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# REPORT OF THE BOARD AND EXECUTIVE

Twelve months on from reporting a year of unprecedented change as result of the COVID-19 pandemic for The Royal Central School of Speech and Drama (hereafter referred to as ‘Central’ or the ‘School’ and defined as ‘the parent company’), 2021 also brought profound changes. Despite the challenges, Central still managed a fruitful and productive year with inventive solutions found as the pandemic unfolded. For Central, teaching was adapted for the autumn of 2020 to hybrid delivery between onsite and online activity, only to be adapted again after the announcement by the Prime Minister on 4 January 2021 of a total lockdown. In the first months of 2021 all teaching was conducted online while negotiations were held with the DfE for special dispensation for specialist institutions. As a result, hybrid delivery was re-established from 6 April, as the lockdown was lifted for specialist providers, and so Central once again adapted its work accordingly. Throughout the year, staff worked tirelessly to ensure that the highest standards were maintained, with social distancing measures introduced, divided classes established when onsite and a range of inventive approaches to online delivery.

Professor George Caird joined Central as Interim Principal on 14 September 2020 and worked with the Board to ensure that continuity was in place for the year ahead. The search for the new Principal commenced in the autumn leading to shortlisting and interviews in January and the announcement in March of the appointment of Josette Bushell-Mingo OBE as the new permanent Principal from August 2021. In addition to her distinguished career in the theatre as actress and director, Josette has served as Head of the Theatre Department at Stockholm University of the Arts and as Artistic Director of The National Touring Swedish Deaf Theatre.

In the meantime, Central’s Dean, Professor Ross Brown, retired from his post in December 2020 after serving Central for 26 years, and the post of Interim Dean was taken by Joshua Abrams with Broderick Chow as Interim Deputy Dean. These appointments allowed for time to be taken in making a new permanent appointment until after the arrival of the new Principal in August 2021. In addition, Heather Akif, Director of Operations, left Central in April 2021 to a senior post at the Royal College of Art. A further search was carried out and the appointment of Vinita Suryanarayanan was confirmed and she started at Central in September 2021.

These were testing times for Central which, because of the pandemic, began the year with an Emergency Budget forecasting a deficit of £349k. This figure grew during the year to around £622k as costs related to the pandemic grew. However, much work was done to control expenditure and plan for a return to normal. By the end of the financial year the anticipated deficit before pension liabilities had been reduced to £379k with a revised plan to move towards a ‘recovery deficit budget’ in 2021 of £477k and with a view to achieving a balanced budget for the year 2023. The actual outturn for 2021 was a deficit of £1.2m with other pension costs notified post year-end increasing by £616k for the year. Central hopes to recover some of its losses from an insurance claim under its business interruption cover. This was subject to loss adjustment evaluation at the year-end. The aim to return to a surplus budget could be tempered by other economic factors including the need to maintain OfS ISTA funding, the problem with the distribution of funds away from London

announced by the government in summer 2021 and by problems in recruiting to some courses in Theatre Practice where a national shortage of applicants in some areas is occurring.

Following on from the Black Lives Matter movement that began after the death of George Floyd in May 2020, Central’s work on Equity and Inclusion was given absolute priority and continued throughout the year. In addition to Board oversight through its Diversity and Inclusion Committee and the internal Inclusion Committee, the Independent Equity Committee was formed to provide expert external scrutiny and its first meeting took place in January 2021. Actions towards the Anti- Racism Action Plan included a review of Central’s Complaints Framework and related policies and procedures, the delivery of mandatory inclusion and unconscious bias training for permanent and fixed-term staff and all 2020 student entrants. In addition, the Repairing the Curriculum project, led by Interim Deputy Dean, Broderick Chow, began the process of looking at equity issues within Central’s curricula. A Workforce Diversity Working Group met five times resulting in an action plan including the identification of clear targets for staff diversity. And the appointment of Kim Myers as Equality, Diversity and Inclusion Manager in the summer of 2021 completed a very active year with much more to follow in the year ahead.

During the year, Central managed its large range of undergraduate, postgraduate and research degree programmes and courses to great effect. In the autumn of 2020, a School wide Think Tank led to the creation of a two-year Strategic Plan 2021 – 2023, developed by Central throughout the year and approved by the Board on 7 July 2021. Highlighting five key themes on Equity and inclusion; Distinctive and transformative education and training; Research, scholarship and knowledge exchange; Sustainability and the performing arts and Infrastructure and environment, the Strategic Plan set the determination to move towards an academic departmental structure and a portfolio review both of which will be worked on during 2021/2022. In addition, Central completed its Research Excellence submission at the end of March 2021 concluding the seven-year cycle which has seen significant growth for our Research Department.

Despite the difficulties of the pandemic, Central was exceptionally productive in many different ways during the year. Key events, awards and achievements include:

Events

* During the 2020/21 academic year, Central digitally streamed 30 student productions and showcases with viewing figures of 41,377.
* In September 2020, Central’s Lighting Design and Production Lighting students lit the School’s buildings red in support of the Global Action Day for the ongoing #WeMakeEvents Campaign.
* Dr Naomi Paxton and Dr Michelle Nicholson-Sanz participated in the 2020 Being Human Festival, the UK’s national festival of the humanities, led by the School of Advanced study, University of London in partnership with the Arts & Humanities Research Council and the British Academy.
* Central’s Student Union, Global Majority Staff Network and Alumni Office held an Online Networking Event for Black and Global Majority Students, Staff and Alumni featuring alumni keynote speakers and networking hubs.
* Centrals’ Students’ Union together with students from across the School collaborated to create and present the first ever SU Fest which showcased the work of over 70 undergraduate and postgraduate students.
* Central’s Keep Creating Gala - which featured appearances from alumni including Riz Ahmed, Dame Judi Dench, Sonia Friedman, Michael Grandage, Jason Isaacs, Rebecca Lenkiewicz, Toby Olie, Sir Tony Robinson, Catherine Tate - raised over £33,000 to support Central students impacted by the Coronavirus. The Gala formed part of the School’s wider Keep Creating Campaign to raise funds for bursaries for current students and to support the Student Centre, which raised over £83,000.
* In June, Central partnered with the NHS to present the week-long Student Knowledge Exchange Project Festival, celebrating student and staff learning, insights and achievements from the Student Knowledge Exchange project between Central and Imperial College Healthcare NHS Trust.
* Principal Josette Bushell-Mingo delivered the welcome address at On the Shoulders of Kali, a celebration marking 30 years of Kali Theatre and the launch of Kali’s new book Thirty and the Kali Script Shop. The event was organised with two of Central’s Creative Producing students on placement with Kali: Radha Mamidipudi and Laura Dickens.
* Dr Ella Parry-Davies, a British Academy Postdoctoral Fellow at Central, took part in the British Academy’s annual Summer Showcase. Ella sat on the panel for the event ‘Listen to the experts! Migrant women matter on Zoom’ and also led a guided walk entitled ‘Home Makers: go for a walk with sounds made by migrant domestic workers at Earls Court Gate, Holland Park, and London’.

Awards

* Dr Nicola Abraham was the winner of the Teaching Excellence Award at the 2020 Guardian University Awards in recognition of her ongoing work with students and the Dementia Care Team at the Imperial College Healthcare NHS Trust.
* Central's Dyslexia Support team were awarded the Association of Dyslexia Specialists in Higher Education's (aDShe) Institutional Award. The award recognises “the work of a department or team working in further/higher education and their contribution to the promotion, support, diagnosis or recognition of dyslexia and the support of dyslexic students.”
* Central’s Deputy Principal Debbie Scully was recognised for her services to drama training and to higher education with an MBE in the New Year Honours List.
* Dr Kate Elswit was awarded the Sally Banes Publication Prize’s Honorable Mention (from the American Society for Theatre Research) for her book ‘Theatre & Dance’.
* PhD candidate Clio Unger won a TaPRA Postgraduate Essay Prize with her essay ‘Share your Work: Lola Arias’s Lecture Performance Series and the Artistic Cognitariat of the Global Pandemic’.
* PhD candidate Gabriel Vivas-Martínez was awarded a Civic Scholar Award by the Institute for Community Studies.
* Dr Selina Busby was shortlisted for the 2020 Medical Humanities Award in the ‘Best International Research’ category for her project ‘Worli Koliwada: My Neighbourhood, My

Responsibility’. The four-year GCRF-funded project explores sustainable living in slum conditions centering on women’s inequality and possibilities for agency.

* Central’s Outreach team was shortlisted for a Best Practice Collaboration Award at the 2020 HELOA Innovation and Best Practice awards. The shortlisting was for Central’s summer UniConnect project run collaboratively with Goldsmiths and Ravensbourne.
* Sinéad Rushe's production of Concert with Colin Dunne was nominated for a 2020 Bessie Award for Outstanding Production at The New York Dance and Performance Awards.
* Members of Central’s Health and Safety Team, who form The Safety Committee of the Association of British Theatre Technicians, were shortlisted for the Safety and Health Practitioner Awards for Most Influential Team.

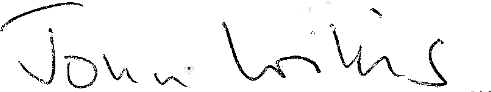
News

* In 2020, Central launched the Discover Central: Black and Global Majority Mentoring Programme with the Brightside Trust. Students and recent graduates e-mentored students from City and Islington College, Woodhouse College, City of Westminster College and Generation Arts.
* Research at Central commissioned, together with support from Milk Presents, Outbox Theatre and The Queer House, academic Robin Craig to research and write the Trans Casting Statement Report. Published by Central in 2021, The Trans Casting Statement is an initiative to address the lack of Trans performers on stage, especially in mainstream theatre spaces.
* Central is amongst the supporters of the Rising Waves Mentorship Scheme, a new pilot scheme which has been launched to provide mentoring support to British East and South East Asian theatremakers.
* Dr Sylvan Baker is Chief Investigator on RE-STAR – Regulating Emotions – Strengthening Adolescent Resilience, a research project led by Professor Edmund Sonuga-Barke at Kings College London which was the recipient of £3.3m in funding from UK Research and Innovation (UKRI).
* Dr Katharine Low has been awarded funding from the British Academy as a part of her involvement in two interdisciplinary research projects. The British Academy’s grants serve to highlight the importance of collaborative engagement between disciplines, between nations and between communities of research, practice and policy.
* Central, the National Theatre and the AHRC London Arts and Humanities Partnership launched the new podcast series That Black Theatre Podcast, hosted by PhD candidate Nadine Deller.
* A number of Central alumni featured on The Stage 100 list which recognized remarkable efforts and achievements in response to the pandemic, including: Ian Nicholson, Chris Staford, Central’s President Michael Grandage and Dame Judi Dench.
* Central was awarded a generous grant of £526,133 from the Leverhulme Trust to establish a range of student scholarships and to further support its internationally recognized work in Applied Theatre.
* In February 2021, Central launched its new website. Since the launch, it has been steadily climbing up the accessibility rankings for UK Universities, consistently featuring in the top 3 and ranking at #1 for UK Conservatoires.
* On 2 February 2021, the School launched a new blog on its website to profile the work of students, staff and alumni.

Throughout the year the exceptional commitment of Central’s staff and students was evident in many ways. Staff worked to ensure the highest levels of safety and well-being for all students and staff and to deliver courses that maintained our high standards whilst adapting to the realities of hybrid or entirely online work. We wish to express our thanks and admiration for all the successes achieved during the year and for the inventiveness shown in meeting the challenges of a year that was without precedent.

During the year, we were very fortunate that our President, Michael Grandage, supported us in many ways, made online visits to Central and contributed to bringing about masterclasses given by Ian McKellen and by Vice-President Zoë Wanamaker. Thanks are due, too, to our Governors who contributed much time and energy to their work for Central through the Governing Body and its sub-committees, through a very successful Awayday to discuss the Strategic Plan and through regular contact with staff and students. We are grateful too to the many donors, sponsors, partners and friends who engage with the work of Central at so many levels. Central has extensive partnerships and connections which provide invaluable opportunities for our students and our alumni.

We look forward to an exciting year ahead under our new Principal and to fulfilling our vision and plans for the future.



John Willis Josette Bushell-Mingo OBE

Chair of Governors Principal / Chief Executive

# STRATEGIC REPORT INCLUDING OPERATING AND FINANCIAL REVIEW

* 1. Structure

*Patron and Presidents*

Patron HRH Princess Alexandra, The Hon Lady Ogilvy KG GCVO

President Michael Grandage CBE

Vice President Zoë Wanamaker CBE

*Board of Governors*

All Governors of Central are Directors of the Company and Trustees of the Exempt Charity. The role of Governor is unpaid and no Governor receives any reimbursement for their work as a Governor; however, out of pocket expenses are available, and those paid during the year are set out within the staff costs note to the financial statements.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Appointed to Board in year | Retired/ resigned from  Board in year | Committee Memberships |
| John Willis  *(Chair of Governors)* |  |  | Remuneration Committee (Co- Chair)  Search Committee -Principal (Chair)  Search Committee -Dean (Chair)\*\* Nominations Committee (Chair) Diversity and Inclusion Committee  Finance and Estates Committee  Human Resources Committee |
| Menna McGregor *(Deputy Chair of Governors)* |  |  | Remuneration Committee (Co- Chair)  Search Committee - Principal Human Resources Committee (Chair)  Nominations Committee |
|  | | | |
| Gary Beestone | 07/07/21 |  | Finance and Estates Committee |
| Abdul Bhanji  *(Co-opted University of London)* |  |  | Finance and Estates Committee Nominations Committee Remuneration Committee  Search Committee - Principal |
| \*Josette Bushell-  Mingo OBE | 16/08/21 |  | Finance and Estates  Committee |

|  |  |  |  |
| --- | --- | --- | --- |
| *(Principal Ex-Officio)* |  |  | Human Resources Committee Nominations Committee Diversity and Inclusion Committee  Search Committee Dean\*\* |
| \*Professor George Caird  *(Principal Ex-Officio)* | 19/10/20 | 15/8/21 | Diversity and Inclusion Committee  Finance and Estates Committee  Human Resources Committee Nominations Committee  Search Committee –Dean\*\* |
| Ed Callow *(Student Union President)* | 01/08/21 |  | Diversity and Inclusion Committee  Nominations Committee  Search Committee Dean\*\* |
| Yui Chit Daniel Chan |  |  | Audit Committee |
| Christina Coker OBE |  |  | Audit Committee |
| Prof Maria Delgado  *(Academic Board Nominated)* |  |  | Nominations Committee Search Committee – Dean\*\* |
| Prof Rajinder Dudrah | 07/07/21 |  | Diversity and Inclusion Committee  Audit Committee  Academic Board champion |
| Dr Stephen Farrier  *(Staff nominated)* |  |  | Diversity and Inclusion Committee  Search Committee - Principal  Search Committee – Dean – until August 2021 |
| Eleni Gill |  |  | Diversity and Inclusion Committee  Human Resources Committee  Search Committee - Principal |
| Alan Haigh |  |  | Audit Committee (Chair)  Senior Independent Governor (SIG) |
| Clare Hennings |  |  | Finance and Estates Committee (Chair)  Remuneration Committee |
| \*Katya-Laura (Parker) Hollants van Loocke *(Student Union*  *President)* |  | 31/07/21 | Diversity and Inclusion Committee  Nominations Committee  Search Committee – Principal |

|  |  |  |  |
| --- | --- | --- | --- |
| Professor Simon McVeigh |  | 07/07/21 | Search Committee - Principal  Search Committee – Dean\*\* Academic Board Champion |
| Anne Mensah |  |  | Diversity and Inclusion Committee (Chair)  Search Committee – Principal |
| Ajunesh Saji-Viswam  (student nominated) | 29/11/21 |  |  |
| Emily Thommes |  | 23/11/20 | Diversity and Inclusion committee  Human Resources Committee |
| Mark White |  |  | Finance and Estates Committee  Nominations Committee  Human Resources Committee |
| Alexandra Hutson  *(Student Nominated)* | 23/11/20 | 01/10/21 | Nominations Committee |

*\*Ex Officio Governors*

*\*\* Search Committee Dean was retitled to Search Committee Vice-Principal (Curriculum and Students) after the year-end*

*Clerk to Governors*

The Deputy Clerk to Governors, Karen Burnell, took over the role of Clerk to Governors in an acting capacity until 14th September 2020. Following this, the substantive Clerk to Governors Deborah Scully MBE resumed duties following a temporary role of interim Co-Principal (from 8 June until 14 September 2020).

Material change post year-end:

* *Parker Hollants Van Loocke* concluded their term as Student President on 31 July 2021 and as such their term as ex-officio governor, and was replaced by *Ed Callow* from 01 August 2021.
* *Prof George Caird*, Interim Principal and ex-officio governor, stepped down from the Governing Body with effect from 15 August 2021, and was replaced by the newly appointed Principal *Josette Bushell-Mingo OBE* from 16 August 2021.
* *Alexandra Hutson* concluded her term as Postgraduate Student governor on 1 October 2021, and was replaced by Ajunesh Saji-Viswam on 29 November 2021.
  1. Constitution

Central is a Company Limited by Guarantee, with a subsidiary Company, CSSD Enterprises Limited. Central is also an Exempt Charity under the terms of the Charities Act 2011. Central has no linked charities.

On 1 April 2018 the Office for Students (OfS) became the principal regulator of Central, both as a Higher Education Institution and as an exempt Charity. The members of the Governing Body (Governors) of Central are both Company Directors and charitable Trustees.

Central was admitted as a Federal College of the University of London on 1 September 2005.

* 1. Charity Objects

Central’s objects, powers and framework of governance are set out in its Articles of Association. The current version was approved by Privy Council on 25 February 2014. The objects for which Central is established are the advancement of education and learning and to promote the knowledge, study and practice of speech training and of dramatic art.

Vision: *To lead an innovative theatre and performing arts culture that enriches and changes our world.*

Mission: *To inspire, educate and train the performers, practitioners and change-makers of tomorrow and to shape the future of theatre and the performing arts.*

In setting and reviewing Central’s objectives and activities, the Governors have had due regard to the Charity Commissioner’s guidance on the reporting of public benefit and particularly to its guidance on the advancement of education and fee charging.

* 1. Strategic Plan

Central is a Higher Education conservatoire, drawing both of those elements together and situating itself at the junction of HE, industry and community interests, contributing to the interplay of these interests, and brokering the relationships between them.

The appointment of Josette Bushell-Mingo OBE as Principal from August 2021 heralds a new era for Central. Following a period of extensive consultation, the Board of Governors have approved a new Strategic Plan that sets out a vision for the School for the two-year period to 2023. Josette Bushell-Mingo OBE will commence work with staff, students and external stakeholders to formulate a longer-term plan thereafter.

As a conservatoire of the theatrical and performing arts that is recognised and funded by OfS as a small specialist institution, Central has many strengths: a long history of educating and training significant numbers of leading practitioners, a live and expanding connection with industry, local, national and international reach, state-of-the-art courses of study across a comprehensive range of disciplines, a vibrant Research Department, distinguished teaching and research staff, a long- term engagement with community and more. Central aims to continue to lead as an inspiring centre of excellence in theatre and the performing arts.

But we live in times of great change and Central must now plan for a future that will embrace developments in theatre and the performing arts: the digital revolution that is all around us, the establishment of equality and inclusion as fundamental to our society and communities, the rising need to support and listen to students and staff through challenging times and Safety, Health and Wellbeing for all. Within Central, we must seek to change through developing our structures and

systems to deliver a theatre and performing arts culture that can truly embrace the future. Most importantly, Central must face its past and continue to reconcile its history of inequity and work to inculcate in its culture what we have learned from important contemporary social justice movements.

This strategy sets out a way forward for a defined period in the context of a continuing uncertain and challenging environment resulting from the pandemic, BREXIT and other external factors including concerns over government funding and student health and wellbeing. Over the next 2 years and through this strategy, Central will be able to respond quickly and in an agile manner to continuing change and to provide an infrastructure that will enable this change and development to take place. Central will continue its work and journey towards equality and inclusion and will work with the creative industries to shape new approaches whilst supporting and sustaining its core commitment to its work in theatre and the performing arts.

Key Strategic Themes

Our strategy is about challenging ourselves and bringing about growth and change. This will be achieved within five key strategic themes, the first of which, Equity and Inclusion, acts as an overarching set of principles for all our work:

* + 1. Equity and Inclusion

*Creating a culture that practices equity and inclusion at all levels throughout Central; that fosters awareness of power, responsibility, and accountability; that promotes ownership for equity and inclusion at an individual and community level; attends to the lived experiences, identities and positionalities of all our students and staff; does not tolerate discrimination, harassment, exclusion and marginalisation; and that actively seeks to challenge historic and present underrepresentation in the field of theatre and performance training and study.*

Our Equity and Inclusion aims will be achieved through:

* + - * Reinforcing and deepening a professional culture that embeds principles of equity and inclusion, anti-racism and anti-oppression in all levels and departments, including data informed action, and mandatory training and development for all staff and students.
      * Strengthening our approaches to equitable and inclusive recruitment, retention and career development of students, especially those from groups under- represented in higher education and theatre training.
      * Consolidating course level work on equity and inclusion in Learning and Teaching by creating a new EDI framework for course development and review, validation, and annual monitoring.
      * Decentring, decolonizing, and repairing the curriculum and practicing equity and inclusion in our learning and teaching through an ongoing reflective process.
      * Acknowledging and addressing Central’s history in a transparent and accountable manner.
      * Creating a representative staff body that reflects our students and communities.
      * Ensuring Central’s commitment to all the protected characteristics in a culture of equality by continually reviewing our Dignity at Work and Study policies and reducing barriers to reporting.
    1. Distinctive and Transformative Education and Training

*Playing a leading role as a small specialist institution in the performing arts.*

Achieved through:

* + - * Putting students, staff and well-being at the heart of all our work.
      * An ongoing curriculum and portfolio review of courses for the 21st Century.
      * Learning through Diversity and Collaboration.
      * Investment in and development of our performance and production infrastructure.
      * Delivering a strategy for innovation in digital technologies and applications in a new age for the arts in Higher Education especially in digital-related courses.
      * Developing our partnerships with the theatre, film, performance and unexpected partners in science, technology and the arts industries to define the future of theatrical and performing arts to widen opportunities and strengthen career development.
      * Increasing support for our students as they study and graduate into an changing environment including enhanced career development programmes before and after graduation.
      * Supporting staff well-being and development to inspire and enhance teaching and learning as well as professional work, scholarship, research and training.
    1. Research, Scholarship and Knowledge Exchange

*Thinking, Making, Doing: Critical dialogues through Research and Knowledge Exchange ensuring the sustainability of our expanding research culture.*

Achieved through:

* + - * Deepening our engagement with challenge-led research, responsive to the needs of both local and wider communities, and consolidating our increasingly visible position in the sector by providing a civic model for ethical research leadership underpinned by meaningful actions, including a commitment to diversifying the field.
      * Addressing historical and present underrepresentation of people, practices and knowledge systems in our discipline(s) via funding strategies, alignment with wider institutional strategy on inclusion, and engagement with sector and subject groups.
      * Preserving and expanding on internal ethical funding initiatives developed to support and nurture our research culture and its impacts.
      * Building infrastructure and a data-informed system for expanding and evidencing KE activities, public engagement and research impact at the widest level across the institution.
      * Building an infrastructure for scholarship across all areas of Central.
      * Growing an engaged, publicly aware Postgraduate Research cohort able to shape a fairer future for the discipline and the arts.
      * Supporting viable and inclusive Early Career Researcher pathways.
      * Strengthening our ongoing work as sector advocates.
      * Actively pursuing external research income to build sustainability.
    1. Sustainability and the Performing Arts

*Growing our work and our business to remain financially sustainable by diversifying our income streams to invest in learning, teaching and student experience*

Achieved through:

* + - * Developing a fully costed business case and investment plan to support a step change in income generation activities.
      * Developing onsite and online commercial short courses and events, for open access and CPD audiences, aligned to our emerging academic portfolio and drawing on and developing the expertise of Central’s academic staff.
      * Developing a Youth Theatre/Drama offer that is aligned to our income generation targets while also being aligned to our outreach aims, supporting a pipeline of students into creative arts education.
      * Developing a new fundraising strategy with a view to increasing budget relieving income, adding to Central’s endowments, and raising more funds which will enable more scholarships, bursaries and other projects identified in the Strategic Plan.
    1. Infrastructure and Environment

*Building an inspirational environment and efficient and effective infrastructure to support our student and staff community*

Achieved through*:*

* + - * Implementing a process improvement programme to enhance the efficiency and effectiveness of our organisational structure, processes and systems in order to enhance the student and staff experience and demonstrate value for money.
      * Reviewing our structures to implement an academic department structure that will increase connectivity across Central, support all courses of study and further progress research, scholarship and KE activities.
      * Developing our planning processes, using evidence to support our decision making and improve transparency, accountability and financial sustainability.
      * Improving engagement, communication and consultation with our staff, students and partners.
      * Developing our technical infrastructure to provide digital technologies to support our teaching and research and to provide students with the technical knowledge required for their future careers.
      * Maximising our space usage ensuring we meet future teaching needs, enhance the student experience and enable income generation from space, facilities and equipment hire.
      * Developing a prioritised Estates investment plan to improve the quality and accessibility of the existing campus.
      * Reducing our impact on the environment through an Environmental Sustainability Strategy.
  1. Challenges to the School over the plan period and continuing include:

1. Need for estate and infrastructure development with limited capital funding;
2. Continued public-sector austerity throughout the planning period including:
   * Adjustments to government funding that may continue to strip money out of the HE sector in general including reductions in grant income for non-STEM subjects.
   * Competition from new providers entering the public-funded sector.
   * Impact of increased student debt burden.
   * Ability to maintain high student employability including self-employed/ freelance in a post COVID recovery era.
   * Assessed need to deliver an annual “Earnings Before Interest, Tax, Depreciation and Amortisation” (EBITDA) surplus in the range of 7-11% to remain sustainable.
3. Further review of public funding for specialist world-leading institutions;
4. Increased number of students taking a break from or suspending their studies in light of the pandemic;
5. Changing school syllabus and possible resultant challenge to widening participation and student diversity;
6. Attracting and retaining high calibre staff, including suitably qualified academic staff to sustain disciplinary specialist expertise in a climate of pay restraint;
7. The need to optimise environmental performance to enhance economic sustainability;
8. Maintaining and developing research quality in an increasingly selective funding environment;
9. Maintaining the quality of student experience following a period of severe disruption to usual modes of teaching and learning as a result of the pandemic;
10. Effective profile and data management in a world soaked with information;
11. Sustaining appropriate leadership and governance succession arrangements;
12. Generating sufficient income to continue outreach activity and to support scholarship, bursaries and inclusion; and
13. Supporting staff and students in issues of equity and inclusion.

In dealing with these challenges the School continues to recognise the potency and effectiveness that stem from its small size, disciplinary coherence and the culture of commitment among its students and staff.

The School continues to develop and diversify its range, whilst maintaining its disciplinary-specific culture and customary high quality, promoting intensive engagement with specialist knowledge that can develop applications in new and testing contexts. It believes there are not just opportunities, but productive dialogues, in its relationships with specialist professions and with a diverse range of user groups.

* 1. Values

*Values are what we stand for, what we believe and what we try to live and work by. They inform our approaches to what we do and how we work as an inclusive organisation.*

*Respecting*

*Equality and Inclusion are fundamental to what we stand for. Respecting is about listening to and understanding each other as equals, empowering students and staff and being:*

* Socially responsible
* Ethical and fair
* Empathetic
* Reconciling

*Enquiring*

*We look for new knowledge, skills and understanding through practice, teaching, research and scholarship. We are inquisitive, enthusiastic, open-minded, disciplined and thorough, supporting:*

* Artistic and intellectual curiosity
* Academic freedom
* A commitment to lifelong learning
* Self-reflection and self-criticism
* Restorative justice
* Rigour

*Innovating*

*Whilst respecting the past, we look for the new. We are a hub in which growth and change can emerge to shape the future, creating:*

* + New ideas based on Research and Knowledge Exchange
  + Interaction with and shaping industry
  + A courageous environment and taking risks
  + Space for new and unexpected ideas
  + A playful and joyous ethos
  + A more sustainable world

*Sharing*

*We are an outward-facing community that seeks to enrich the society that we live in, embracing:*

* + Transparency and honesty
  + Collaboration and partnership
  + A commitment to Community
  + Communication and external engagement
  + Extensive outreach

1. PERFORMANCE REVIEW 2020/21

Following the Government announcement of new national restrictions on 4 January 2021 which prohibited face-to-face teaching, previous plans for the January onsite commencement and delivery of two Postgraduate Programmes (the MA Acting and MA Musical Theatre) were reviewed. Due to the intensive practical nature of the programmes, it became necessary to defer the start dates of the programmes to April 2021. As a consequence, assumed tuition fee income for the period January-April 2021 is deferred into 2021/22.

In addition, it became apparent that that trading conditions in respect of income generating short courses and business training were well below the levels previously anticipated.

Substantial work continued to be undertaken by staff online with additional costs incurred to ensure appropriate hybrid resources were available to students across the globe. A summary of performance outcomes during 2020/21 is included within the Report of the Board and Executive and Public Benefit Report within these financial statements.

For course activity which could not be accommodated through online activity all appropriate measures were taken to ensure health, safety and wellbeing in accordance with government and Public Health England guidance and utilising COVID-Secure risk assessment processes.

1. FINANCIAL REVIEW

The Financial Statements for the year ended 31 July 2021 show the group position for Central and include the results of CSSD Enterprises Limited, a subsidiary company. The principal activity of CSSD Enterprises Limited is to operate the student bar during the year, however the bar was closed throughout the whole year due to the pandemic.

The School is reporting a current year deficit of £1.2m, where income has decreased by 5.0% to

£18.8m and expenditure has increased by 2.1% to £20.1m when compared to prior year. The decrease in income resulted from a deterioration in tuition fees and other operating income. The deficit of £1.2m (before actuarial losses) represents an understandable outturn considering the significant impact that the COVID-19 pandemic has had on the School’s activities. The position is worsened by the valuation of pension scheme as at 31 July 2021 which reflects £0.3m actuarial losses.

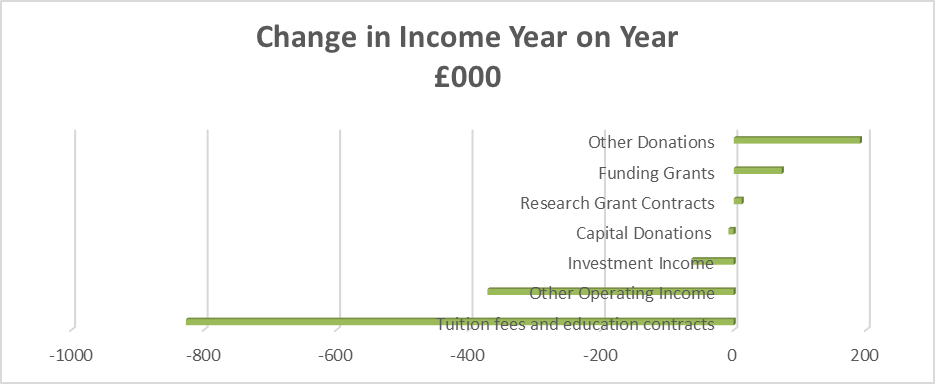
The actuarial losses are mainly due to a major deterioration in financial assumptions underpinning the valuation of the net pension assets. Therefore, actuarial losses of £0.2m are allocated to the comprehensive statement of income and expenditure resulting in a total comprehensive expenditure of £1.5m in the year.

It should be recognised that these actuarial losses represent the value as at a certain point in time, the nature of actuary valuation dictates that fluctuations of this nature (positive and negative) will occur.

A summary of the Group Statement of Comprehensive Income and Expenditure is shown below:

|  |  |  |
| --- | --- | --- |
|  | **Year ended 31 July 2021** | **Year ended 31 July 2020** |
| **£000** | **£000** |
| Income | 18,834 | 19,830 |
| Expenditure (including endowment transfer) | (20,148) | (19,738) |
| Gain/(Loss) on investments | 82 | (28) |
| (Deficit)/Surplus for the year | (1,232) | 68 |
| (Deficit)/Surplus % income | -6.5% | 0.3% |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Income Summary** |  | **2021** | **2020** | **2019** | **2018** | **2017** |
|  |  | **£000** | **£000** | **£000** | **£000** | **£000** |
| **Tuition fees and education contracts** |  | **11,307** | **12,134** | **11,795** | **11,686** | **11,269** |
| **Funding Grants** |  | **6,058** | **5,986** | **5,971** | **6,161** | **6,240** |
| **Research Grant Contracts** |  | **482** | **470** | **380** | **133** | **126** |
| **Other Operating Income** |  | **468** | **839** | **538** | **633** | **648** |
| **Investment Income** |  | **46** | **110** | **217** | **56** | **87** |
| **Capital Donations** |  | **-** | **8** | **469** | **26** | **766** |
| **Other Donations** |  | **473** | **283** | **372** | **446** | **236** |
| **Total Income** |  | **18,834** | **19,830** | **19,742** | **19,141** | **19,372** |



Tuition Fee income including short courses and other fees has decreased by £0.83m compared to 2020.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Tuition Fees & Education Contracts** | |  |  | **2021** | |  | **2020** | |  | **Variances** | |
| **Income** | |  |  |  | |  |  | |  |  | |
|  | |  | **£000** | **No.s\* %** | | **£000** | **No.s\* %** | | **£000** | **No.s %** | |
| **Full-time undergraduate** | | |  |  | |  |  | |  |  | |
| - Home | | | 4,900 | 543 43.3% | | 4,957 | 536 40.9% | | (57) | 7 (1.2%) | |
| - EU | | | 612 | 65 5.4% | | 703 | 75 5.8% | | (91) | (10) (12.9%) | |
| - Non EU | | | 1,572 | 76 13.9% | | 1,545 | 80 12.7% | | 27 | (4) 1.7% | |
| **Full-time postgraduate** | | |  |  | |  |  | |  |  | |
| - Home | | | 1,334 | 162 11.8% | | 1,396 | 148 11.5% | | (62) | 14 (4.4%) | |
| - EU | | | 300 | 36 2.7% | | 499 | 55 4.1% | | (199) | (19) (39.8%) | |
| - Non EU | | | 1,740 | 138 15.4% | | 2,107 | 151 17.4% | | (367) | (13) (17.4%) | |
| **Part-time Postgraduate** | | |  |  | |  |  | |  |  | |
| - Home | |  | 258 | 65 2.3% | | 187 | 47 1.5% | | 71 | 18 38.9% | |
| - EU | |  | 17 | 4 0.2% | | 35 | 7 0.3% | | (18) | (3) (51.3%) | |
| - Non EU | |  | 11 | 1 0.1% | | - | - - | | 11 | 1 100% | |
| **Total tuition fees** | |  | **10,744** | **1,090 95.1%** | | **11,429** | **1,099 94.2%** | | **(685)** | **(9) 13.6%** | |
| Short course and other fees | | 563 | |  | 4.9% | 705 |  | 5.8% | (142) | | (20.1%)  **(6.6%)** |
| **Total** |  | **11,307** | | 100% | **12,134** | 100% | **(827)** | |

*\* Numbers exclude students with fully waived fees (2021: 4, 2020: 3)*

The table above highlights the fact that most of the decrease sits within tuition fees. The highest decrease is within the EU and overseas student classifications generating a decrease of £0.3m and

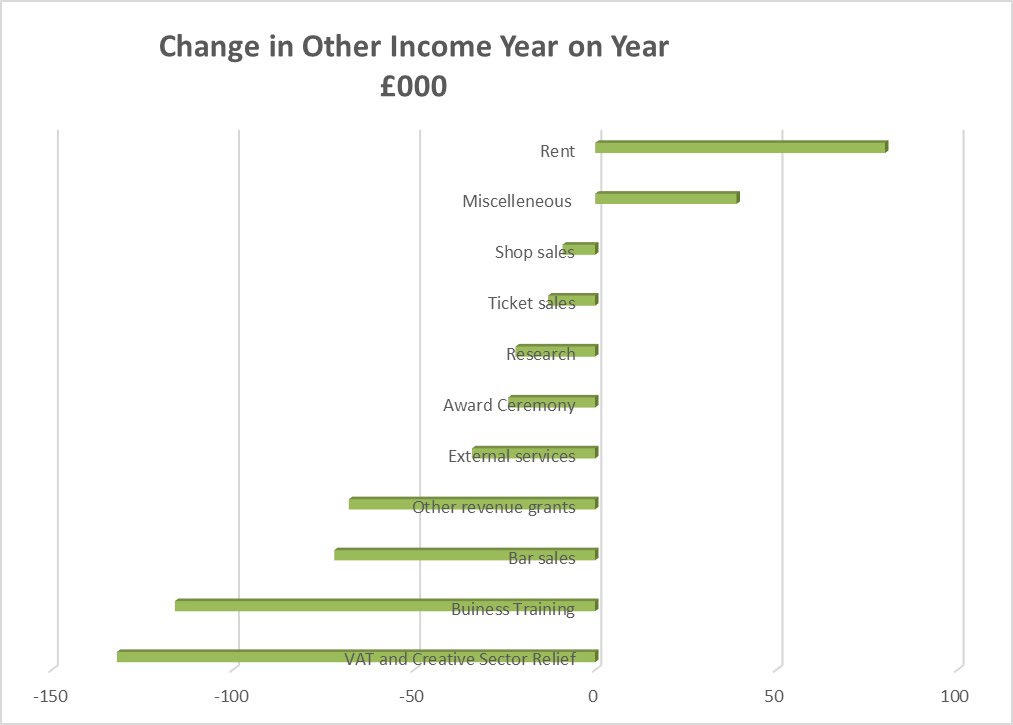
£0.33m respectively year on year. Home students accounted for a decrease of £0.05m income compared to prior year.

Short courses and other fees are down £0.14m when compared to 2020, this was due to the pandemic.

Funding body grants increased by £0.07m from 2020 to 2021. This increase is primarily due to additional hardship funds from the OfS. Funding Body Grants as a proportion of total income is 32% of total income a slight increase on the prior year which was 30%.

Research grants and contracts income is up £0.01m on the prior year. This income released in year relates to 13 Research projects. A number of projects have been have affected by the Covid pandemic with extensions granted on British Academy and Leverhulme Trust funded projects.

Other income is down £0.37m on the prior year.

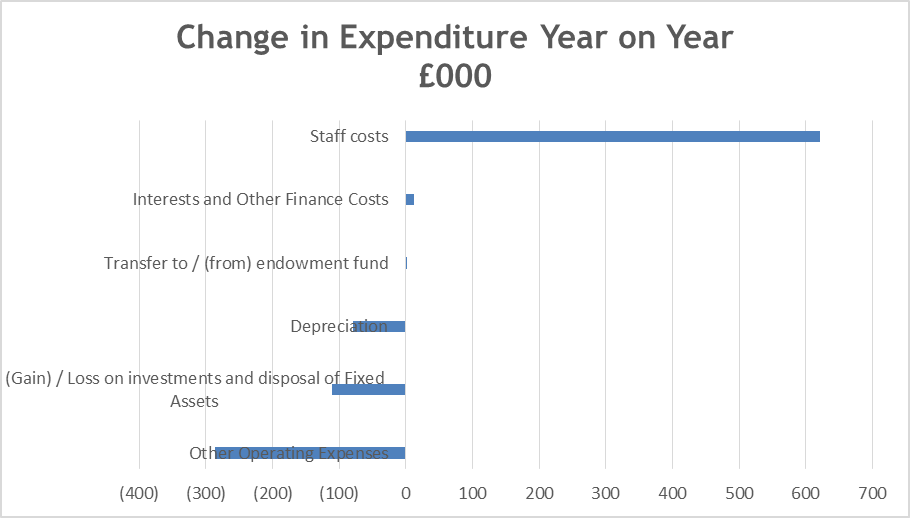


The closure of the School due to the pandemic affected all income generating sources particularly the bar, on campus short courses and business training, external services and box office.

Donations have increased by £0.2m from 2019/20 mainly due to fundraising success within the legacy and major gifts categories.

Endowment and investment income is £0.06m down on the prior year due to less favourable interest earnings on short term deposits as a result of the pandemic.

Total expenditure has increased by 2.1% from 2020, driven through increased staff costs and interest.



Expenditure on staff costs remains the highest cost item, representing 67% (2020 – 61%) of total income. Although staff costs are up 5.2% (£0.6m) on the prior year, this increase masks savings achieved from the deferral of recruitment on vacant positions previously expected to be filled at the beginning of the year. The increase is due to exceptionally high pension service costs of

£1.5m, £0.6m higher than the prior year.

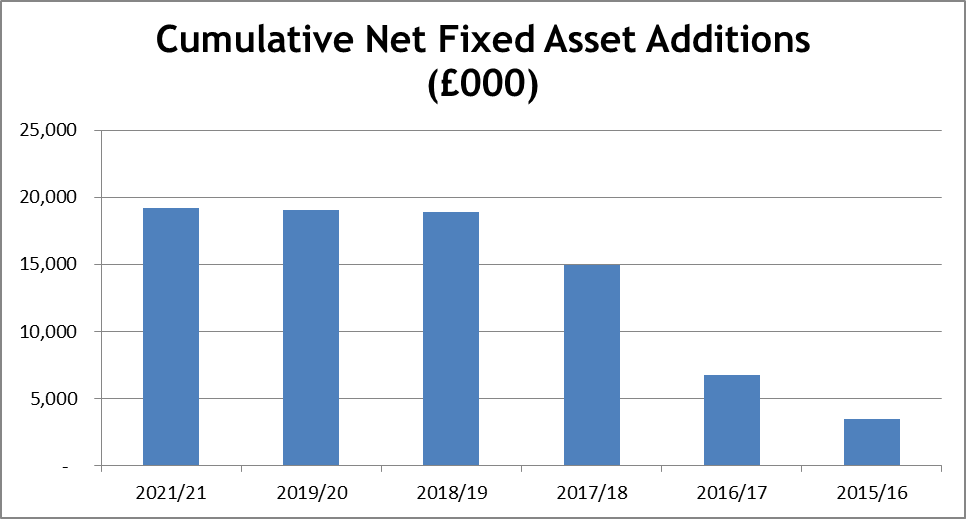
Other operating expenses for the year 2020/21 have decreased by £0.14m when compared to 2020. This is primarily due to planned reduced and deferred expenditure within travel, hospitality, bar purchases, utilities, cleaning, facilities hire, and print advertising as a result of COVID-19 and the move to online operations. The scale of potential savings in operating expenses were offset by essential costs in responding to COVID-19. This included the renewal of institutional Zoom licences and investment in laptops and mobile Wi-Fi to ensure staff and students were equipped for effective online working.

COVID-19 continues to have an adverse effect on the School’s surplus position with a deterioration of the £0.1m prior year surplus to a deficit of £1.2m in 2020/21.

Staff costs increases were influenced by additional pension provisions as a result of the 2021 LPFA pension revaluation and planned appointments to vacant positions.

Capital Projects

Capitalised costs of £0.1m incurred during the year comprised computer and media equipment.



Cash Management

Cash and cash equivalents (note 19) plus short-term deposit balances (note 13) at the end of the year stood at £17.6m, up £2.0m when compared with prior year and represents the equivalent of 339 days of expenditure. A net cash inflow from operating activities of £2.6m was generated in year.

The Treasury Management Policy of the School reflects a low appetite for risk, where liquidity and capital preservation represent the two essential criteria guiding cash management. Diversification of funds across a range of highly rated banking institutions was also employed to reduce exposure to counter-party risk. The Treasury Management Policy is currently under review to ensure it reflects a best value strategy. The policy will be confirmed when the outcome of the review of HE funding is known.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Royal Central School of  Speech and Drama | | Sector |
|  | 2020/21 | 2019/20 | 2019/20 |
| Current Ratio | 3.2 | 3.4 | Not available |
| Net Liquidity (Days) | 339 | 309 | 139 |
| Cash flow from operating activities as % total income | 13.8% | 5.1% | 8.4% |
| External Borrowing as % of total income | 40% | 43% | 38% |

Key Financial Indicators *(Source: OfS Financial sustainability of higher education providers in England OfS 2021.20 June 2021)*

The preceding financial indicators represent a healthy liquidity position for the School, the Current Ratio remains the same and External Borrowing is 40% of total income. The bank loan facility of

£8.7m was fully drawn down in May 2018.

Central entered into a new bank loan facility of £8.7m in May 2016 to part-finance the £16.7m Phase 5 Development after obtaining consent from the Higher Education Funding Council for England (HEFCE) the funding body in force at that time for an increased financial commitment threshold. The £8.7m loan is for a 20 year period at an average fixed rate of just above 3%. Net Liquidity (Days) of 341 for the School, an improvement on the prior year but remains significantly better when compared to the sector mean of 139 days. Cash flow from operating activities is up and as a percentage of total income when compared against prior year (2021 £2.6m / 2020 £1.0m), driven predominantly through a decrease in debtors and an increase in pension provisions.

Pensions

The School participates in two schemes, the LPFA superannuation scheme which is a local government scheme in London and is managed by the London Pensions Fund Authority and the Teachers’ Pension Scheme (TPS). Both schemes are multi-employer and defined benefit schemes.

The TPS provides pensions to teachers who have worked in schools and other educational establishments in England and Wales. The scheme is an unfunded statutory public service pension scheme with the benefits underwritten by the Government. The scheme is financed by payments from the employer and from those current employees who are members of the scheme who pay contributions at different rates which depend on their salaries. The rate of employer contributions is typically set following an actuarial valuation.

As a result of the latest scheme valuation as at 31 March 2016 employer contributions were increased in September 2019 from a rate of 16.48% to 23.68%. The next valuation, based on data as at 31 March 2020, is underway and any changes to contributions will take effect in April 2024. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses.The TPS is unable to identify the School’s share of the underlying assets and therefore the School is exempt from detailed reporting in the accounts in accordance with the relevant reporting standard Financial Reporting Standard 102 (section 28).

The LPFA scheme currently shows an FRS 102 deficit of £15.2m for the School, representing an increase from a deficit of £13.3m reported at the previous year end. The £13.3m liability reflects changes in assumptions underlying the present value of the fund’s obligations compared to the fair value of scheme assets as at 31 July 2021. The present value of the fund’s obligations for the School has increased to £32.2m, up £4.3m on the previous year. The fund’s assets in turn have increased by £2.4m to £17.0m.

The current employer rate of 14.8% is set for a 3 year period from 1 April 2020 to 31 March 2023. The School’s share of the LPFA scheme deficit is reflected in the balance sheet in accordance with FRS 102.

Future Outlook and Key Risks

In January 2022 the School submitted its 5-year forecast to the Office for Students (OfS) for the period up to 2025/26. These forecasts acknowledge on-going uncertainties across the sector such as:

* the continued effect of COVID-19 on student recruitment;
* the outcome of the Independent Review of Post 18 Education and Funding and the possibility of significant changes to higher education funding arrangements;
* OfS Review of Specialist Institution Funding and Teaching Funds;
* economic uncertainty remains particularly with Brexit and the long-term impact of the COVID- 19 pandemic;
* the outcome and impact of a Comprehensive Funding Review on higher education during the forecast period;
* regulated Under-Graduate Taught (UGT) tuition fees are currently the subject of much debate. Regulated fee levels have been frozen at 2017 levels in 2020/21 and 2021/22. The resumption of inflationary increases from 2022/23 may be under threat alongside the possible introduction of differential regulated fee levels;
* sustainability of specialist Post-Graduate Courses following the withdrawal of the PGT supplement combined with Brexit risks;
* the immediate in-year financial impact on the income and expenditure statement resulting from new regime student recruitment and withdrawals;
* higher staff costs including higher inflation leading to higher average pay levels beyond income uplift, pressure on the public sector pay cap, increases to employer NI rates, the apprenticeship levy and issues related to the long-term cost liabilities and the sustainability of current pension schemes outside of the control of Central;
* the proposed review on how Research Excellence Framework (REF) monies will be allocated in future years with possible increased selectivity and a possible return to the protection of STEM subjects;
* the outcome of the next REF and Teaching Excellence Framework (TEF) and the introduction of the Knowledge Exchange Framework (KEF);
* concern about the withdrawal of the Student Disability Allowance (DSA) for certain categories with the expectation that institutions have a duty to make appropriate adjustments out of core funds. This may be a reasonable assumption for the average institution that may have an average of 11% of students in receipt of DSA. For arts institutions there is evidence that the number in receipt of DSA is much higher. For Central, this is usually around 25% of the student body; and
* the current limits of major capital grants for specialist HEIs presenting real challenge in the financing of major capital builds.

Against this background, the School’s key Strategic Plan priorities, detailed in the Strategic Plan for the period to 2023, focus on:

* attracting and retaining high calibre staff and students that reflects our communities
* teaching and research excellence
* expanding Knowledge Exchange and Public Engagement
* enhancing Equality and Inclusion through a curriculum and portfolio review
* developing CDP and Youth Theatre
* estate development and the development of digital technologies
* enhancing environmental performance
* ensuring on-going sustainability

Investment in the on-going sustainability of the School is clearly evident through the School’s investment in staffing costs and ambitious plans with regard to the estate investment plan evidenced through the completion of Phase 5 (North Block), all aimed at enhancing the teaching and learning environment and ultimately the student experience. The emphasis on surplus generation and the accumulation of surpluses to date enables the School to invest strategically in support of the Strategic Plan. As evidenced above, investment will take the form of both capital investment and additional recurrent spend. The £16.7m North Block investment is funded through a combination of an external loan facility, a Capital fundraising campaign and by drawing on internal reserves.

Financial sustainability underpinning the investment behind the School’s Strategic Plan has been fully tested and reflected in the seven-year financial forecasts (2 years’ actual results plus 5 years of forecast) to 2025/26 as submitted to the OfS.

The School is moving forward from a position of cumulative strength with a strong focus on long term financial sustainability, a healthy Balance Sheet despite increased debt and a high cash balance position with a good level of reserves and a good track record of generating surpluses. The School has therefore a reasonable expectation that adequate resources exist to continue operations for the foreseeable future and the going concern basis continues to be appropriate for preparing the annual financial statements.

Risk Management

Risk management is conducted at both a strategic and operational level across the School. It is periodically reviewed by the Governing Body, Finance and Estates Committee, Audit Committee and Executive Management Group. The reviews consider the addition or deletion of risks and the reassessment of impact and probability as well as the adequacy of action being taken to mitigate risk. The high-level risk register includes certain items which are generic to the sector and not wholly within the School’s control. Risk management is supported by the internal audit programme, which takes a risk-based approach and provides assurance on the management of Central’s key strategic and operational risks.

There are five key risks to the financial health and sustainability of the School related to student recruitment. All risks are reflected on the School Strategic Risk Register:

* 1. reduction in the number of overseas student applications/acceptances resulting in loss of forecast income;
  2. higher than forecast level of withdrawals resulting in loss of tuition fee income and possible under-performance against the OfS contract;
  3. reduction in number of students from the EU area resulting from Brexit;
  4. the marginalization of creative arts within the school curriculum and the introduction of paid technical apprenticeships will reduce the supply of suitable applicants to some of Central’s specialist technical pathways; and
  5. outcome of the Government review of higher education funding leading to a lower allocation as part of the next review into institution-specific targeted allocations (RISTA), a lower unit of resource or the reintroduction of student number controls impacting adversely on the current business model and ongoing sustainability.

The above risks highlight the potential for increased income volatility as a result of pressures on student recruitment, including increased competition for international students from other countries and a significant fall in part-time undergraduate and postgraduate numbers.

The School is responding to these risks by undertaking a combination of the following actions:

1. further development of a proactive marketing strategy;
2. regular monitoring of student withdrawals, and reasons thereof and optimising recruitment numbers to provide a cushion against future withdrawal;
3. continued investment in infrastructure and capital equipment;
4. reallocated duties to maximise effectiveness of the marketing strategy;
5. investing in website, press and social media enhancements to seek a competitive edge to attract students worldwide and facilitate a more proactive press and social media campaign to correct any false reporting, highlight good news stories and promote the School’s achievements;
6. development of Scholarships to attract high quality applicants;
7. maintaining quality teaching;
8. development of online short courses;
9. reviewing curricular offer and student mix;
10. investment in student support and advisory services; and
11. continued focus on environmental issues.

Other key risks identified by the School and logged on the School Strategic Risk Register include:

1. unsustainable pension schemes resulting in significant pension scheme liabilities;
2. insufficient on-site or off-site physical space of good quality to meet operational requirements;
3. long-term economic impact of COVID-19 on Higher Education;
4. effects of continued austerity within the Higher Education sector; and
5. inherent inflexibility of the business model and the very long lead time for change to take effect.

# PUBLIC BENEFIT

Central is an exempt charity under the terms of the Charities Act 2011. In setting and reviewing the School’s objectives and activities, the Board of Governors has due regard to the Charity Commission’s guidance on the reporting of public benefit, and particularly to its supplementary guidance on the advancement of education.

In pursuit of its vision and mission (as stated above), the School delivers its annual objectives through a range of activities that deliver substantial public benefit – primarily education and training, research, widening participation and access, and public and community engagement.

Education and training

As a small, specialist higher education institution and a conservatoire for training in the theatrical and performing arts, Central’s wide portfolio offers evening courses, diplomas and summer schools in addition to our extensive programme of undergraduate degrees, MA/MFAs, and research programmes. The School has internationally recognised expertise in the areas of drama education and pedagogy; acting and actor-training; technical theatre and technical production management; applied and social theatre; directing, directors, stage management, scenography and design; voice; movement; drama therapy; and cultural histories of performance.

There are 72 members of permanent academic staff at Central who lead and work on the thirty BA and MA/MFA courses, involving around 1,050 to 1,100 students each year. Crucially, much of Central’s teaching operates at the intersection with industry and is realised with partners from a range of sectors, including theatres, local authorities, non-governmental organisations, charities, educational institutions, cultural festivals, and the museum sector.

These partners are based in the UK and in many other countries around the world.

Industry connections for all students are at the heart of Central's mission, and the one-to- one, bespoke approach sets the School apart from other higher education or theatre training establishments. There are a wide variety of placements undertaken by students at Central with a constantly expanding number of partnership organisations. Over 260 students received individual or group-based work experience in the 2020-21 academic year. For example, 65 BA Drama, Applied Theatre and Education students completed placements at 58 organisations, including the Young Vic, the BFI and the NHS. An added benefit of placements such as these is that students graduate from Central with a broad network of industry contacts, making them better placed to advance their careers.

Courses not involving placements benefit from an extensive roster of visiting professionals, who teach specialist skills and lead or work alongside students on creative projects. Where appropriate, leading agents and casting directors attend student productions and showcase events.

Widening participation and access

Central is committed to recruiting and training a diversity of students in all of its undergraduate courses. Through outreach work, the school creates opportunities for young people to experience

drama training and develop the skills, knowledge and understanding to access higher education. Central offers targeted support to remove barriers that might prevent young people from learning about, accessing or affording training at Central.

Pre-pandemic the following initiatives and activities were undertaken to support this work and the School will gradually re-introduce in-person initiatives as COVID-19 safety restrictions are eased:

* aspiration-raising workshops for Year 12 and 13 students studying drama and/or art and design courses;
* visits to primary and secondary schools to present projects, productions, workshops and activities;
* free tickets to all Central productions (including post-show Q&As with cast and backstage crew) and access to our Theatre Practice Exhibition;
* collaborative outreach projects with a range of partners, including Starling Arts, who work with neurodivergent young people; Camden Carers; Oldham Theatre Workshop; LGBT+ youth organisation The Proud Trust; Greater Manchester Youth Network; and Body and Soul, a charity for young people living with or affected by HIV;
* special activities for young people, including former prisoners and LGBTQ+ communities in and around London and the East Midlands, who are serious about pursuing a career in acting, backstage or production arts but need help getting there;
* free audition vouchers to prospective students applying for the BA Acting programmes who may otherwise be put off applying because of the cost of auditions;
* regional auditions for applicants who are unable to travel to London;
* scholarships and bursaries to approximately one-quarter of Central students, to help them cover tuition fees and living expenses; and
* targeted efforts to increase the number of care leavers accessing higher education, with Central being the only drama school to offer bespoke support for care leavers, in the form of bursaries, mentoring and a designated member of staff to offer guidance and support throughout their studies. In 2019 Central was awarded the Care Leaver Covenant charter mark, a landmark government scheme launched to raise the career aspirations and improve the life skills of young people leaving care.

Due to COVID-19, the outreach activity programme moved to an online only platform for the 2020/21 academic year, and included the following innovative activities:

* + free online mentoring: in partnership with the Brightside Trust, we ran three programmes supporting BAME learners interested in studying at Central, learners interested in backstage courses and a transition programme for offer holders from POLAR4 Q1 & 2 postcodes, working with 65 young people;
  + Engaging with approximately 150 teachers through specific training workshops including a series of workshops exploring Anti-Racism in Arts classrooms;
  + online pre-recorded masterclasses sent to all partner schools and colleges
  + live online masterclasses to schools and colleges;
  + Small Axe, Big Talks half term project: A free opportunity for 25 young theatre makers aged 16-18 to have an introduction to Central’s Contemporary Performance Practice courses, in which participants critically explored themes in the Small Axe films ‘Lovers Rock’ and ‘Education’ by taking part in movement, creative writing and devising workshops;
  + a series of 11 online standalone workshops called So You’re Interested In….? that explored the variety of creative pathways from performing to directing to backstage to working with communities, engaging with 100 16-18 year olds; and
  + Summer Schools: a 4 day creative writing summer school, and in partnership with Camden summer university programme a 3 day introduction to props summer school.

For further information, please see the link for Central’s approved access and participation plan: <https://www.cssd.ac.uk/content/equality-and-diversity>

Public and community engagement

For the wider community the School provides a broad range of public lectures, seminars, workshops, public productions and performances, with audience participation in 2020/21 continuing throughout the year and reaching significant new levels with the move to greater virtual access, with attendance at public productions and research events alone approaching forty thousand (40k).

The School’s short courses programme has historically offered lifelong learning opportunities to individuals of all ages, from children and young people to adult learners and continuing professionals. Due to the impact of COVID-19, the youth provision was unable to continue and the adult short courses were moved to an online-only delivery model for the academic year 2020/21. Over 1,200 people participated in the online short courses throughout the year—comparable to 2018/19, when over 1,200 people participated in short courses delivered in-person at the school.

The School is also a sought-after partner by public, private and third-sector organisations at local, regional, national and international levels. This continued under lockdown, with Central academics entering collaborations with UK-based organisations that included Camden Carers, Haringey for Homes, the NHS and the National Institute of Health Research, Theatre of Debate, Digital Theatre Plus, Produced Moon, and a number of FE colleges in London. The activities and projects undertaken through these collaborations received public recognition from such entities as Sky News, BBC, the Mayor of London, London Higher, the #WeAreTogetherCampaign, The Culture Capital Exchange, and industry publications such as The Stage and Broadway World.

Research

Research@Central explores contemporary practices of theatre-making and performance and their cultural histories and lineages. It encompasses a broad range of specialisms and fields: sonic and scenographic landscapes; applied, political, and social theatres; practices of acting and directing; and performance dramaturgies. Attendance to performance’s manifold genealogies and to the communities and audiences that performance engages is at the forefront of our research, in ways that advocate for theatre’s ongoing cultural, political, and social impacts. In addition to publications of books, articles, and book chapters, staff undertook journalism, podcasts and broadcasting, masterclasses, workshops and seminars, performances, designs and exhibitions. Knowledge was exchanged with virtual and, where possible, with physical audiences and participants.

An award of £50k from Research England Strategic Priorities Fund enabled us to enhance our work with policy makers. The development of a trans casting statement, with partners – Outbox, The Queer House and Milk Presents – highlighted the absence of policies (within commercial and mainstream theatre) addressing the exclusion of trans people. 28 venues and 70 arts organisations subsequently changed their policies (including London’s Royal Court, Leeds Playhouse, Manchester’s Royal Exchange, and National Theatre of Scotland). The transformative impact of the trans casting research on policy-making in the sector was reported in both [The Stage](https://www.thestage.co.uk/news/uk-theatres-sign-pledge-to-only-cast-trans-actors-in-trans-roles) and [The](https://www.theguardian.com/stage/2021/may/26/uk-theatres-promise-to-only-cast-trans-actors-in-trans-roles) [Guardian.](https://www.theguardian.com/stage/2021/may/26/uk-theatres-promise-to-only-cast-trans-actors-in-trans-roles) A collaboration with project partner Kanlungan Filipino Consortium used participatory theatre workshops to examine the social impact of COVID-19 on precarious Filipino migrants in the UK; it produced a policy-focussed report and a ‘zine’ community resource in a participant-led vision for policy change. Project recommendations are expected to inform policymaking and civil society strategies at a national level around mitigating the negative impacts of COVID-19 on particularly vulnerable groups. Two large scale collaborations between Central and artistic associates Fevered Sleep included policy influencing conversations with stakeholders, Arts Council England and the Department for Culture, Media and Sport around the future of the arts and cultural sector and its ability to thrive in a post-COVID world, and a partnership with The Good Grief Trust and the All Party Parliamentary Group on Bereavement Support, which created a public-facing platform that contributed to National Grief Awareness Week. It involved social and print media campaigns to raise awareness (billboards, posters and social media lead-in campaign), cultural buildings lit up in yellow, and an Evensong commemoration for those bereaved by COVID-19 at St Paul’s Cathedral.

Staff continued to contribute to important national conversations, with invited contributions to the BBC’s Small Axe: The Podcast and The Spanish National Theatre’s *Dramática* magazine, the hosting of events for the ICA and The Theatre Times International Theatre Festival – where staff and postgraduate research students also undertook curatorial roles as artistic and executive directors – broadcasts for BBC Radio and on the development and delivery of new work: as designer on Grange Park Opera’s *Precipice* (2020), sound designer on Tamasha’s *Under the Mask* (2021), programme advisor for the London Film Festival (2020) and collaborations with Company Three (Islington based youth theatre) and 12 partner youth theatres from across the UK on their "When This Is All Over" project (political theatre devised pieces from each theatre about their youths ambitions and hopes for the future post COVID lock downs - evaluating the project's impact on young people across 2020 and 2021.

Research events hosted by Central continued online this year, drawing audiences that were considerably larger than those we are able to attract for in-person talks and discussions, with a mean average of 150 bookings. This translated into more than 50 attendees joining every event and some with 200+ attendees. We also took advantage of the opportunity of online events to engage with international researchers. In November 2020, we hosted the leading American scholar Dorinne Kondo (‘The Drama of Worldmaking: Race Performance and the Work of Creativity’), who discussed and demonstrated her conception of ‘reparative creativity’ through a reading of extracts from her play *Seamless* with Central students and faculty of South, East, and South East Asian heritage. ‘Reparative creativity’ has since been announced as the theme of the American Association for Theatre in Higher Education conference 2022. A panel of researchers from three continents was convened in November 2020 to discuss new publications in Palgrave Macmillan’s *Performing Landscapes* series (edited by Dee Heddon and Central’s Sally Mackey) on mountains,

ruins and ice. In December 2020, the leading Argentine actor and director Rubén Szuchmacher discussed his practice and pedagogy alongside a panel chaired by Professor Delgado and featuring Jean Graham-Jones (Lucille Lortel Professor in Theatre, CUNY), William Gregor (Szuchmacher’s English translator), and Central’s Sinéad Rushe. In January 2021, Canadian theatre critic and scholar Karen Fricker discussed the career of Québec and Canada’s best-known stage director, Robert Lepage, situating him in broader currents of international theatre practice, reviewing the approaches of leading Lepage scholars, and exploring in detail recent controversies around his work and their impacts. In June 2021, Trina Nileena Banerjee (Centre for Studies in Social Sciences, Calcutta) discussed the work of Utpal Dutt, a leading Marxist playwright in India’s group theatre movement – probably the most significant project of radical political theatre in the latter twentieth century. Banerjee traced Dutt’s careful fashioning of the figure of the ‘organic intellectual’ in his play as an impetus towards, and direct pedagogic training in, revolutionary organisation. Registration data suggests that all of these events attracted global audiences, raising the profile of Research@Central as an international hub for research in theatre and performance.

We also hosted events from leading UK-based theatre scholars and artists. These included Dan Rebellato (‘I Play With Wonderful Expression: Virtuosity and Musical Theatre) and Aoife Monks (‘In Defence of Craft’), both of whom explored histories of labour and skill in theatre-making on and off stage. In February 2021, a panel was gathered to remember the seminal contribution of David Bradby (1942-2011) to the field of pan-European Theatre Studies thirty years after the first publication of his and David Williams’ *Directors’ Theatre*. Central’s Sinéad Rushe marked the closure of theatres with a series of conversations with leading theatre-makers: actress Fiona Shaw, director Ian Rickson and sound designer Donato Wharton discussed their creative processes and the impact of lockdowns on their work with her. Work from researchers based at Central was also featured in events. In December 2020, we celebrated numerous recent publications by our researchers, and in June 2021, we heard from two of our post-doctoral researchers, Ella Parry- Davies and Tia-Monique Uzor, about their respective projects about migrant domestic workers in Lebanon and the career of choreographer and anthropologist Katherine Dunham (1909-2006).

Central’s doctoral students again curated ‘Collisions’, a festival of practice research, which was hosted online across two days in September 2020, and explored how we shift our perceptions of practice research over time, across changing contexts and new formats. In the spring of 2021, the research degrees candidates hosted ‘Intersections’, an online conference for postgraduate researchers on the theme of ‘Border Crossings’, questioning the processes through which borders – physical, social, cultural – are constructed, re-drawn and policed in theatre and performance art, as well as the academic study of these forms.

Externally funded research projects continued to deliver public benefit relating to electronic waste in Nairobi, dementia care within Imperial Healthcare NHS Trust, and sustainable living in Mumbai. Our commitment remains to the delivery of research that foregrounds marginalised practices, underrepresented groups, and increased democratisation and equity in the arts.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Governance and Delegated Authority

The Articles of Association require the institution to have a Governing Body and an Academic Board, each with clearly defined functions and responsibilities, to oversee and manage its activities.

The Governing Body has overall responsibility for the management of the affairs of the School and is unambiguously and collectively accountable for institutional activities.

The Academic Board has responsibility for research, scholarship, teaching, and development of academic activity. In accordance with the Articles of Association it is chaired by the Principal and comprises staff and student members. An independent Governor attends meetings as an observer in the capacity of academic link Governor.

*Governing Body Recruitment and Development*

The Governing Body has determined maximum membership numbers of nineteen, of whom up to fourteen will be external independent lay members. The Governing Body comprised seventeen members on 31st July 2021, including two staff and two student governors. Two independent Governors were appointed at the annual general meeting on 07th July 2021 to fill prior vacancies and ensure an appropriate continuing mix of diversity and skills within the Governing Body. The School’s Principal is an ex-officio Governor. Professor George Caird, Interim Principal stepped down from the Governing Body on 15th August 2021 and was replaced by the incoming Principal Josette Bushell-Mingo OBE with effect from 16th August 2021 (*post year-end*).

The Chair of Governors throughout the year was John Willis, with Menna McGregor as Deputy Chair. Alan Haigh, Chair of Audit Committee, was assigned the role of senior independent governor (SIG). Members of the Governing Body may serve for up to three terms of three years. The Chair of Governors may serve for a maximum of three terms of four years. The Chair of Governors was re-appointed for a further four-year term at the annual general meeting on 07th July 2021. Exceptionally, and on a resolution of the majority of Governors, a Governor may serve for a fourth term. Provision is made for the appointment of co-opted members.

Central continues to widen the diversity of its Governing Body membership. The Nominations Committee regularly reviews the mix and skills of the Governing Body in order to identify gaps and consider ways of attracting appropriate candidates and maintaining a diverse and effective membership. As at 31st July 2021, 35% of Central’s Governing Body had declared a Global Majority ethnicity (other than “white”). Regarding the Board’s balance of gender identity, 53% identified as ‘male’, 41% ‘female’ and 6% ‘non-binary’. The age distribution of the Governing Body was broken down in to the following categorisations: 41% 65+; 35% 45-64; 12% 25-44, and 16-24 also 12%. The Board continues to face the challenge of addressing all aspects of diversity across the range of protected characteristics. Various external platforms and mechanisms are being utilised to widen

the search for members from diverse communities and underrepresented groups. P*ost year-end, the appointments of the incoming Principal* ***and newly elected Student President and Post-Graduate Student Vice-President will further increase diversity within the Governing Body.***

Due diligence is undertaken on all new Governors, including assessment of skills, experience and time commitment available; follow-up of references; ensuring compliance with the HMRC ‘fit and proper person’ checklist’ and completion of a register of interests. The Governors’ register of interests is regularly updated and publicly available on the Governance section of Central’s website. No conflicts of interest have been revealed by review of returns for the current year.

All Governors receive induction to address particular needs based on their existing knowledge and experience and Central provides continuous development opportunities to meet individual requirements, recognising the wide range of backgrounds and skills held. Alongside the various opportunities to attend events and conferences relating to Central’s specialist provision and the HE sector more generally, training and workshops for Governors has included Sexual Harassment Awareness; Inclusion; Unconscious Bias, and Anti-Racism.

*Governing Body Conduct and Code of Governance*

The Board of Governors of Central is committed to exhibiting good practice in all aspects of corporate governance and endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (*selflessness, integrity, objectivity, accountability, openness, honesty and leadership*), and to comply with the *Higher Education Code of Governance* published by the Committee of University Chairs (CUC).

The Governing Body has adopted the core values of Higher Education governance as set out in the HE Code of Governance (*revised September 2020*), which build upon the above principles of public life:

Integrity: transparency, accountability, honesty, freedom of speech and academic freedom Sustainability: financial and environmental

Inclusivity: equality, diversity, accessibility, participation and fair outcomes for all Excellence: high-quality research, scholarship and teaching

Innovation and growth: social, economic and cultural Community: public service, citizenship, collegiality, collaboration

The Governors have applied the six elements underpinning the Code’s values in the year ended 31 July 2021:

1. *- Accountability:* The governing body is collectively responsible and accountable for institutional activities, approving all final decisions on matters of fundamental concern within its remit.
2. *– Sustainability:* Working with the Executive, the governing body sets the mission, strategic direction, overall aims and values of the institution. In ensuring the sustainability of the institution the governing body actively seeks and receives assurance that delivery of the strategic plan is in

line with legislative and regulatory requirements, institutional values, policies and procedures, and that there are effective systems of control and risk management in place.

1. *– Reputation:* The governing body safeguards and promotes institutional reputation and autonomy by operating in accordance with the values that underpin this Code, its various elements and the principles of public life.
2. *- Equality, inclusivity and diversity:* The governing body promotes a positive culture which supports ethical behaviour, equality, inclusivity and diversity across the institution, including in the governing body’s own operation and composition. This includes ensuring under-representation and differences in outcomes are challenged and, where practicable, corrective action is taken to ensure fair outcomes for all.
3. *- Effectiveness:* The governing body ensures that governance structures and processes are robust, effective and agile by scrutinising and evaluating governance performance against this Code (and other Codes where an institution’s constitutional form requires it), and recognised standards of good practice.
4. *– Engagement:* Governing bodies understand the various stakeholders of the institution (globally, nationally and locally) and are assured that appropriate and meaningful engagement takes place to allow stakeholder views to be considered and reflected in relevant decision-making processes.

The Governors have applied the Audit Code of Practice. The Audit Committee completed a self- assessment effectiveness review in the 2020-21 year resulting in recommendations to be taken forward in 2021-22. Governors have also applied *The Higher Education Senior Staff Remuneration Code* published by the CUC in June 2018. The Governing Body has adopted the three elements of fair and appropriate remuneration and the supporting principles. Following a gender equality pay audit of senior staff, the School will complete a full pay equality audit in order that a statement of full application of all three elements of the Remuneration Code can be applied in time for the year ending 31 July 2022. The School will also undertake a review against The Higher Education Senior Staff Remuneration Code published in late November 2021.

*Review of Effectiveness*

The Governing Body undertakes periodic Effectiveness Reviews. An external review was conducted in 2017/18, specifically focussing on governance on diversity and inclusion, and a further external review is in progress focussing on the School’s methods for ongoing compliance with regulatory conditions. The implementation of actions arising from such effectiveness reviews are monitored by the Nominations Committee and the Audit Committee as appropriate. The Academic Board also undertakes periodic effectiveness reviews and the last review was undertaken in 2018.

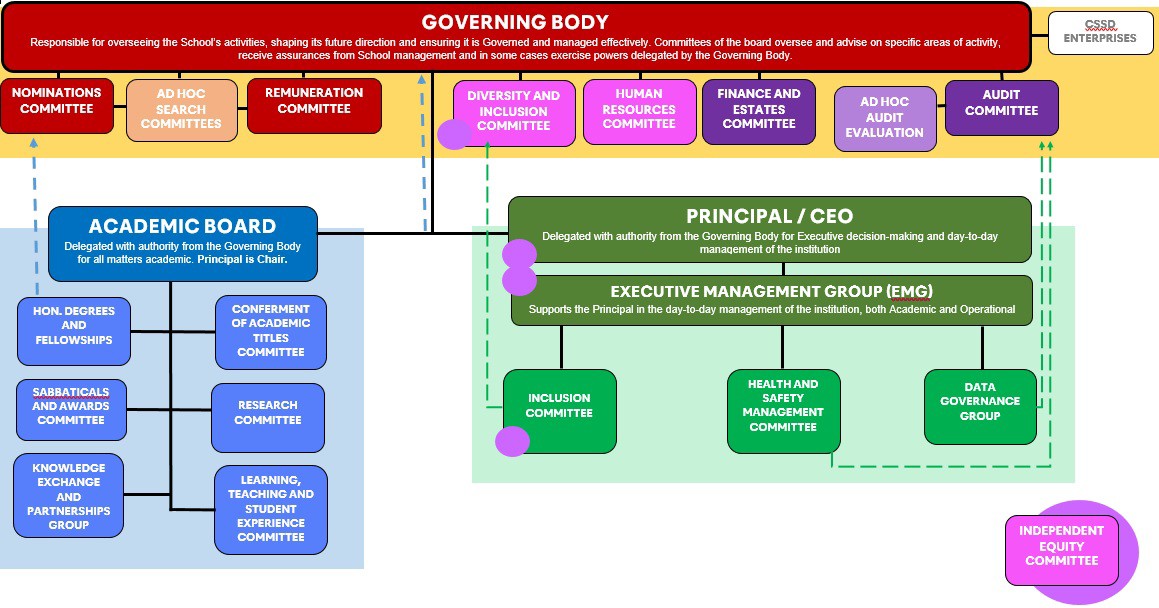
In light of the COVID-19 coronavirus pandemic, meetings of the Governing Body and its subcommittees moved to an online virtual conferencing format in March 2020; meetings continued remotely throughout the 2020/21 year. It is expected that some meetings will continue in this format in the 2021/22 year.

*Summary of Delegated Authority* Governing Body

The matters specifically reserved to the Governing Body for decision as set out in the Articles of Association include: the determination of the educational character of the institution; the approval of annual estimates of ‘income and expenditure’; ensuring the solvency of the institution and the safeguarding of its assets and for maintaining a sound system of internal control. Much of the detailed work of the Governing Body and Academic Board is initially scrutinised by Committees established for this purpose in accordance with specific delegated authority incorporated within each committee’s terms of reference. The Schedule of Delegation incorporated within the Corporate Governance Framework defines the approved level of authority.

*Governance Committee Structure*

The following diagram outlines the committee structure in relation to corporate and academic governance.



The key Governing Body Committees include:

* Audit Committee

Meets with external and internal auditors to review audit findings; review the financial statements and accounting policies; monitor regulatory adherence; review effectiveness of health, safety and wellbeing arrangements; review risk management control; review value for money arrangements; and monitor quality assurance of data.

* Diversity and Inclusion Committee

Provides assurance to the Governing Body in relation to the effective promotion and progression of equality, diversity, participation and inclusion across the institution and compliance with legislation covering rights of staff, applicants, students and governors not to suffer discrimination.

* Finance and Estates Committee

Monitors finance and estates matters and, inter alia, recommends to the Governing Body the annual revenue and capital budgets; monitors performance in relation to the approved budgets; reviews detailed financial statements and recommends to the Governing Body for adoption and publication, reviews the management of significant risks and reviews investment strategy and performance.

* Human Resources Committee

Provides assurance to the Governing Body in respect of the effective policies, processes and procedures in relation to employment and pay and conditions of staff.

* Nominations Committee

Reviews the balance of skills and experience needs of the Governing Body; considers arrangements for the identification and selection of new members and makes recommendations for new appointments.

* Remuneration Committee

Reviews the performance, and determines the annual remuneration, of senior post-holders; and reviews the remuneration policy of executive staff. The Chair of Governors chairs the Committee with the exception of business in relation to the Principal’s remuneration when the Deputy Chair of Governors/Chair of Human Resources Committee chairs proceedings.

* Search Committee

The Governing Body established a Search Committee (Principal) reporting into the Remuneration Committee to consider the arrangements for the search of a new Principal. Josette Bushell-Mingo OBE will take up duties as Principal from 16th August 2021 on the recommendation of the Search Committee and approval of the Governing Body.

In October 2020, a further Search Committee was established to consider the arrangements for the search of a senior academic to replace the Dean who retired in December 2020. The committee met periodically throughout 2020-21; the ongoing recruitment process had been paused until the approval of the School’s new Strategic Plan to 2023 and has now resumed.

All Governing Body committees are formally constituted with set memberships and terms of reference and comprise mainly independent members of the Governing Body, one of whom is nominated as Chair.

*Principal and Accountable Officer*

Deborah Scully MBE was Accountable Officer for the period 1 August 2020 – 13 September 2021. On 14th September 2020 Professor George Caird was appointed Interim Principal and assumed Accountable Officer responsibilities, pending a permanent Principal appointment. At its meeting on 16th February 2021, the Governing Body unanimously approved the recommendation of the Search Committee (Principal) to appoint Josette Bushell-Mingo OBE as the School’s Principal and accountable officer with effect from 16th August 2021 (*post year-end*).

The Principal has authority for the general organisation, direction and management of the institution and leadership of staff and is authorised to delegate powers to Senior Staff members subject to the limits of their own delegated authority.

*Governing Body Statement of Primary Responsibilities*

In accordance with The Higher Education Code of Governance published by the Committee of University Chairmen (CUC), the Governing Body has adopted a Statement of Primary Responsibilities as follows:

* 1. Working with the Executive, the Governing Body sets and approved the mission, strategic vision, overall aims and values of the institution.
  2. To agree long-term academic and business plans and key performance indicators and ensure that these meet the interests of stakeholders, especially staff, students and alumni.
  3. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the strategy, plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
  4. To delegate authority to the HoI for the academic, corporate, financial, estate and human resource management of the institution, and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the HoI.
  5. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk assessment, value for money arrangements and procedures for handling internal grievances and managing conflicts of interest.
  6. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
  7. To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
  8. To safeguard the good name and values of the institution.
  9. To appoint the HoI as Chief Executive and to put in place suitable arrangements for monitoring their performance.
  10. To appoint a Secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
  11. To be the employing authority for all staff in the institution and to be accountable for ensuring that an appropriate human resources strategy is established.
  12. To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall accountability for the institution’s assets, property and estate.
  13. To be the institution’s legal authority and, as such, to ensure systems are in place for meeting all the institution’s legal obligations, including those arising from contracts and other legal commitments made in the institution’s name. This includes accountability for health, safety and security and for equality, diversity and inclusion.
  14. To receive assurance that adequate provision has been made for the general welfare of students.
  15. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
  16. To ensure that the institution’s constitution is always followed, and that appropriate advice is available to enable this to happen.
  17. To promote a culture which supports inclusivity and diversity across the institution.
  18. To maintain and protect the principles of academic freedom and freedom of speech legislation.
  19. To ensure that all students and staff have opportunities to engage with the governance and management of the institution.

Statement of Internal Controls

The Governing Body is responsible for the institution’s system of internal controls and for reviewing its effectiveness. The system is based on identification and evaluation of risk and the monitoring of policies and processes to ensure effective management which enables objectives to be achieved effectively, efficiently, economically and ethically.

*Risk Management*

The following provides a summary of arrangements in place:

1. reports are received from budget holders, department heads and project managers on internal control activities within their areas of responsibility, including progress on key projects;
2. a Risk Management Strategy and Policy is in place, which defines the institution’s approach to risk management and provides a framework for risk assurance. This is informed by best practice guidance received through the British Universities Finance Directors Group (BUFDG), OfS Guidance and the HM Treasury Assurance Framework;
3. a risk assurance framework has been developed to provide reliable evidence to underpin the assessment of the risk and control environment for the annual Governance statement;
4. the Executive Management Group regularly reviews the key strategic risks and also undertakes a regular review of departmental operational risks. Feedback and training is provided on an on-going basis;
5. the Audit Committee provides oversight of risk management procedures and receives regular reports from Executive Management Group and the head of internal audit, which include the head of internal audit’s independent opinion on the adequacy and effectiveness of the institution’s systems of internal control, together with recommendations for improvement;
6. the annual internal audit programme is approved by the Audit Committee based upon identified strategic risks to the institution and taking into consideration risks facing the sector as a whole;
7. the Finance and Estates Committee reviews risk management reports termly and the Human Resources Committee also reviews specific risks in relation to its area of responsibility; and
8. the Governing Body undertakes an annual review of the significant risks facing the institution and receives periodic reports from the Audit Committee concerning risk and internal controls, and from the Finance and Estates Committee in respect of the management of significant risks.

During the year, the Academic Board continued to oversee effective action to address the impact of the COVID-19 pandemic and has implemented alternative, hybrid methods of provision for each taught course. Care has been taken to ensure that the provision meets the academic requirements and same quality standards whilst providing opportunities to enhance the student experience. The 2020-21 year saw the resumption of many on-site teaching and learning activities in a COVID- secure environment, under direction of advice from government and Public Health England (PHE).

The Governing Body review of the effectiveness of the system of internal control was informed by the School appointed internal audit firm Grant Thornton throughout the reporting year, operating to standards defined in the OfS Audit Code of Practice. It is also continually informed by the work of executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Grant Thornton held office as Internal Auditors throughout 2020/21. Following a periodic tender exercise and on recommendation of the School’s Audit Evaluation Committee (meeting held 16th June 2021), the Governing Body (meeting held 07th July 2021) approved the appointment of KPMG LLP as Central’s Internal Auditors with effect from 01st August 2021 (post year-end).

The Governing Body is of the view that: *there is an effective on-going process for identifying, evaluating and managing the institution’s significant risks; that it has been in place throughout the year ended 31st July 2021, and up to the date of approval of the annual report and financial statements; that it is regularly reviewed by the Governing Body; and that it accords with the internal control guidance for directors on the Combined Code as deemed appropriate for higher education.*

*Disclosure of information to auditors*

The Directors who held office at the date of approval of this Corporate Governance report confirm that, so far as they are each aware, there is no relevant audit information of which the Company’s auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the Company’s auditor is aware of that information. At the Annual General Meeting of the Members on 07th July 2021, BDO LLP was re-appointed as Central’s external auditor.

Statement of Governing Body Responsibilities in respect of the strategic report and Financial Statements

In accordance with Company law and the Articles of Association, the Governors are required to present audited financial statements of the group and parent for each financial year. These audited financial statements are prepared in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. As a Higher Education institution, the financial statements also accord with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education. In preparing these financial statements, the Governing Body has:

* complied with the Accounts Direction issued by the Office for Students;
* complied with the Statement of Recommended Practice on Accounting for Further and Higher Education;
* ensured that appropriate accounting policies have been selected and applied consistently; and
* ensured that judgements and estimates are made that are reasonable and prudent.

The Governing Body considers that the systems of internal financial control in place have provided appropriate assurance that:

* Central has adequate resources to continue in operation for the foreseeable future and for this reason the financial statements have been prepared on a going-concern basis;
* the financial statements represent a true and fair view of the state of affairs of the group and parent School and of their income and expenditure, gains and losses and changes in reserves for that period;
* the Office for Students’ terms and conditions of funding for higher education institutions and Research England’s terms and conditions of Research England grant and applicable law and regulations have been met;
* there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
* economical, efficient and effective management of the institution’s resources and expenditure is secured.

The key elements of the institution’s system of internal financial control, designed to discharge the responsibilities set out above, include the following:

1. clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
2. a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
3. regular variance reporting and updates of forecast outturns;
4. 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 according to approval levels set by the Governors;
5. comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Governors; and
6. a professional Internal Audit team whose annual programme is approved by the Audit Committee.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

*2020/21 Trade Union Disclosure*

Trade Union Disclosure 2019-20 Trade Union (Facility Time Publication Requirements) Regulations 2017. The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations place a legislative requirement on Central to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within the organisation. The relevant data for 2020/21 is as follows:

The number of employees who were relevant union officials during the year totalled 7 staff (6.1 full-time equivalent).

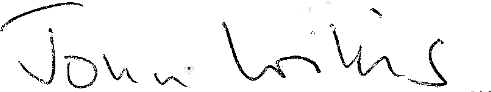
##### The percentage of their time spent on trade union activity was as follows:

|  |  |
| --- | --- |
| Percentage of time | Number of employees |
| 0% - 50% | 2 |
| 51% - 99% | - |
| 99% - 100% | - |

*The percentage of total salary costs spent on facility time totalled 0.01%. As a percentage of total* paid facility time hours, 0.4% of hours were spent by employees who were relevant union officials during the period on paid trade union activities.

*Publication of the Financial Statements on the Website*

The Governing Body is responsible for the maintenance and integrity of the corporate and financial information published on the School’s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



John Willis, Chair of Governors

January 2022

# INDEPENDENT AUDITOR’S REPORT TO THE GOVERNING BODY OF THE ROYAL CENTRAL SCHOOL OF SPEECH AND DRAMA

Opinion

In our opinion, the financial statements:

* give a true and fair view of the state of the Group’s and of The Royal Central School of Speech and Drama’s (“Central’s”) affairs as at 31 July 2021 and of the Group’s and Central’s income and expenditure, gains and losses, changes in reserves and of the group’s cash flows for the year then ended;
* have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
* have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Royal Central School of Speech and Drama (“Central”) and its subsidiaries (the ‘Group’) for the year ended 31 July 2021 which comprise the Consolidated and Central Statement of Comprehensive Income and Expenditure, the Consolidated and Central Statement of Changes in Reserves, the Consolidated and Central Balance Sheet and the Consolidated 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).

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

*Independence*

We are independent of the Group and Central 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governing Body members’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Central’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governing Body members with respect to going concern are described in the relevant sections of this report.

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 Governing Body 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 Report of the Board and Executive 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.

Other Companies Act 2006 reporting

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 and Executive 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 and Executive have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Central 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 and Executive.

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.
* we have not received all the information and explanations we require for our audit; or 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 higher education institution for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation.
* Funds provided by the OfS and Research England have been applied in accordance with the Terms and Conditions of Funding and any other terms and conditions attached to them.
* The requirements of the OfS’s accounts direction 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:

* Central’s grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
* Central’s expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Governing Body

As explained more fully in the statement of the Governing Body’s Responsibilities set out on page 37, the Governing Body 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 Governing Body members 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 Governing Body are responsible for assessing the Group and Central’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 Governing Body either intend to liquidate the Group or Central 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations are related to their registration with the Office for Students ("OfS”) and their ongoing conditions of registration, and we considered the extent to which non-compliance might have a material effect on the Group Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Companies Act, the OfS Accounts Direction and tax legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence if any.

We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The audit procedures to address the risks identified included:

* Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility.
* Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, including direct representation from the Accountable Officer.
* Challenging assumptions made by management in their significant accounting estimates in particular in relation to the calculation of the defined benefit pension liability, the useful economic lives of tangible and intangible fixed assets and the calculation of the bad debt provision.
* In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.
* Identifying and testing journal entries, in particular any journal entries posted from staff members with privileged access rights, journals posted by key management, journals posted outside of staff members' expected roles, journals posted by temporary or guest accounts and journals posted with unusual descriptions.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.](http://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 Central 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 Central’s Governing Body 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 Central and the Governing Body members as a body, for our audit work, for this report, or for the opinions we have formed.



James Aston (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor Gatwick

04 February 2022

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

###### Year Ended 31 July 2021

###### Year ended 31 July 2021

Year ended 31 July 2020

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Notes | **Group** | **Central** | Group | Central |
|  | **£'000** | **£'000** | £'000 | £'000 |
| **Income** |  |  |  |  |  |
| Tuition fees and education contracts | 1 | **11,307** | **11,307** | 12,134 | 12,134 |
| Funding body grants | 2 | **6,058** | **6,058** | 5,986 | 5,986 |
| Research grants and contracts | 3 | **482** | **482** | 470 | 470 |
| Other income | 4 | **467** | **466** | 839 | 762 |
| Investment income | 5 | **46** | **46** | 110 | 110 |
| **Total income before donations and endowments** |  | **18,360** | **18,359** | **19,539** | **19462** |
| Donations and endowments | 6 | **473** | **473** | 291 | 291 |
| **Total income 18,833 18,832 19,830 19,753** | | | | | |
| **Expenditure** |  |  |  |  |  |
| Staff costs | 7 | **12,653** | **12,653** | 12,032 | 11,992 |
| Other operating expenses |  | **5,905** | **5,899** | 6,047 | 5,990 |
| Depreciation | 10 | **1,157** | **1,157** | 1,236 | 1,236 |
| Interest and other finance costs | 8 | **435** | **435** | 423 | 423 |
| **Total expenditure** 9  **20,150 20,144 19,738 19,641** | | | | | |
| **(Deficit) / surplus before other gains/(losses)** |  | **(1,317)** | **(1,312)** | 92 | 112 |
| Gain / (loss) on investments | 11 | **82** | **82** | (28) | (28) |
| **(Deficit) / surplus before tax** |  | **(1,235)** | **(1,230)** | **64** | **84** |
| Transfer to accumulated income in endowment funds |  | **2** | **2** | 4 | 4 |
| **(Deficit) / surplus for the year** |  | **(1,233)** | **(1,228)** | **68** | **88** |
| Actuarial losses in respect of pension scheme | 25 | **(234)** | **(234)** | (4,878) | (4,878) |
| **Total comprehensive (expenditure) for the year** |  | **(1,467)** | **(1,462)** | **(4,810)** | **(4,790)** |

*(Continued on the next page)*

|  |  |  |
| --- | --- | --- |
| **Consolidated Statement of Comprehensive Income and Expenditure Year Ended 31 July 2020 (continued)** |  | |
|  | **Year ended 31 July 2021** | Year ended 31 July 2020 |
|  | **Group Central** | Group Central |
|  | £'000 £'000 | £'000 £'000 |
| **Represented by:** |  |  |
| Endowment comprehensive income / (expenditure) for the year | **47 47** | (22) (22) |
| Restricted comprehensive income for the year | **151 151** | 27 27 |

Unrestricted comprehensive (expenditure)  **(1,665) (1,660)** (4,815) (4,795)

Attributable to Group and Central  **(1,467) (1,462) (4,810) (4,790)**

###### (Deficit)/Surplus for the year attributable to:

Group and Central **(1,233) (1,228)** 68 88

The following items relating to market revaluations until allocated in the statement of recognised gains and losses (SORP 2007) are now shown on the consolidated statement of comprehensive income and expenditure (SORP 2015):

###### Group and Central

###### £’000

|  |  |  |
| --- | --- | --- |
|  | **Year ended** | Year ended |
| **31 July 2021** | 31 July 2020 |
| Actuarial losses in respect of LPFA pension scheme | **(234)** | (4,878) |
| Gain/(Loss) on investments | **82** | (28) |
| **Total losses** | **(152)** | **(4,906)** |

# CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

###### Year ended 31 July 2021

**Group Income and expenditure reserve** Revaluation reserve

Transfers to

reserves **Total**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | *Endowment* | *Restricted* | *Unrestricted* |  | | |
| £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Balance at 1 August 2019** | **408** | **2,029** | **21,250** | **1,270** | *50* | **25,007** |
| Surplus from the income and expenditure statement | (4) | 246 | (174) | - |  | 68 |
| Other comprehensive income | - | - | (4,878) | - |  | (4,878) |
| Release of restricted funds spent in year | (18) | (219) | 237 | - |  | - |
| **Total comprehensive income / (expenditure) for the year** | (22) | 27 | (4,815) | - |  | (4,810) |
| Endowment transfer | - | - | - | - | *(22)* | (22) |
| **Balance at 1 August 2020** | **386** | **2,056** | **16,435** | **1,270** | *28* | **20,175** |
| Surplus from the income and expenditure statement | 63 | 441 | (1,737) | - |  | (1,233) |
| Other comprehensive income | - | - | (234) | - |  | (234) |
| Release of restricted funds spent in year | (16) | (290) | 306 | - |  | - |
| **Total comprehensive income / (expenditure) for the year** | 47 | 151 | (1,665) | - |  | (1,467) |
| Endowment transfer | - |  | - - | - | *46* | 46 |
| **Balance at 31 July 2021** | **433** | **2,207** | **14,770** | **1,270** | *74* | **18,755** |

*(Continued on the next page)*

###### Consolidated Statement of Changes in Reserves Year ended 31 July 2021 (continued)

**Central Income and expenditure account** Revaluation reserve

Transfers

to

reserves **Total**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Endowment | Restricted | Unrestricted |  | | |
| £'000 | £'000 | £'000 | £'000 | £’000 | £'000 |
| **Balance at 1 August 2019** | **408** | **2,029** | **21,276** | **1,270** | *50* | **25,033** |
| Surplus from the income and expenditure statement | (4) | 246 | (154) | - | - | 88 |
| Other comprehensive expenditure | - | - | (4,878) | - | - | (4,878) |
| Release of restricted funds spent in year | (18) | (219) | 237 | - | - | - |
| **Total comprehensive (expenditure) / income / for the year** | (22) | 27 | (4,796) | - | - | (4,790) |
| Endowment transfer | - | - | - | - | (22) | (22) |
| **Balance at 1 August 2020** | **386** | **2,056** | **16,481** | **1,270** | *28* | **20,221** |
| Surplus / (deficit) from the income and expenditure statement | 63 | 441 | (1,732) | - | - | (1,228) |
| Other comprehensive expenditure | - | - | (234) | - | - | (234) |
| Release of restricted funds spent in year | (16) | (290) | (306) | - | - | - |
| **Total comprehensive income / (expenditure) for the year** | 47 | 151 | (1,660) | - | - | (1,462) |
| Endowment transfer | - | - | - | - | 46 | 46 |
| **Balance at 31 July 2021** | **433** | **2,207** | **14,822** | **1,270** | *74* | **18,806** |

# CONSOLIDATED BALANCE SHEET AS AT 31 JULY

###### Year ended 31 July 2021 Company Registration No. 203645

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Notes | **Group** | **2021** | **Central** | **Group** | **2020** | **Central** |
|  | **£000** |  | **£000** | **£000** |  | **£000** |
| **Non-current assets**  Fixed assets | 10 | 35,045 |  | 35,045 | 36,084 |  | 36,084 |
| Investments | 11 | 1,164 |  | 1,164 | 1,036 |  | 1,036 |
|  |  | 36,209 |  | 36,209 | 37,120 |  | 37,120 |
| **Current assets**  Stocks |  | 6 |  | - | 7 |  | - |
| Debtors | 12 | 1,669 |  | 1,753 | 2,157 |  | 2,232 |
| Investments | 13 | 1,100 |  | 1,100 | 1,100 |  | 1,100 |
| Cash and cash equivalents | 19 | 16,530 |  | 16,494 | 14,541 |  | 14,505 |
|  |  | 19,305 |  | 19,347 | 17,805 |  | 17,837 |
| Less: creditors - amounts falling due within one year | 14 | (6,046) |  | (6,037) | (5,257) |  | (5,243) |
| **Net current assets** |  | 13,259 |  | 13,310 | 12,548 |  | 12,594 |
| **Total assets less current liabilities** |  | 49,468 |  | 49,519 | 49,668 |  | 49,714 |
| Creditors - amounts falling due after more than one year | 15 | (15,306) |  | (15,306) | (15,971) |  | (15,971) |
| **Provisions**  Pension provisions | 16 | (15,188) |  | (15,188) | (13,303) |  | (13,303) |
| Other provisions | 16 | (219) |  | (219) | (219) |  | (219) |
| **TOTAL NET ASSETS** |  | **18,755** |  | **18,806** | **20,175** |  | **20,221** |

*(Continued on the next page)*

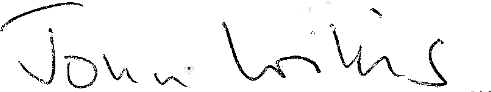
Consolidated Balance Sheet as at 31 July (continued

Year Ended 31 July 2021

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Notes | **2021**  **Group** | **Central** | **2020**  **Group** | **Central** |
|  | **£000** | **£000** | **£000** | **£000** |
| **Restricted reserves**  **Income and expenditure reserve**  Endowment reserve | 17 | 433 | 433 | 386 | 386 |
| Income and expenditure reserve | 18 | 2,207 | 2,207 | 2,056 | 2,056 |
| **Unrestricted reserves**  **Income and expenditure reserve**  Unrestricted |  | 14,845 | 14,896 | 16,463 | 16,509 |
| Revaluation reserve |  | 1,270 | 1,270 | 1,270 | 1,270 |
| **TOTAL RESERVES** |  | **18,755** | **18,806** | **20,175** | **20,221** |

The financial statements were approved and authorised for issue by the Governing Body on

31 January 2022 and were signed on its behalf on that date by:

###### John Willis

###### Chair of Governors

###### Josette Bushell-Mingo OBE

###### Principal / Chief Executive

###### Deborah Scully MBE

###### Company Secretary

# CONSOLIDATED CASH FLOW

###### Year ended 31 July 2021

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **Year ended** | **Year ended** |
| Notes | **31 July 2021** | **31 July 2020** |
|  | **£'000** | **£'000** |
| **Cash flow from operating activities**  (Deficit) / Surplus for the year |  | **(1,233)** | **68** |
| **Adjustment for non-cash items**  Depreciation | 10 | 1,157 | 1,236 |
| Gain / (loss) on investments | 11 | (82) | 28 |
| Increase / (decrease) in stock |  | 1 | (3) |
| Decrease / (Increase) in debtors | 12 | 488 | (1,279) |
| Increase in creditors | 14 | 819 | 318 |
| Increase in pension provision |  | 1,651 | 996 |
| **Adjustment for investing or financing activities**  Investment income | 5 | (46) | (110) |
| Loan interest payable | 8 | 253 | 268 |
| Endowment income | 17 | (14) | (14) |
| Capital grant income |  | (403) | (488) |
| **Net cash inflow from operating activities** |  | **2,591** | **1,020** |
| **Cash flows from investing activities**  Capital grants receipts |  | 152 | 97 |
| Withdrawal of deposits |  | - | 3,555 |
| Investment income |  | 37 | 101 |
| Payments made to acquire fixed assets New current asset investment |  | (133)  - | (205)  - |
|  |  | **56** | **3,548** |
| **Cash flows from financing activities**  Interest paid |  | (256) | (203) |
| Endowment cash received |  | 14 | 14 |
| Repayments of amounts borrowed |  | (418) | (204) |
|  |  | **(660)** | **(393)** |
|  |  |  |  |
| **Increase in cash and cash equivalents in the year** |  | **1,988** | **4,174** |
| Cash and cash equivalents at beginning of the year | 19 | **14,541** | **10,367** |
| Cash and cash equivalents at end of the year | 19 | **16,529** | **14,541** |

# NOTES TO THE FINANCIAL STATEMENTS

### Statement of Principal Accounting Policies and Estimation Techniques

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019 and in accordance with Financial Reporting Standards (FRS 102). Central is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

Going Concern

The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of certain fixed assets). Central meets its day-to-day working capital requirements from the funding and fee income it receives and also, if needed, from surplus reserves. The current economic environment and changed funding rules create uncertainty over the future level of student demand and student fee income and the level of government funding.

Central’s forecasts and projections, taking account of reasonably possible changes in funding and costs, show that Central has adequate resources to continue in operational existence for the foreseeable future. Thus Central continues to adopt the going concern basis in preparing its financial statements.

Basis of Consolidation

Central has taken advantage of the exemption in S.408 of the Companies Act 2006 not to present its own Income and Expenditure Account.

The group financial statements include Central (the parent company, also referred to as the School) and its subsidiary undertaking, CSSD Enterprises Limited. Intra-group sales and profits are eliminated fully on consolidation. The group financial statements do not include the income and expenditure of the Student’s Union as the School does not exert control or dominant influence over policy decisions.

Income Recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or 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 Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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

Funds the School receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the School where the School is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grant Funding

Research income and specific purpose non-recurrent grants from OfS, HEFCE and Research England or other bodies are recognised in income over the periods in which the School recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the School 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.

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the School is entitled to the funds subject to any performance related conditions being met.

Donations and Endowments

An Endowment fund is a form of charitable trust retained for the benefit of the School for the long term and is subdivided into a capital and accumulated income element. A donation to establish an endowment fund which prohibits conversion of capital to income creates a 'permanent' endowment fund and such fund must generally be held indefinitely. If the School has power to use the capital then the endowment fund is 'expendable' but the School would be unlikely to use this power in the short term.

The investment income from permanent endowment funds may be restricted or unrestricted in use depending on the requirements of the donor whereas investment income from expendable endowment funds will always be restricted in use.

New endowment funds are credited to the Consolidated Statement of Comprehensive Income and Expenditure on entitlement and then transferred to an endowment fund within the Balance Sheet. Investment income is credited to the Consolidated Statement of Income and Expenditure and, if restricted, reserved within the endowment fund for future spend in accordance with restrictions. Expenditure against the restricted endowment fund is debited to the Consolidated Statement of Income and Expenditure and charged to the endowment fund.

Appreciation/depreciation of endowment investments is recorded within the Consolidated Statement of Income and Expenditure and then transferred to the capital element of the endowment funds.

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor-imposed restrictions are recognised in income when the School is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the School is entitled to the funds.

There is no longer a difference in the basis of recognition for revenue and capital donations. Capital donations have performance related conditions specific to the construction or purchase of an asset. Once the conditions have been met the donation income is released. However, the depreciation of these costs are charged over the assets’ useful life. This results in an imbalance between the benefit and costs within the consolidated statement of comprehensive income and expenditure.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms or other restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

1. restricted donations - the donor has specified that the donation must be used for a particular objective;
2. unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the School;
3. restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the School has the power to use the capital; and
4. restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Accounting for retirement benefits

Central contributes to the London Pensions Fund Authority Pension Fund (LPFA) and the Teachers’ Pension Scheme (TPS). Both schemes are defined benefit schemes but the TPS scheme is a multi- employer scheme and it is not possible to identify the assets of the scheme which are attributable to Central. In accordance with FRS 102 section 28 this scheme is accounted for on a defined contribution basis and contributions to this scheme are included as expenditure in the period in which they are payable. Central is able to identify its share of assets and liabilities of the LPFA scheme and thus Central fully adopts FRS 102 section 28.

The schemes are statutory, contributory, career average schemes, with a final salary link for service prior to scheme change dates. The schemes were contracted out of the State Earnings-Related Pension Scheme until April 2016.

The Funds are valued every three years (LPFA) and every four years (TPS) by actuaries using the aggregate method, the rates of contribution payable being determined on the advice of the

actuaries. Pension costs are assessed on the latest actuarial valuations of the schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which Central benefits from the employees’ services. Variations from regular costs are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals.

Service costs are spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The cost of past service benefit enhancements, settlements and curtailments are also recognised in the period in which they arise. The differences between actual and expected returns during the year, including changes in actuarial assumptions are recognised in the Statement of Comprehensive Income and Expenditure.

Central continues to make a small and diminishing number of supplementation payments to retired members and dependants of former members of the Central School of Speech Training and Dramatic Art Pension Fund.

Enhanced Pension Provision

Enhanced pensions have been paid to former employees of the Inner London Education Authority on a monthly basis by the London Pension Fund Authority (LPFA) and reimbursed by Central. The LPFA supplies Central with listings of the 6 former staff members still alive, their age, gender and marital status. The University uses the Association of Colleges template which provides a Net Interest Rate table to apply the age, sex, annual payment and marital status of the former employees and calculate a pension per individual. These are summed for all individuals to provide an appropriate pension provision.

Staff Costs and Employment Benefits

Staff costs cover all staff for whom Central is liable to pay Class 1 National Insurance contributions and/or who have a contract of employment with Central and include any severance costs.

Short term employment benefits such as salaries and annual leave are recognised as an expense in the year in which the employees render service to the School. Any unused benefits are accrued and measured as the additional amount the School expects to pay as a result of the unused entitlement.

Leased Assets

Assets obtained under finance leases are included in fixed assets at an amount equal to the cost at which the assets would have been purchased and depreciated over the period of the lease on a straight-line basis. The related lease obligations, excluding finance charges allocated to future periods, are included in creditors. Finance charges are amortised over the life of the lease on the actuarial basis. Rental costs under operating leases are charged to the income and expenditure account as incurred.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on the date of transition to the

2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and Buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value. Central has a policy of ensuring a full revaluation takes place at least every 5 years such that the market value is not materially different to the current value. Depreciation and impairment losses are subsequently charged on the revalued amount.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to Central.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight-line basis over their expected useful lives as follows:

* Academic buildings - 50 years
* Refurbishments - 15 years

Leasehold land is depreciated over the life of the lease up to a maximum of 50 years. No depreciation is charged on assets in the course of construction.

Equipment

Equipment costing more than £1,000 is capitalised. Other items are written off in the year of acquisition.

Capital equipment is depreciated over its expected useful life on a straight-line basis as follows: Computer equipment - 3 years

Lighting equipment - 5 years

Media and digital equipment - 2 years Management information systems - 5 years Telephone equipment - 7 years

Other equipment - 10 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to income and expenditure over the expected useful economic life of the related equipment.

Depreciation method, useful life and residual values are reviewed at the date of preparation of each balance sheet.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Investments

Non-current asset investments are held on the Balance Sheet at amortised cost less impairment. Investments in subsidiaries are carried at cost less impairment in the School's accounts. Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

Listed Investments

Listed investments are shown in the balance sheet at market value. Investment income arising from these investments is dealt with through the Consolidated Statement of Comprehensive Income and Expenditure, as are profits or losses arising from the sale of these investments.

Stocks

Bar stocks are stated at the lower of their cost and net realisable value and is measured using an average cost formula. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Although Central maintains small stocks of stationery and consumables, these are charged to expenditure in the year of purchase, and have not been included in the Balance Sheet.

Cash and Cash Equivalents

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits and overdrafts. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

Liquid resources comprise term deposits held as part of Central’s treasury management activities.

Maintenance of Premises

The cost of planned and routine corrective maintenance is charged to the income and expenditure account as incurred.

Taxation Status

Central is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and, as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, Central is potentially exempt from taxation in respect of income or capital gain received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 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. Central receives no similar exemption in respect of 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 Central’s subsidiary company is subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when Central:

* has a present legal or constructive obligation as a result of a past event;
* it is probable that an outflow of economic benefit will be required to settle the obligation; and
* a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives Central a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of Central. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives Central a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of Central.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

Foreign currency translation

Transactions in foreign currencies are translated to the respective functional currencies of the Group at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Reserves

Reserves are allocated between restricted and unrestricted reserves. Restricted reserves include endowments and non-endowment balances which the donor has designated for a specific purpose.

Critical Accounting Estimates and Judgements

The preparation of financial statements requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying accounting policies. Estimates, assumptions and judgements are continually evaluated based on available information and experience. Estimates based on assumptions and judgements could differ significantly from actual results. The areas most affected by the use of estimates and judgements are described below:

* useful lives of fixed assets - The useful lives of Central’s assets are determined by management at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Nevertheless, some assets, including buildings,

remain in use well beyond their useful life and to this extent there is no charge to depreciation in respect of fully written off assets;

* non-current asset investments – endowments and investments

Endowment and investments are included at fair market value provided by professional valuation;

* recoverability of debts - It is assumed initially that all debts will be recoverable in full unless there is evidence to suggest otherwise. Any debt that is evidently doubtful is provided for in full. For all other debts, once these reach six months overdue a provision is created by type of debt based on historical experience of irrecoverability. The adequacy of the provision is assessed and adjusted annually;
* annual leave liability - The liability for outstanding annual leave is calculated based on the assumption that academics do not take leave during the term time, but take leave pro rata during the vacation periods. Actual data of outstanding leave is taken from the holiday booking system; and
* calculation of pension provision – Defined benefit pension liability

The underlying assumptions in relation to the estimate of the present value of the calculation of the defined benefit pension liability in the LPFA scheme is made using actuarial assumptions including future salary and general inflation and the expected longevity of scheme members.

###### Notes to the Accounts

###### for the year ended 31 July 2021

**Year Ended 31 July 2021**

Year Ended 31 July 2020

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **1 Tuition fees and education contracts** | **Group**  **£'000** | **Central**  **£'000** | Group  £'000 | Central  £'000 |
| Full-time Undergraduate - Home | **4,900** | **4,900** | 4,957 | 4,957 |
| - EU students | **612** | **612** | 703 | 703 |
| - International students | **1,572** | **1,572** | 1,545 | 1,545 |
| Full-time Postgraduate - Home | **1,334** | **1,334** | 1,396 | 1,396 |
| - EU students | **300** | **300** | 499 | 499 |
| - International students | **1,740** | **1,740** | 2,107 | 2,107 |
| Part-time Postgraduate - Home | **258** | **258** | 187 | 187 |
| - EU students | **17** | **17** | 35 | 35 |
| - International students | **11** | **11** | - | - |
|  | **10,744** | **10,744** | **11,429** | **11,429** |
| Short courses and other fees | **563** | **563** | 705 | 705 |
|  | **11,307** | **11,307** | **12,134** | **12,134** |
| **2 Funding body grants** |  |  |  |  |
| **Recurrent grants**  Teaching - OfS | **4,686** | **4,686** | 4,764 | 4,764 |
| Research - Research England | **887** | **887** | 711 | 711 |
| Capital grants - OfS | **393** | **393** | 478 | 478 |
| - Research England | **10** | **10** | 10 | 10 |
| **Specific grants**  Inherited staff liabilities - OfS | **18** | **18** | 23 | 23 |
| Hardship Funds - OfS | **62** | 62 | - | - |
| Covid Testing - Research England | **2** | **2** | - | - |
|  | **6,058** | **6,058** | 5,986 | 5,986 |

**Notes to the Accounts**

**for the year ended 31 July 2021**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | | | **Year Ended** | | Year Ended | |
| **31 July 2021 Group Central**  **£'000 £'000** | | 31 July 2020 Group Central  £'000 £'000 | |
| **3** | **Research grants and contracts** | |  | |  | |
|  | Research councils | | **429 429** | | 387 387 | |
|  | Research charities | | **- -** | | 9 9 | |
|  | Government (UK and overseas) | | **- -** | | 74 74 | |
|  | Industry and commerce | | **53 53** | | - - | |
|  |  | | **482 482** | | 470 470 | |
|  | ***The source of grant and fee income, included in notes 1 to 3 is as follows:*** | |  | |  | |
|  | **Grant and Fee income** | |  | |  | |
| OfS | | Grant income from the OfS | **5,159** | **5,159** | 5,265 | 5,265 |
| Other bodies\* | | Grant income from other bodies | **1,397** | **1,397** | 1,275 | 1,271 |
| Research awards | | Fee income for research awards (exclusive of VAT) | **90** | **90** | 139 | 139 |

Non-qualifying

Fee income from non-qualifying courses (exclusive of VAT)

**563 563** 705 705

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Taught | Fee income for taught awards (exclusive of VAT) | **10,654 10,654** | | 11,290 | 11,290 |
|  |  | **17,863 17,863** | | 18,674 | 18,670 |
| *\*Includes HMRC Coronavirus Job Retention Scheme (CJRS) grants shown within other income.* | | | | | |
| **4 Other Income** | |  |  |  |  |
| Other revenue grants | | **16** | **16** | 84 | 80 |
| Rent | | **241** | **241** | 161 | 161 |
| Ticket sales | | **-** | **-** | 13 | 13 |
| Shop sales | | **2** | **2** | 11 | 11 |
| Bar sales | | **1** | **-** | 73 | - |
| External services | | **96** | **96** | 130 | 130 |
| Buiness Training | | **1** | **1** | 117 | 117 |
| VAT and Creative Sector Relief | | **37** | **37** | 169 | 169 |
| Research | | **-** | **-** | 22 | 22 |
| Award Ceremony | | **-** | **-** | 24 | 24 |
| Miscelleneous | | **74** | **74** | 35 | 35 |
|  | | **467** | **466** | 839 | 762 |
| **5 Investment income** | |  |  |  |  |
| Investment income on endowments | | 14 | 14 | 14 | 14 |
| Investment income on restricted reserves | | - | - | 9 | 9 |
| Exchange (losses) / gains realised | | (17) | (17) | (32) | (32) |
| Other investment income | | 49 | 49 | 119 | 119 |
|  | | **46** | **46** | 110 | 110 |
| **6 Donations and endowments** | |  |  |  |  |
| Donations with restrictions | | **441** | **441** | 237 | 237 |
| Unrestricted donations | | **32** | **32** | 54 | 54 |
|  | | **473** | **473** | 291 | 291 |

## Notes to the Financial Statements For the year ended 31 July 2021

###### 7. Staff costs

###### Year Ended 31 July 2021

###### Year Ended 31 July 2020

Salaries

|  |  |  |  |
| --- | --- | --- | --- |
| **Group**  **£000** | **Central**  **£000** | **Group**  **£000** | **Central**  **£000** |
| 8,777 | 8,777 | 8,752 | 8,715 |
| 870 | 870 | 890 | 889 |
| 3,006 | 3,006 | 2,390 | 2,388 |
| **12,653** | **12,653** | **12,032** | **11,992** |

Social security costs Other pension costs **Total**

###### Total remuneration of the head of the institution

Professor George Caird was appointed Interim Principal on 13 September 2020 from which point he took on the role of Accountable Officer.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Year Ended** | | **Year Ended** | |
| **31 July 2021** | | **31 July 2020** | |
| **£** | | **£** | |
| George Gavin | | George Gavin | |
| Caird Henderson | | Caird Henderson | |
| Basic salary | 110,667 15,552 | | - 186,625 | |
| Pension contribution | 26,206 3,683 | | - 43,093 | |
| Taxable Benefits |  | |  | |
| Medical insurance | 3,182 - | | - 3,374 | |
| Non-Taxable Benefits |  | |  | |
| Hospitality | - - | | - 115 | |
| Taxis (business efficacy) | - - | | - 425 | |
| Theatre tickets (external | - - | | - 1,136 | |
| networking, industry and |  | |  | |
| alumni development)  **Total** | **140,055** | **19,235** | **-** | **234,768** |
| **Pay multiples – the ratio between the Principal’s pay and the average pay of other staff at the**  **institution** | | | | |
| **Basic Salary** | **3.0** | **3.7** | **2.4** | |
| **Total remuneration** | **3.4** | **4.1** | **2.2** | |

## Notes to the Financial Statements For the year ended 31 July 2021

Ms Deborah Scully (substantive Deputy Principal) acted up as Accountable Officer and Interim Co-Principal from 8 June to 12 September 2020. Pro-rated annual remuneration for the period from 1 August to 12 September 2020 (2020 – 8 June to 31 July 2020) detailed below.

###### Year Ended 31 July

###### 2021

###### Year Ended 31 July

###### 2020

**£ £**

Basic salary 9,809 19,331

Pension contribution - -

Taxable Benefits

Medical insurance 153 298

###### Total 9,962 19,629

#### Principal’s Pay multiples - the ratio between the Principal’s pay and the average pay of the other staff at the institution.

|  |  |  |
| --- | --- | --- |
|  | **2021** | **2020** |
| **Basic salary** | 2.3 | 2.4 |
| **Total remuneration** | 2.1 | 2.7 |

##### Professor Ross Brown (substantive Dean) acted up as Interim Co-Principal from 8 June to 12 September 2020. Pro-rated annual remuneration for the period between 1 August and 12 September 2020 (2020 – 8 June to 31 July 2020) detailed below.

|  |  |  |
| --- | --- | --- |
|  | **Year Ended** | **Year Ended** |
| **31 July 2021** | **31 July** |
| **£** | **2020** |
|  | **£** |
| Basic salary | 10,188 | 18,870 |
| Pension contribution Taxable Benefits | 2,076 | 4,357 |
| Medical insurance | - | 223 |
| **Total** | **12,264** | **23,450** |

#### Principal’s Pay multiples - the ratio between the Principal’s pay and the average pay of the other staff at the institution.

|  |  |  |
| --- | --- | --- |
|  | **2021** | **2020** |
| **Basic salary**  **Total remuneration** | 2.4  2.6 | 2.4  2.7 |

The Royal Central School of Speech and Drama had a change of Principal and Accountable Officer in the financial year. Professor Gavin Henderson retired as Principal on 31 August 2020, having stepped down from operation duties before the commencement of the new academic year. Professor Henderson received a termination payment of £30k at the end of his term and also provided post contract consultancy services to assist with transitional arrangements.

Deborah Scully, Deputy Principal and Professor Ross Brown, Dean covered the period 1 August to 12 September 2020 as Interim Co-Principals. They undertook these duties in addition to their substantive roles and were therefore remunerated.

Professor George Caird was appointed as Interim Principal at 0.8 full-time equivalent with effect from 13 September 2020 and remained in that role for the remainder of the financial year.

Central is a higher education conservatoire based in London. The nature of the School’s business is far reaching and internationally renowned. Central provides higher education degree programmes to around 1,090 students and also offers an extensive short course programme to over 1,200 individuals from all ages from children to adult learners. Employing 225 full-time equivalent contracted staff and engaging approximately 200 freelance visiting professionals, the School’s annual turnover in 2020/21 was

£18.4million. Central is in good standing. Over two thirds of the School’s research submitted to the most recent Research Excellence Framework was deemed to be internationally excellent or world-leading. Central also holds Gold status in the Teaching Excellent Framework in recognition of its excellent teaching standard.

The Board of Governors has delegated to the Remuneration Committee responsibility for reviewing the performance of and setting the salary level for the Principal on an annual basis. In undertaking this duty, the Remuneration Committee has regard to the CUC higher education senior staff remuneration code. The annual review takes into account the delivery of strategic objectives; organisational development; leadership and engagement; equality and inclusion; impact and financial performance and sustainability. The review also includes reference to external market data such as CPI, public sector pay negotiations, UCEA senior staff survey and appropriate peer institutional benchmarks. Specific reference points include the median pay for head of providers in higher education as reported in the UCEA senior staff survey at July 2020. These include the median for all providers at £240k; for providers with an income of up to £24m at

£177k; providers based in London at £250k and specialist conservatoire peer group at £177k.The Office for Students report on senior staff remuneration as disclosed in the 2019/20 financial statements shows the mean basic pay of all providers was £219k and the mean total remuneration was £269k.

Notable achievements during 2020/21 included: responding to the COVID pandemic through hybrid learning and teaching; innovative practices including on-line showcases, productions and digital exhibitions; the launch of innovative on-line short courses; the approval of a new Strategic plan for the period to 2023; the engagement of the Central community in leading transformational change to eradicate institutional racism towards embedding a culture of inclusion, openness and transparency; the conferment of 453 degree awards; the development of ‘How to Central’ to reach out and extend forms of engagement with the student community; submission to the REF; and the award of 17 funded research projects in-year.

In comparison to appropriate external benchmarks and reference points, and noting the performance outcomes delivered, the basic pay for the Interim Principal /CEO post at a pro-rata equivalent of £166k can be justified as being fair and in line with benchmarks. Professor Caird took a voluntary pay cut of 10% with effect from 1 February 2021. The ratio between the Principal’s total remuneration for 2021 and the pay of other staff at Central was 3.4. This is below the CUC reported ratio range for higher education of 5 to 8.5 and deemed fair in relation to the size and complexity of the School.

|  |  |  |
| --- | --- | --- |
| Remuneration of other higher paid staff, excluding employer's pension  contributions | | |
|  | Year Ended 31 July 2021  No. | Year Ended 31 July 2020  No. |
| £105,000 to £109,999 | 1 | 1 |
| £110,000 to £114,999 | - | 1 |
| £115,000 to £119,999 | 1 | 1 |
| Total | 2 | 3 |
|  |  |  |
| Average staff numbers by major category: | Year Ended 31 July 2021  No. | Year Ended 31 July 2020  No. |
| Teaching | 125 | 130 |
| Teaching Support | 61 | 62 |
| Central Admin & Services | 30 | 31 |
| Staff and student facilities | 3 | 5 |
| Premises | 6 | 7 |
| Total | 225 | 235 |
|  |  |  |
| Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the School.  These include leading members of the Executive Management Group. | | |
|  | Year ended  31 July 2021 | Year ended  31 July 2020 |
|  | £'000 | £'000 |
| Key management personnel staff costs and benefits  (included in staff costs above) |  |  |
| Salary | 808 | 890 |
| Total | 808 | 890 |
|  |  |  |

Governing Body Members

The School's Governing Body members are the trustees for charitable law purposes. There are no related party transactions between the School and the non-executive directors. All transactions involving organisations in which a member of the Governing Body may have an interest are conducted at arms-length and in accordance with the School's Financial Regulations and usual procurement procedures.

No non-executive director has received any remuneration/waived payments from the group during the year (2019: none).

However, during the year no (2020: four) non-executive directors received reimbursement of expenses (2020: £1,211). The 2020 expenses represent travel and subsistence expenses incurred in attending Governing Body and Committee meetings in their official capacity.

###### Notes to the Financial Statements for the year ended 31 July 2021

**ciation**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Year Ended** Year Ended  **31 July 2021** 31 July 2020 | | | | | | | |
|  |  | Notes | **Group** | | **Central** | Group | Central |
|  |  |  | **£'000** | | **£'000** | £'000 | £'000 |
| **8** | **Interest and other finance costs** |  |  | |  |  |  |
|  | Loan interest |  | **253** | | **253** | 268 | 268 |
|  | Net charge on pension scheme | 25 | **182** | | **182** | 155 | 155 |
|  |  |  | **435** | | **435** | 423 | 423 |
| **9a** | **Analysis of total expenditure by activity** |  |  | |  |  |  |
|  |  |  |  | |  | **Interest** |  |
|  |  |  | **Staff o Other**  **costs perating** | | **Depre-** | **and other** | **Total** |
|  | | |  | **expenses** |  | **finance** |  |
| **Year Ended 31 JULY 2021** | | |  |  |  | **costs** |  |
|  | | | **£000** | **£000** | **£000** | **£000** | **£000** |
| Teaching | | | **5,670** | **1,758** | **1** | **-** | **7,429** |
| Teaching Support | | | **3,366** | **1,469** | **180** | **-** | **5,015** |
| Central Admin & Services | | | **3,338** | **1,681** | **235** | **435** | **5,689** |
| Staff and student facilities | | | **0** | **77** | **1** | **-** | **78** |
| Premises | | | **279** | **824** | **737** | **-** | **1,840** |
| Catering | | | **-** | **96** | **3** | **-** | **99** |
|  | | | **12,653** | **5,905** | **1,157** | **435** | **20,150** |
| Other operating expenses include: | | |  |  |  |  |  |
| External auditor's remuneration in respect of audit | | |  |  |  |  |  |
| services | | |  |  |  |  | 55 |
| External auditor's remuneration in respect of non-audit services | | |  |  |  |  | 10 |
| Operating lease rentals - Buildings | | |  |  |  |  | 278 |
| Operating lease rentals - Other | | |  |  |  |  | 34 |
| The remuneration above is inclusive of irrecoverable VAT. | | |  |  |  |  |  |

**Year Ended 31 JULY 2020**

**Staff Costs**

**Other Operating Expenses**

**Depre- ciation**

**Interest Total Payable**

**£000 £000 £000 £000 £000**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Teaching | 5,890 | 1,501 | 1 | - | 7,392 |
| Teaching Support | 3,269 | 1,523 | 195 | - | 4,987 |
| Central Admin & Services | 2,547 | 1,905 | 301 | 423 | 5,176 |
| Staff and student facilities | 41 | 115 | 1 | - | 157 |
| Premises | 285 | 872 | 736 | - | 1,893 |
| Catering | - | 131 | 2 | - | 133 |
|  | **12,032** | **6,047** | **1,236** | **423** | **19,738** |
| Other operating expenses include:  External auditor's remuneration in respect of audit services |  |  |  |  | 52 |
| External auditor's remuneration in respect of non-audit services |  |  |  |  | 48 |
| Operating lease rentals |  |  |  |  | 306 |
| Operating lease rentals - Other |  |  |  |  | 85 |
| The remuneration above is inclusive of irrecoverable VAT. |  |  |  |  |  |

###### Notes to the Financial Statements for the year ended 31 July 2021

9b **Access and Participation**

**Year Ended 31 July 2021**

**Year Ended 31 July 2020**

Access Investment Financial Support Disability Support Research and Evaluation

|  |  |  |  |
| --- | --- | --- | --- |
| **Group** | **Central** | **Group** | Central |
| **£'000** | **£'000** | **£'000** | £'000 |
| 169 | 169 | 231 | 231 |
| 161 | 161 | 135 | 135 |
| 179 | 179 | 176 | 176 |
| 21 | 21 | 3 | 3 |
| **530** | **530** | **545** | **545** |

## Notes to the Accounts

## for the year ended 31 July 2021

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **10 Fixed Assets** |  | | | | | | | | | |
|  |  |  |  | |  |  |  | **Fixtures,** |  |  |
|  | **Freehold** |  | **Leasehold** | |  | **Alterations** |  | **Fittings** |  |  |
|  | **Land and** |  | **Land and** | |  | **and** |  | **and** |  |  |
|  | **Buildings** |  | **Buildings** | |  | **Improvements** |  | **Equipment** |  | **Total** |
| **Group** | **£'000** |  | **£'000** | |  | **£'000** |  | **£'000** |  | **£'000** |
| **Cost or valuation**  At 1 August 2020 | 39,979 |  | 1,186 | |  | 4,049 |  | 3,170 |  | 48,384 |
| Additions | 1 |  | - | |  | - |  | 117 |  | 118 |
| **At 31 July 2021** | **39,980** |  | **1,186** | |  | **4,049** |  | **3,287** |  | **48,502** |
| **Depreciation** |  |  |  | |  |  |  |  |  |  |
| At 1 August 2020 | 7,156 |  |  | - |  | 3,184 |  | 1,960 |  | 12,300 |
| Charge for the year | 618 |  |  | - |  | 236 |  | 303 |  | 1,157 |
| **At 31 July 2021** | **7,774** |  | **-** |  |  | **3,420** |  | **2,263** |  | **13,457** |
| **Net book value** |  |  |  |  |  |  |  |  |  |  |
| **At 31 July 2021** | **32,206** |  | **1,186** | |  | **629** |  | **1,024** |  | **35,045** |
| At 31 July 2020 | 32,823 |  | 1,186 | |  | 865 |  | 1,210 |  | 36,084 |

At 31 July 2021, freehold land and buildings included £8.8m (2020 - £8.8m) in respect of freehold land and is not depreciated.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Notes to the Accounts**  **for the year ended 31 July** | | **2021** |  | | | | | | | |
| **10 Fixed Assets (Contd)** | |  |  |  |  |  |  |  |  |  |
|  | |  |  |  |  |  |  | **Fixtures,** |  |  |
|  | | **Freehold** |  | **Leasehold** |  | **Alterations** |  | **Fittings** |  |  |
|  | | **Land and** |  | **Land and** |  | **and** |  | **and** |  |  |
|  | | **Buildings** |  | **Buildings** |  | **Improvements** |  | **Equipment** |  | **Total** |
| **Central** | | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
| **Cost and valuation** | |  |  |  |  |  |  |  |  |  |
| At 1 August 2020 | | 39,979 |  | 1,186 |  | 4,049 |  | 3,164 |  | 48,378 |
| Additions | | 1 |  | - |  | - |  | 117 |  | 118 |
| **At 31 July 2021** | | **39,980** |  | **1,186** |  | **4,049** |  | **3,281** |  | **48,496** |
| **Depreciation** | |  |  |  |  |  |  |  |  |  |
| At 1 August 2020 | 7,156 | |  | - |  | 3,184 |  | 1,955 |  | 12,295 |
| Charge for the year | 618 | |  | - |  | 236 |  | 303 |  | 1,157 |
| **At At 31 July 2021** | **7,774** | |  | **-** |  | **3,420** |  | **2,258** |  | **13,452** |
| **Net book value** |  |  |  |  |  |  |  |  |  |  |
| **At 31 July 2021** | **32,206** | |  | **1,186** |  | **629** |  | **1,023** |  | **35,045** |
| At 31 July 2020 | 32,823 | |  | 1,186 |  | 865 |  | 1,209 |  | 36,084 |

At 31 July 2021, freehold land and buildings included £8.8m (2020 - £8.8m) in respect of freehold land and is not depreciated.

#### Notes to the Financial Statements for the Year Ended 31 July 2021

#### 11 Non-Current Investments

**2021**

|  |  |  |  |
| --- | --- | --- | --- |
| **Group and Central** | **Endowment Investment** | **Other Investments** | **Total** |
|  | **£'000** | **£'000** | **£'000** |
| **At 1 August 2020** | 386 | 650 | **1,036** |
| Increase in value | 46 | 82 | **128** |
| **At 31 July 2021** | **432** | **732** | **1,164** |
| **Group and Central** | **£'000** | **£'000** | **£'000** |
| **At 1 August 2019** | 408 | 678 | 1,086 |
| Decrease in value | (22) | (28) | (50) |
| **At 31 July 2020** | **386** | **650** | **1,036** |
| The non-current investments have been |  |  |  |
| valued at market value. |  |  |  |
|  |  | **Central** | **Central** |
|  |  | **2021** | **2020** |
| Investment in Subsidiary company at cost |  | **£** | **£** |
| Subsidiary company |  | 1 | 1 |
| The results of the group consolidate those of |  |  |  |
| CSSD Enterprises Limited: |  |  |  |
|  |  | **Year Ended**  **31 July** | Year  Ended 31 July |
|  | |  | 2020 |
| The result of the subsidiary are as follows: | | **£'000** | £'000 |
| Turnover | | **1** | 73 |
| Cost of sales | | **1** | (41) |
| Gross Profit | | **2** | 32 |
| Furlough grants | | **-** | 4 |
| Net operating expenses | | **(7)** | (56) |
| Loss for the financial year | | **(5)** | (20) |
| CSSD Enterprises Ltd registered office is at 64 Eton Avenue, London NW3 3HY | |  |  |

**Principal Activity Status**

Established to carry out Central's commercial activities. This arrangement preserves Central's charitable status, while also allowing Central to benefit from any tax relief available through Gift Aid arrangements.

100% owned

## Notes to the Financial Statements for the year ended 31 July 2021

|  |  |  |
| --- | --- | --- |
| **12 Debtors** | **Year ended** | Year ended |
| Amounts falling due within one | **31 July 2021 Group Central**  **£'000 £'000** | 31 July 2020 Group Central  £'000 £'000 |
| year: |  |  |
| Trade receivables | **1,406 1,406** | 1,986 1,986 |
| Prepayments and accrued income | **263 263** | 171 171 |
| Amounts due from subsidiary |  |  |

companies  **- 84** - 75

**1,669 1,753** 2,157 2,232

#### Current

#### Investments

#### Year ended 31 July 2021

##### Year ended 31 July 2020

**Group Central** Group Central

**£'000 £'000** £'000 £'000

Short term deposits  **1,100 1,100** 1,100 1,100

#### 1,100 1,100 1,100 1,100

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

At 31 July 2021 the weighted average interest rate of these fixed rate deposits was 0.58% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 98 days. The fair value of these deposits was not materially different from the book value.

## Notes to the Financial Statements for the year ended 31 July 2021

#### Creditors : amounts falling due within one year

#### Year ended 31 July 2021

##### Year ended 31 July 2020

**Group Central** Group Central

|  |  |  |  |
| --- | --- | --- | --- |
| **£'000** | **£'000** | £'000 | £'000 |
| **431** | **431** | 418 | 418 |
| **116** | **107** | 98 | 84 |
| **275** | **275** | 262 | 262 |
| **4,425** | **4,425** | 3,472 | 3,472 |
| **289** | **289** | 447 | 447 |

##### Unsecured loans Trade payables

##### Social security and other taxation payable Accruals and deferred income

##### Other Creditors

Capital Grants  **510 510** 560 560

**6,046 6,037** 5,257 5,243

#### Deferred Income

##### Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Donations | **202** | 202 | 124 | 124 |
| Research grants |  |  |  |  |
| received on account | **756** | 756 | 384 | 384 |
| Tuition Fees | **689** | 689 | 122 | 122 |
| Other income | **6** | 6 | - | - |
|  | **1,653** | **1,653** | **630** | **630** |

###### Notes to the Accounts

###### for the year ended 31 July 2021

1. **Creditors : amounts falling due after more than one year**

**Year ended 31 July 2021** Year ended 31 July 2020

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Group** |  | **Central** |  | Group |  | Central |
| **£'000** |  | **£'000** |  | £'000 |  | £'000 |
| Capital Creditors | 7,562 |  | 7,562 |  | 7,764 |  | 7,764 |
| Unsecured loan | 7,646 |  | 7,646 |  | 8,077 |  | 8,077 |
| Deferred income | 98 |  | 98 |  | 130 |  | 130 |
|  | **15,306** |  | **15,306** |  | **15,971** |  | **15,971** |
| Analysis of unsecured loans:  **Due within one year or on demand** | 431 |  | 431 |  | 418 |  | 418 |
| Due between one and two years | 444 |  | 444 |  | 431 |  | 431 |
| Due between two and five years | 1,415 |  | 1,415 |  | 1,373 |  | 1,373 |
| Due in five years or more | 5,787 |  | 5,787 |  | 6,273 |  | 6,273 |
| **Due after more than one year** | **7,646** |  | **7,646** |  | **8,077** |  | **8,077** |
| **Total unsecured loans** | **8,077** |  | **8,077** |  | **8,495** |  | **8,495** |

The fixed interest rates on the £8.7m Lloyds loan is as detailed below:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Amount**  **£'000** |  | **Term** |  | **Interest rate**  **%** |  | **Borrower** |
| 23 June 2016 | 5,000 |  | 20 |  | 3.155 |  | Central |
| 11 April 2017 | 1,000 |  | 20 |  | 2.743 |  | Central |
| 9 May 2018 | 2,700 |  | 20 |  | 3.083 |  | Central |
| **Total Lloyds loan** | **8,700** |  |  |  |  |  |  |
| **16 Provisions for liabilities** |  |  |  |  |  |  |  |
| **Group and Central** | **Enhanced** |  | **LPFA** |  | **Other** |  | **Total** |
|  | **Pension** |  | **Obligations** |  | **Obligations** |  | **Pensions** |
|  | **Provisions** |  | **(Note 27)** |  |  |  | **Provisions** |
|  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
| At 1 August 2020 | 179 |  | 13,303 |  | 40 |  | **13,522** |
| Additions | - |  | 1,885 |  | - |  | **1,885** |
| **At 31 July 2021** | **179** |  | **15,188** |  | **40** |  | **15,407** |

Enhanced Pension Provision - valuation of the enhanced (unfunded) inherited pensioner liabilities currently funded by the OfS.

The assumptions for calculating the provision for pension enhancements on termination under FRS 102, are as follows:

**Consolidated**

Interest rate **1.30**

Inflation **2.20**

Other Obligations - these relate to Teachers' Pension arrears for 3 members of staff.

#### Notes to the Financial Statements for the year ended 31 July 2021

#### 17 Endowment Reserves

#### Restricted net assets relating to endowments are as follows:

#### Restricted Restricted

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Expendable Endowments** | | **Permanent Endowments** | **2021** | **2020** |
|  | |  | **Total** | **Total** |
| **£'000** | | **£'000** | **£'000** | **£'000** |
| **Balances at 1 August 2020** | |  |  |  |
| **Capital** | **11** | **310** | **321** | **321** |
| **Accumulated income** | **19** | **46** | **65** | **87** |
|  | **30** | **356** | **386** | **408** |
| **Investment income** | **-** | **14** | **14** | **14** |
| **Expenditure** | **-** | **(16)** | **(16)** | **(18)** |
| **Increase in market value of investments** | **1** | **48** | **49** | **(18)** |
| **Total endowment comprehensive income for the year** | **1** | **46** | **47** | **(22)** |
| **At 31 July 2021** | **31** | **402** | **433** | **386** |
| **Represented by:** |  |  |  |  |
| **Capital** | **11** | **310** | **321** | **321** |
| **Accumulated income** | **20** | **92** | **112** | **87** |
|  | **31** | **402** | **433** | **408** |
| **Analysis by type of purpose: Scholarships and bursaries** | **-** | **367** | **367** | **346** |
| **Prize funds** | **-** | **35** | **35** | **32** |
| **General** | **31** | **-** | **31** | **30** |
|  | **31** | **402** | **433** | **408** |
| **Analysis by asset** |  |  |  |  |
| **Fixed assets** | **5** | **357** | **362** | **358** |
| **Cash & cash equivalents** | **25** | **46** | **71** | **50** |
|  | **30** | **403** | **433** | **408** |

#### Notes to the Financial Statements for the year ended 31 July 2021

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **18** | **Restricted Reserves** |  | | |
|  | Reserves with restrictions are as follows: |
|  | **Unspent** |
|  | **capital grants** | **Donations** | **2021** | **2020** |
|  |  |  | **Total** | **Total** |
|  | **£'000** | **£'000** | **£'000** | **£'000** |
|  | **Balances at 1 August** 1,429 | 627 | **2,056** | 2,029 |
|  | New donations - | 441 | **441** | 237 |
|  | Investment income - | - | **-** | 9 |
|  | Capital grants utilised (6) | - | **(6)** | (6) |
|  | Expenditure - | (284) | **(284)** | (213) |
|  | **Total restricted comprehensive income for the year** (6) | 157 | **151** | 27 |
|  | **At 31 July** 1,423 | 784 | 2,207 | 2,056 |
|  |  |  | **2021** | **2020** |
|  |  |  | **Total** | **Total** |
|  | **Analysis of other restricted funds /donations by type of purpose:** |  | **£'000** | **£'000** |
|  | Lectureships |  | **28** | 23 |
|  | Scholarships and bursaries |  | **408** | 198 |
|  | Prize funds |  | **5** | 8 |
|  | Capital |  | **-** | 8 |
|  |  |  | **441** | 237 |
| **19 Cash and cash equivalents** | | | | |
|  | | **At 1 August** | **Cash** | **At 31 July** |
|  | | **2020** | **Flows** | **2021** |
| Consolidated | | **£'000** | **£'000** | **£'000** |
| Cash in hand | | 96 | 14 | **110** |
| Cash at bank | | 4,385 | 2,103 | **6,488** |
| Term deposits with less than 3 months at 31 July | | 10,060 | (129) | **9,931** |
|  | | **14,541** | **1,988** | **16,529** |

#### Notes to the Financial Statements for the year ended 31 July 2021

1. **Capital and other commitments**

Provision has not been made for the following capital commitments at 31 July 2021:

**31 July**

**2021**

**Group and Central**

**31 July**

**2020**

Group and Central

**£'000** £'000

Commitments contracted for **217** 162

**217** 162

These commitments relate to various capital projects including the student records system, website and North Block Building project (placed in service Jan-19).

1. **Financial commitments**

Central has an operating lease with St Peter's Church, Belsize Square London NW3 on which rent is payable (£15k p.a.) from 1 August 2016 onwards. The lease expires on 1 August 2023.

Central entered into a full repairing and insuring lease on Emerson Studios, 4-8 Emerson St, London SE1 9DU for the period from 27 October 2016 to 24 June 2021.

Central has an operating lease with Apogee for scanning and printing equipment (£49k p.a.) for the period from November 2020 to November 2025.

(a) the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

|  |  |  |
| --- | --- | --- |
|  | **2020/21** | 2019/20 |
| (i) not later than one year | 49 | 364 |
| 1. later than one year and not later than five years 2. later than five years |  | -  - |
| **(b) lease payments recognised as an expense** | **162** | 391 |

1. **Contingent liabilities**

There are no contingent liabilities as at 31 July 2021 (31 July 2020: nil).

1. **Related Party Transactions**

Central has transactions with a number of organisations which fall within the definition of Related Parties. Details of transactions, where material (in excess of £5k) are shown below. In accordance with FRS 102 section 33 no disclosure has been made of intra-group transactions and balances eliminated on consolidation.

**Expenditure Nature of Transaction**

**Transaction**

Central Students

**2021**

**£000**

**2020**

**£000**

Student Union

Union (20) (15) grant

#### Notes to the Financial Statements for the year ended 31 July 2021

1. Pension Schemes

The two principal pension schemes for Central’s staff are the Teachers’ Pension Scheme (TPS) and the London Pensions Fund Authority Pension Fund (LPFA).

The TPS provides defined benefits for academic and related employees, and is valued every four years by actuaries using the aggregate method, the rates of contribution payable being determined on the advice of the actuaries.

The LPFA provides similar benefits for Administrative staff at Central. The scheme is valued every three years by actuaries using the projected unit method.

|  |  |  |  |
| --- | --- | --- | --- |
| The total pension cost for Central was: | **Year Ended 31 July 2021** |  | **Year Ended 31 July 2020** |
|  | **£000** |  | **£000** |
| Teachers' Pension Scheme : Employer contributions paid  Contributions paid | 983 |  | 1,013 |
| London Pensions Fund Authority: Employer contributions paid | 543 |  | 528 |
| Provisions for pension costs | 1,480 |  | 849 |
| **Total Pension Cost** | **3,006** |  | **2,390** |
| Teachers’ Pension Scheme (TPS) |  |  |  |

The TPS is an unfunded scheme. Contributions on a ‘pay-as-you-go’ basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972.

As noted above, the pensions cost is assessed every four years in accordance with the advice of the Government Actuary Department (GAD).

Since there is no agreement that determines how each employer within the multi-employer plan will fund the overall deficit, Central is exposed to volatile changes in contributions rates which might be other entities obligations and liabilities.

The last valuation of the TPS was published in March 2019 and valued the scheme as it stood in 2016. The valuation estimated that there was a £22.0 billion deficit (a 90% funding level).

#### Valuation Balance Sheet

|  |  |  |
| --- | --- | --- |
|  | **£Billion**  **31 March**  **2016** | **£Billion**  **31 March**  **2012** |
| **Aggregate Scheme Assets** | **196.1** | **176.6** |
| Aggregate Scheme Liabilities in respect of: | | |
| Active members | 80.9 | 74.7 |
| Deferred pensioners | 19.2 | 17.4 |
| Pensioners | 117.9 | 99.4 |
| **Total aggregate scheme liabilities** | **218.0** | **191.5** |
| **Surplus / (shortfall) as at valuation**  **date** | **(21.9)** | **(14.9)** |

#### Notes to the Financial Statements for the year ended 31 July 2021

Under definitions set out in Financial Reporting Standard 102 section 28 Retirement Benefits, the TPS is a multi-employer pension scheme. Central is unable to identify its share of the underlying (notional) assets and liabilities of the scheme.

Accordingly, Central has taken advantage of the exemption in FRS 102 section 28 and accounted for its contributions to the scheme as a defined contribution scheme.

LPFA

The London Government Pension Scheme (LGPS) is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings.

Full details of the benefits being valued are as set out in the Regulations as amended and summarised on the LGPS website and the Fund’s membership booklet.

There are currently uncertainties in relation to LGPS benefits due to the McCloud and Sargeant judgement and the 2016 cost cap process. The Government has published its consultation on a remedy for the McCloud and Sargeant judgement and at the same time announced the unpausing of the 2016 cost cap process which will take into account the remedy for the McCloud and Sargeant judgement. These are yet to be finalised and therefore it remains uncertain what changes may be made to LGPS benefits as a result.

The administering authority for the Fund is the London Pensions Fund Authority. The LPFA Board oversees the management of the Fund whilst the day-to-day fund administration is undertaken by the Local Pensions Partnership. Where appropriate some functions are delegated to the Fund’s professional advisers.

As administering authority to the Fund, the London Pensions Fund Authority, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These should be amended when appropriate based on the Fund’s performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

On the Employer’s withdrawal from the Fund, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

Notes to the Financial Statements for the year ended 31 July 2021

The aims of the Fund are to:

* manage employers’ liabilities effectively;
* ensure that sufficient resources are available to meet all liabilities as they fall due;
* safeguard the Fund against the consequences of employer default;
* set contributions to ensure Fund solvency and long-term cost efficiency, which should be assessed in light of the risk profile to the Fund and the Authority and employers’ risk profiles (Public Service Pensions Act);
* enable employer contribution rates to be kept as stable as possible and at reasonable cost to the taxpayers, scheduled, designated, resolution and admitted bodies (LGPS Regulations); and
* seek returns from investments within reasonable risk parameters.

The purpose of the Fund is to:

* receive monies in respect of contributions, transfer values and investment income; and
* pay out monies in respect of scheme benefits, transfer values, costs, charges and expenses.

The 2021 valuation includes an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively. This allowance was described in the previous accounting report and incorporated into the accounting results as at 31 July 2019. These results, including the allowance, have been rolled forward and remeasured to obtain the accounting results as at 31 July 2021.

On 31 May 2021, the Government issued a ministerial statement on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. We do not believe there are any material differences between the approach underlying our estimated allowance and the proposed remedy. A more detailed analysis at this stage would require a significant volume of member data which is not yet available.

Therefore we have not included any further adjustment in light of the expected changes to the Regulations in this report.

FRS102 also requires the disclosure of any other employer provided pension benefits which are not paid from the Fund itself: examples include additional pensions paid on retirement under the Discretionary Payment Regulations. We have only valued such additional liabilities, which would not be covered in the formal LGPS valuation, to the extent that they have been notified to us and are as disclosed in the Valuation data section of this report.

Notes to the Financial Statements for the year ended 31 July 2021

Actuarial Valuation Data

Data sources

In completing the calculations for pension accounting purposes Barnett Waddingham have used the following items of data, received from the London Pensions Fund Authority:

* + the results of the valuation as at 31 March 2019 which was carried out for funding purposes and the results of the 31 July 2019 FRS102 report which was prepared for accounting purposes;
  + estimated whole Fund income and expenditure items for the period to 31 July 2021;
  + fund investment returns for the period to 31 July 2021;
  + estimated Fund income and expenditure in respect of the Employer for the period to 31 July 2021;
  + details of any new early retirements for the period to 31 July 2021 that have been paid out on an unreduced basis, which are not anticipated in the normal employer service cost; and
  + details of any settlements for the period to 31 July 2021.

Although some of these data items have been estimated, it is not believed that they are likely to have a material effect on the results of the report. Further, they are not aware of any material changes or events since the data was received. The data has been checked for reasonableness and the actuary is happy that the data is sufficient for the purposes of the advice given.

Demographic/Statistical Assumptions

|  |  |  |  |
| --- | --- | --- | --- |
| 31 July 2021  Life expectancy from age 65 (years) | 31 July 2021  (after 2020  continuous mortality investigation model  update) | 31 July 2020 | 31 July 2019 |
| Retiring today | | | |
| Males | 22.6 | 22.8 | 21.8 |
| Females | 24.4 | 24.5 | 24.3 |
| Retiring in 20 years | | | |
| Males | 23.3 | 23.6 | 23.2 |
| Females | 25.9 | 26.0 | 25.8 |

Notes to the Financial Statements for the year ended 31 July 2021

Financial Assumptions

|  |  |  |  |
| --- | --- | --- | --- |
| Assumptions as at | 31 July 2021 | 31 July 2020 | 31 July 2019 |
| RPI increases | 3.10% | 3.00% | 3.35% |
| CPI increases | 2.80% | 2.20% | 2.35% |
| Salary increases | 3.80% | 3.20% | 3.85% |
| Pension increases | 2.80% | 2.20% | 2.35% |
| Discount rate | 1.60% | 1.40% | 2.15% |

Employer Membership Statistics

|  |  |  |  |
| --- | --- | --- | --- |
| Membership  data summary | Number | Salaries/Pensions  £000s | Average age |
| Actives | 116 | 3,479 | 42 |
| Deferred  pensioners | 136 | 231 | 40 |
| Pensioners | 20 | 214 | 70 |

Scheduled Contributions

|  |  |  |  |
| --- | --- | --- | --- |
| Minimum employer contributions due for the beginning of the  year | 1 April 2020 | 1 April 2021 | 1 April 2022 |
| Percentage of payroll | 14.8% | 14.8% | 14.8% |

Valuation Approach Liabilities

To assess the value of liabilities at 31 July 2021, the funding valuation as at 31 March 2019 were rolled forward using financial assumptions that comply with FRS102.

The full actuarial valuation involved projecting future cash flows to be paid from the Fund and placing a value on them. These cash flows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member’s death.

It is not possible to assess the accuracy of the estimated value of liabilities as at 31 July 2021 without completing a full valuation. However, the actuary is satisfied that the approach of rolling forward the previous valuation data to 31 July 2021 should not introduce any material distortions in the results provided that the actual experience of the Employer and the Fund has been broadly in line

with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation.

From the information we have received there appears to be no evidence that this approach is inappropriate

Assets

To calculate the asset share assets allocated to Central at 31 March 2019 were rolled forward allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of Central and its employees.

|  |  |  |  |
| --- | --- | --- | --- |
| Net Pension Asset as at | 31 July 2021  £000s | 31 July 2020  £000s | 31 July 2019  £000s |
| Present value of the  defined benefit obligation | 32,239 | 27,934 | 20,866 |
| Fair value of Fund asset  (bid value) | 17,051 | 14,631 | 13,423 |
| Deficit | 15,188 | 13,303 | 7,443 |
| Net defined benefit  liability | 15,188 | 13,303 | 7,443 |

Experience items allowed for since 31 July 2020

As a result of allowing for actual experience, which may be different from that assumed previously, an experience item may be observed in the reconciliation to 31 July 2021. The effect of allowing for the actual experience is detailed below:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Reconciliation of opening and closing balances of the present value of the defined benefit  obligation | | | | | | 31 July 2021  £000s | 31 July 2020  £000s |
| Opening defined benefit obligation | | | | | | 27,934 | 20,866 |
| Current service cost | | | | | | 1,988 | 1,319 |
| Interest cost | | | | | | 390 | 449 |
| Change in financial assumptions | | | | | | 2,899 | 3,799 |
| Change in demographic assumptions | | | | | | (344) | 99 |
| Experience  obligation | loss | / (gain) | on | defined | benefit | (538) | 1,360 |
| Estimated benefit paid net of transfers in | | | | | | (357) | (223) |
| Past service costs, including curtailments | | | | | | - | - |
| Contribution by Scheme participants and other  employers | | | | | | 267 | 265 |
| Closing defined benefit obligation | | | | | | 32,239 | 27,934 |

Remeasurements of Other Comprehensive Income

|  |  |  |
| --- | --- | --- |
| Remeasurement of the net assets / (defined  liability) | 31 July 2021  £000s | 31 July 2020  £000s |
| Return on Fund assets in excess of interest | 1,783 | 433 |
| Other actuarial losses on assets | - | (53) |
| Change in financial assumptions | (2,899) | (3,799) |
| Change in demographic assumptions | 344 | (99) |
| Experience loss on defined benefit obligation | 538 | (1,360) |
| Remeasurement of the defined liability | (234) | (4,878) |

Guaranteed Minimum Pension (GMP) Equalisation

As a result of the High Court’s recent Lloyds ruling on the equalisation of GMPs between genders, a number of pension schemes have made adjustments to accounting disclosures to reflect the effect this ruling has on the value of pension liabilities. It is our understanding that HM Treasury have confirmed that the judgement “does not impact on the current method used to achieve equalisation and indexation in public service pension schemes”.

On 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing ‘interim solution’ that has applied to members with a GMP reaching SPA on or after 6 April 2016.

The valuation assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, the actuary has assumed that the Fund will be required to pay the entire inflationary increase. Therefore it is assumed there is no need to make any adjustments to the value placed on the liabilities as a result of the above outcome.

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 July 2020 is estimated to be 5%. The actual return on Fund assets over the year may be different.

The estimated asset allocation for Central as at 31 July 2020 is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Asset Breakdown | 31 July 2021 | | 31 July 2020 | |
| £000s | % | £000s | % |
| Equities | 9,569 | 56% | 8,036 | 55% |
| Target Return  Portfolio | 3,683 | 22% | 3.329 | 23% |
| Infrastructure | 1,495 | 9% | 1,011 | 7% |
| Property | 1,422 | 8% | 1,356 | 9% |
| Cash | 882 | 5% | 899 | 6% |
| Total | 17,051 | 100% | 14,631 | 100% |

### Notes to the Financial Statements for the year ended 31 July 2021

25. Supplementary Schedule

This schedule has been compiled from the Section 2 Example Financial Statements included in the Federal Register/Vol. 84, No. 184 / Monday, September 23, 2019 / Rules and Regulations.

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| --- | --- | --- | --- | --- | --- |
| Expendable Net Assets |  | 31 July 2021  £000’s | | 31 July 2020  £000’s | |
| Statement of Financial Position - Net assets without donor restrictions | Net assets without donor restrictions |  | 16,115 |  | 17,733 |
| Statement of Financial Position - Net assets with donor restrictions | Net assets with donor restrictions |  | 2,640 |  | 2,442 |
| Statement of Financial Position - Related party receivable and Related party  note disclosure | Secured and Unsecured related party receivable | - |  | - |  |
| Statement of Financial Position - Related party receivable and Related party  note disclosure | Unsecured related party receivable |  | - |  | - |
| Statement of Financial Position - Property, Plant and equipment, net | Property, plant and equipment, net (includes Construction in  progress) | 35,045 |  | 36,084 |  |
| Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - pre-  implementation | Property, plant and equipment - pre- implementation |  | 34,785 |  | 35,942 |
| Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post- implementation with outstanding debt for original  purchase | Property, plant and equipment - post- implementation with outstanding debt for original purchase |  | - |  | - |
| Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - post- implementation without outstanding debt for original  purchase | Property, plant and equipment - post- implementation without outstanding debt for original purchase |  | 260 |  | - |
| Note of the Financial Statements - Statement of Financial Position -  Construction in progress | Construction in progress |  | - |  | - |

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| Statement of Financial Position - Lease right-of-use assets, net | Lease right-of-use asset, net | - |  | - |  |
| Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-  implementation | Lease right-of-use asset pre-implementation |  | - |  | - |
| Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset post-  implementation | Lease right-of-use asset post-implementation |  | - |  | - |
| Statement of Financial Position - Goodwill | Intangible assets |  | - |  | - |
| Statement of Financial Position - Post-employment and pension liabilities | Post-employment and pension liabilities |  | 15,188 |  | 13,303 |
| Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit  for Construction in process | Long-term debt - for long term purposes | 8,077 |  | 8,495 |  |
| Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit  for Construction in process | Long-term debt - for long term purposes pre- implementation |  | 8,077 |  | 8,495 |
| Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit  for Construction in process | Long-term debt - for long term purposes post-implementation |  | - |  | - |
| Statement of Financial Position - Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit  for Construction in process | Line of Credit for Construction in process |  | - |  | - |
| Statement of Financial Position - Lease right-of-use asset liability | Lease right-of-use asset liability | - |  | - |  |
| Statement of Financial Position - Lease right-of-use | Pre-implementation right-of-use leases |  | - |  | - |

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| asset liability pre- implementation |  |  |  |  |  |
| - Statement of Financial Position - Lease right-of-use asset liability post-  implementation | Post-implementation right-of-use leases |  | - |  | - |
| Statement of Financial Position - Annuities | Annuities with donor restrictions |  | - |  | - |
| Statement of Financial Position - Term endowments | Term endowments with donor restrictions |  | - |  | - |
| Statement of Financial Position - Life Income Funds | Life income funds with donor restrictions |  | - |  | - |
| Statement of Financial Position - Perpetual Funds | Net assets with donor restrictions: restricted in perpetuity |  | 2,640 |  | 2,442 |
| Total Expenses and Losses | | | |  |  |
| Statement of Activites - Total Operating Expenses (Total from Statement of Activities prior to  adjustments) | Total expenses without donor restrictions - taken directly from Statement of Activities |  | 20,148 |  | 19,734 |
| Statement of Activites - Non- Operating (Investment return appropriated for spending), Investments, net of annual spending gain (loss), Other components of net periodic pension costs, Pension-related changes other than net periodic pension, changes other than net periodic pension, Change in value of split- interest agreements and Other gains (loss) - (Total from Statement of Activities  prior to adjustments) | Non-Operating and Net Investment (loss) |  | 106 |  | 4,796 |
| Statement of Activites - (Investment return appropriated for spending) and Investments, net of  annual spending, gain (loss) | Net investment losses |  | -128 |  | -82 |

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| Statement of Activities - Pension related changes other than periodic pension | Pension-related changes other than net periodic costs |  | - |  | - |
| Modified Net Assets | | | |  |  |
| Statement of Financial Position - Net assets without donor restrictions | Net assets without donor restrictions |  | 16,115 |  | 17,733 |
| Statement of Financial Position - total Net assets with donor restrictions | Net assets with donor restrictions |  | 2,640 |  | 2,442 |
| Statement of Financial Position - Goodwill | Intangible assets |  | - |  | - |
| Statement of Financial Position - Related party receivable and Related party  note disclosure | Secured and Unsecured related party receivable | - |  | - |  |
| Statement of Financial Position - Related party receivable and Related party  note disclosure | Unsecured related party receivable |  | - |  | - |
| Modified Assets | | | |  |  |
| Statement of Financial Position - Total Assets | Total Assets |  | 55,514 |  | 54,925 |
| Note of the Financial Statements - Statement of Financial Position - Lease right-of-use asset pre-  implementation | Lease right-of-use asset pre-implementation |  | - |  | - |
| Statement of Financial Position - Lease right-of-use asset liability pre-  implementation | Pre-implementation right-of-use leases |  | - |  | - |
| Statement of Financial Position - Goodwill | Intangible assets |  | - |  | - |
| Statement of Financial Position - Related party receivable and Related party  note disclosure | Secured and Unsecured related party receivable | - |  | - |  |
| Statement of Financial Position - Related party receivable and Related party  note disclosure | Unsecured related party receivable |  | - |  | - |
| Net Income Ratio | | | |  |  |

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| Statement of Activities - Change in Net Assets Without Donor Restrictions | Change in Net Assets Without Donor Restrictions |  | -1,665 |  | -4,815 |
| Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed  Assets, gains (losses) | Total Revenue and Gains |  | 18,787 |  | 19,720 |