	13
	<u>90</u>	<u>59</u>

13) Cash and cash equivalents

	2020 £'000	2019 £'000
Cash at Bank	1,627	1,556
	<u>1,627</u>	<u>1,556</u>

14) Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Trade creditors		
Member schools	2	9
Other	17	74
Social security and taxation	15	12
Other creditors	2	576
Accruals	95	91
	131	762

15) Capital and reserves

	2020	2019
	£'000	£'000
Income and expenditure account		
At 1 August	862	689
Surplus for the year	731	173
At 31 July	1,593	862

The Conservatoire is a company limited by guarantee and does not have share capital. Each member gives a guarantee to contribute a sum, not exceeding £1, to the Conservatoire should it be wound up. At 31 July 2020 the company had 6 members (2019: 6) which were schools of the Conservatoire.

16) Lease obligations

Future minimum land and buildings lease payments under non-cancellable operating leases were as follows:

	2020	2019
	£'000	£'000
Within one year	67	56
Total	67	56

17) Net debt

	2019	Cashflow	2020
	£000	£000	£000
Cash and cash equivalents	<u>1,556</u>	<u>71</u>	<u>1,627</u>

18) Application of OfS funding - Related party transactions

Funding is received by the Conservatoire from OfS and Research England, and it distributes higher education funding to the Conservatoire schools. The Conservatoire applies a proportion of the funding towards its own operating costs. The Conservatoire schools are separate legal entities over which the Conservatoire does not have control, although their activities are subject to the 'Members Agreement'. These financial statements do not therefore include the transactions or assets and liabilities of the Conservatoire schools.

During the year, the grant payments due to the Conservatoire schools were as follows:

	2020	2019
	£'000	£'000
Higher Education grants - OfS	4,540	4,240
Higher Education grants - Research England	433	1,554
Other payments in respect of staff, services etc.:		
Bristol Old Vic Theatre School	-	5
Northern School of Contemporary Dance	-	20
	4,973	5,819

As at 31 July 2020 there was £5,434 due to the Conservatoire from the London Contemporary Dance Trust and £2,139 due to the Bristol Old Vic Theatre School (2019 - £4,965 due to Northern School of Contemporary Dance and £4,493 due to the Bristol Old Vic Theatre School).

19) Post balance sheet events

On 14 August 2020, the Bristol Old Vic Theatre School Limited gave formal notice of their resignation from the Conservatoire. Under the terms of the members agreement, they are required to give four years notice following the initial membership and they will leave with effect from 31 July 2023.

On 19 January 2021, the Contemporary Dance Trust gave formal notice of their resignation from the Conservatoire. On 26 January 2021, the Rambert School gave formal notice of their resignation from the Conservatoire. Under the terms of the members agreement, they are both required to give four years notice following the initial membership and they will leave with effect from 31 July 2023.

On 20 January 2021, the Board resolved to pursue a solvent winddown of the Conservatoires registration as a Higher Education Provider with the Office for Students working towards a transition date of no later than July 2023.