

ROYAL CENTRAL

SCHOOL OF SPEECH & DRAMA

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UNIVERSITY OF LONDON

# FINANCIAL STATEMENTS

For the year ended 31st July 2023

## **PATRON**

HRH Princess Alexandra,  
The Hon Lady Ogilvy KG GCVO

## **PRESIDENT**

Sonia Friedman CBE

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## REPORT OF THE BOARD AND EXECUTIVE

The Royal Central School of Speech and Drama (hereafter referred to as 'Central' or the 'School' and defined as 'the parent company') is at an exciting and challenging time of change. We are looking beyond celebrating clear, accessible change to assured governance that is felt, seen, appreciated, interrogated, and is cascading towards our student and staff experience.

The strategic plan for academic year 2023-2024 marks a historic pivot year that is captured in our report. It clearly recognises the challenges, possibilities, and position of small arts institutions in the national and international sector. Central is at the Centre of it all.

Josette Bushell-Mingo (OBE), as our Principal and CEO and Accountable Officer, reaches the 3<sup>rd</sup> year of their leadership. Added is the Vice Principal for Curriculum and Students, Mark Hunter and Vice Principal for Research and Knowledge Exchange, Professor Maria Delgado. Central has recently welcomed Sarah Everett-Cox as new CFO; Kayley Darby-Philpotts as new Director of Governance; three new Heads of Department – Kate Lane, Richard Patterson and Kevin Lu; and a newly reconfigured Principal's Office that focuses on industry, alumni, and student events. This office, in dialogue with the executive team, coordinates the public and internal communications and political voice of the Principal and CEO. Whilst we welcome the arrival of several key members of staff, we also wish to acknowledge the retirement of the Deputy Principal and Clerk to Governors, Debbie Scully MBE. Debbie completed her time at Central in the summer of 2023 having worked at the School for 34 years and was pivotal to its growth and success during that time.

These new appointments, alongside visible steps to invest in our estate and infrastructure, show our commitment to investing in Central including our IT systems, live data capture, interface of digital room bookings, renovation of our physical estate, and improved disability access.

A deficit budget position of £1.3m was planned for the 2022-2023 year. This budget was based on continued recovery from the pandemic and expected increases in costs for delivering our portfolio of activity. The actual outturn for the year was £0.2m surplus, with some favourable and adverse variances to budget across both income and expenditure. While this is a positive financial outturn for 2022-2023, the prudent approach to financial expenditure, along with managing the volatility in the economic climate, resulted in lower expenditure across Central. These combined factors may have impacted or delayed decisions and opportunities to invest in our wider infrastructure and priority areas. Further details of our financial performance can be found in the Financial Review for the Year included within these statements.

We see a clear connection between the continued financial pressures; shadow of the COVID pandemic; staff and students' wellbeing; the war in Ukraine; and at the time of writing this, the conflict in Israel and the Palestinian territories. The research discourse concerning Horizon, preparing for the next round of ISTA, and the government report concerning the Office for Students has also intensified the debate about responsibility and accountability. We continue to monitor the year with the implementation of funding reductions to taught

arts programmes and the withdrawal of London allowances, frozen regulated tuition fee levels, and uncertainty about the future of BTECs. This has left institutions vulnerable, especially small arts providers like Central.

Central, however, has taken charge of the changes and challenges, and in discussion with staff, has a clear vision of reconfigured teams, programs, processes, and communication. A review of our course provision and our supporting infrastructure is scheduled to ensure it remains current and responds to the needs of our students and the future needs of our industries. We continue to work hard to find ways to increase scholarship and bursary support that enables those with talent to continue to study at Central regardless of background or means.

Central has continued to demonstrate strengths in research and knowledge exchange - from award-winning performances, films, designs, and publications, to curatorial and a programme of activities at the London Film Festival and Prague Quadrennial, and a Performance Epistemologies of the Global Majority Summer School for Early Career Researchers and doctoral students. The award of £1.4m from the Arts and Humanities Research Council to support a new Performance Lab to engage in R&D alongside industry partners such as D&B audio Technik, White Light, and Digital Theatre+ is part of an enhanced investment in infrastructure and estate, which is a key priority for our institution. The research that we are undertaking, from work on care leavers and exile and migrancy to sound installations in museums and digital dance histories, helps us to understand our past, present, and future. Research through making and doing is at the heart of who we are and how we work with communities, artists, theatres, and organisations in the UK and across the globe.

Central continues to be courageous in its continuous review of our history. This plan of who we have become and who we want to be, has been sharpened by the strategic plan 2023-2024. We offer clear, transparent, practical pathways of achieving diversity and inclusion in everything we do. This has included a review of our complaint's procedures and staff and student training, including discourse from antisemitism to anti-bias training regarding dialect or language. The Independent Equity Committee has been an instrumental source of strategic guidance, helping to shape Central's policies and procedures, including initiatives outlined above, during its three-year term. The Principal holds regular staff and student drop-ins, and the Accessibility Group are in regular dialogue with the Central Students' Union. We held our first neurodivergent meeting group; in the coming year we will embark on BSL training for our new acting diploma; symposiums from industry leaders including MENA arts; and the 2024 Conference with a Difference. We are also planning an alumni festival to showcase graduate work from the Edinburgh Festival Fringe here at Central. All of this work and more makes Central an Arts Centre, as well as housing one of the most dynamic arts trainings in the UK.

With the arrival of three new governors from finance, industry, and fundraising and philanthropy, this strengthens our future plans for the institution.

Finally, we are pleased to share with you just a small sample of the successes of our students, staff and graduates. Hundreds of students that graduate go on to become change-makers,

leaders, and creators. We think of this pivot year as belonging to the community, to ourselves, to the arts, and to each other. There are complex days ahead, and so community and the arts are even more vital in finding that belonging.

## Events and Partnerships

- Central hosted the annual digital **Conservatoires UK Conference**, a full day conference featuring staff and student attendees from across Conservatoires UK institutions and with a focus on students (who made up 40% of attendees).
- Central hosted **The Embassy Retrospective: Black Presence** in the Embassy Theatre. The evening featured performances, a panel discussion, a digital exhibition and a special film screening from BA Acting Course Leader **Claudette Williams** and graduate and former Central staff member **Roberto Puzone**.
- Together with Poetry Off the Page, Goldsmiths, and the University of Vienna, Central hosted the *Taking the Mic: Black British Spoken Word Poetry Since 1965* conference.
- Central hosted the **Association for Lighting Production and Design and White Light New Technology Showcase**, which provided Central students with the opportunity to design, plan, rig and programme a high profile, public facing event for industry professionals alongside their course tutors and event staff from White Light.
- Central partnered with *The Stage* to host the first in-person **Future of Theatre Conference** in the Embassy Theatre. The day-long conference brought together theatre professionals, policy makers, researchers, press, staff, and students to reflect and share ideas to build a stronger theatre sector.
- The **International Network of Voice symposium** welcomed over 80 alumni voice practitioners and guests to Central to investigate the theme of decolonising studio voice practice. The Symposium examined cultural, social and pedagogical shifts in the method and delivery of voice training through a series of talks, keynotes and workshops.
- Many of Central's staff, students and graduates took part in the **Prague Quadrennial** in June 2023. Central students worked on the UK Student Exhibition and the Uncommon Design Project, and they also collaborated on the National UK Exhibition, *hello stranger*, a project which was led by Head of Theatre Practice **Dr Kathy Sandys** and Lucy Thornett. Lecturer **Andreas Skourtis** also presented his work as part of the National Greek entry to the Exhibition of Countries and Regions and spoke on a panel discussing his design for a new award-winning performing arts centre and school in Kampala, Uganda which was displayed in the main exhibition space.
- The Society for Theatre Research and Central hosted the **Edward Gordon Craig Lecture** in Central's New Studio in collaboration with the UK Pantomime Association.
- Central Theatre and Production staff, as well as Theatre Practice course staff and students, attended the **Association of British Theatre Technicians' Theatre Show** at

Alexandra Palace. Course Leader **Nick Moran** presented a seminar at the event, *The Death of Tungsten. Will Your Venue Survive?* The seminar formed part of a wider Central-funded Knowledge exchange collaborative project between Central and the ALPD.

- Central announced a new association with **New Earth Theatre** to solidify and deepen their existing relationship (including Central's partnership in delivering the New Earth Performer's Academy and Performer's Academy Plus) and lay out plans for a number of shared projects and goals, including: the development of events to highlight and celebrate the presence of East and South East Asian artists; the exploration of research and fellowship opportunities; and the delivery of masterclasses, workshops, guest lectures and other teaching opportunities for East and South East Asian artists.

## News

- Following the announcement that **Michael Grandage CBE** was stepping down as Central's President after 12 years in post, **Sonia Friedman OBE** was named as his successor. Following this announcement, the new Vice-Presidents of the School were announced as **Dr Maggie Aderin-Pocock, Anne Mensah, Ben Okri** and **Jenny Sealey**. It was also announced that alumna **Zoe Wanamaker** would remain as a Vice-President of the School.
- Central has once again been recognised as a **'World-Leading Specialist Provider'** by the Office for Students.
- Central was ranked 2<sup>nd</sup> in the **Complete University Guide's Arts, Drama, Music and Dance League Table** for 2024.
- Central received £1.35 million in investment from UKRI to create a **Performance Lab** to enhance and develop immersive and digital technologies.
- **Principal Josette Bushell-Mingo OBE** was named in The Stage 100 list for her advocacy work. She was recognised alongside a number of Central's graduates including Central's President **Sonia Friedman, Sir Cameron Mackintosh, Dan Bates, Chris Stafford, Christopher Haydon, Andy Barnes, James Bierman, Anna Hermann**, and Central's former President **Michael Grandage**.
- **Josette Bushell-Mingo OBE** was the conferencier for the International Federation of Arts Councils and Culture Agencies' 9th World Summit on Arts and Culture in Stockholm. The Opening Ceremony was also the official ceremony to award the prestigious ALMA Prize.
- **Josette Bushell-Mingo OBE** was also appointed Chair of the Mayor of London's Black Community Advisory Group with specific responsibility to oversee planning of the London-wide Black in the Square event, which took place on 2 September 2023 in Trafalgar Square.
- Vice Principal (Research and Knowledge and Exchange) **Professor Maria Delgado** was a



keynote speaker at the 11th European Conference on Education (ECE2023). delivering a talk entitled “Research Practice, Practice Research – Integrity, Inclusivity and Impact.”

- **Mark Hunter**, Vice-Principal (Curriculum and Students) was appointed to the panel for the Teaching and Assessment Framework 2023.
- **Professor Bryce Lease**, Central’s Head of Knowledge Exchange, chaired and contributed to a panel on the curation of immersive sound and Holocaust archives at the Wiener Holocaust Library.
- As part of the British Deaf Association 2023 Sign Language Week, Central’s Public and Cultural Engagement Fellow **Dr Naomi Paxton** presented a New Thinking episode of the BBC Radio 3 Arts and Ideas podcast, made in partnership with the Arts and Humanities Research Council (AHRC).
- **Ben Buratta**, course leader for Acting Collaborative and Devised Theatre, opened his production of *Groove* with Outbox Theatre and Shoreditch Town Hall (and supported by Central) at Oxford House before taking it to Contact in Manchester.
- **Dr Sylvan Baker** took part in the 2022 Being Human Festival, an annual Festival of the Humanities through the School of Advanced Study, University of London. Dr Baker’s involvement was through two projects linked to his work, *My Emotions and me: a journey behind the mask*, and *Lost and Foundling: Exploring the complex stories of people in care*.
- Artist and Lecturer in Performing Arts at Central, **Dr David Shearing**, and Art Director Laura Ann Price, developed a new immersive installation entitled *The Rising Sun* situated in the historic market town of Romford celebrating 775 years of its existence. Dr Shearing and his artist collective Variable Matter also presented their community art project The People’s Kitchen in Rainham in March 2023 and will partner with the **Queen’s Theatre Hornchurch** as a part of their Summer and Autumn 2023 season.
- Over £20,000 was raised for bursaries for Central’s Youth Theatre programme during a matched-funding appeal with **The Big Give**.
- Central once again partnered with **Generation Arts** to present *Get Scene 2023*. The partnership includes free masterclasses delivered by practitioners from Central and Generation Arts, access to free drama school auditions and one-to-one support.
- Central was the host for the AchieveAbility e-journal: *Neurodiverse Voices: Calling for change from Intersectional Perspectives* which was launched in April at the House of Commons. The publication featured a forward from Central’s Dyslexia Co-Ordinator **Tanya Zybutz**.

## Awards

### Students

- **Jasmine Elcock**, BA (Hons) Acting (Musical Theatre), was one of the recipients of the 2022 Laurence Olivier Bursary.
- Central BA (Hons) Acting students **Abdelaziz Sanusi** and **Chantelle Amon** were each awarded a 2023 Laurence Olivier Bursary from the Society of London Theatre (SOLT).
- **Central's Jewish Society** has won the Best New Jewish Society of the Year at the Union of Jewish Students (UJS) Student Awards.
- Central student **Aoife Connolly O'Sullivan** was one of the 2023 Lilian Bayliss Award Recipients.

### Staff

- Many Central staff members and students were represented in the shortlisting's for the 2022 TaPRA Prizes, including **Bojana Jankovic**, **Professor Bryce Lease**, **Royona Mitra** (Central's Independent Equity Committee), **Professor Maria Delgado**, **Dr Broderick Chow**, **Professor Selina Busby**, and former staff member **Dr Ella Parry-Davies**. Winners of 2022 TaPRA Prizes were **Bojana Jankovic** (Postgraduate Essay Prize), **Bryce Lease** and **Royona Mitra** with Melissa Blanco Borelli (Research Prize for Editing – Essay Collections and Special Issues for their issue which was a part of the Contemporary Theatre Review, edited by **Professor Maria Delgado** and **Dr Broderick Chow**), and **Dr Ella Parry-Davies** (Early Career Researcher Prize).
- **Professor Maria Delgado** and **Professor Gilli Bush-Baily** were also honoured with TaPRA Honorary Life Memberships for their significant contributions to TaPRA as an organisation.
- **Dr Duška Radosavljević**, Reader in Contemporary Theatre and Performance, and the team behind The Aural/ Oral Dramaturgies Project, were awarded the Elliott Hayes Award for Outstanding Achievement in Dramaturgy by the Literary Managers and Dramaturgs of the Americas (LMDA), and the 2022 ATHE-ASTR Excellence in Digital Scholarship Award at the annual ATHE conference in Detroit for being an 'exemplar of digital scholarship' which 'moves the field forward'.
- **Central Vice President Ben Okri** and **Governing Body Member Daniel Chan** were recognised in HM The King's Birthday Honours List. Central Vice President Ben Okri was awarded a Knighthood Bachelor and Independent Governor Daniel Chan was awarded an MBE.
- **Josette Bushell-Mingo OBE** was awarded the St Erik's Medal by the Municipal Council of Stockholm. Josette was one of four Stockholmers whose work was honoured for making an outstanding contribution to the city.

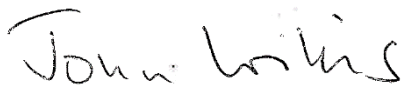


## Alumni

- **Andrew Garfield** was nominated for an Emmy Award and a Golden Globe Award for his performance in *Under the Banner of Heaven*.
- The Black British Theatre Award nominations included Central graduates **Tristan Fynn-Aiduenu**, co-nominated for Best Director Award, **Heather Basten** nominated for the Casting Director Recognition Award, and Mawa Theatre Company, which was co-founded by **Danielle Kassaraté**, nominated for Best Use of Innovation and Technology. **Tristan Fynn-Aiduenu** co-won Best Director at the Black British Theatre Awards for his work on *For Black Boys Who Have Considered Suicide When the Hue Gets Too Heavy* at The Royal Court.
- **Naomi Ackie** was nominated for a 2023 BAFTA Rising Star Award.
- **Rebecca Lenkiewicz** was nominated for a 2023 Critics' Choice Award in the category of Best Adapted Screenplay for feature film *She Said*.
- The 2023 BAFTA Televisions Award nominations recognised **Martin Freeman** in the category of Leading Actor for *The Responder*; **Siobhan McSweeney** in the category of Female Performance in a Comedy Programme for *Derry Girls*, and **Graham Norton** in the category of Comedy Entertainment Programme for *The Graham Norton Show*.
- The 2023 Olivier Award nominations included several Central graduates being recognised across a wide range of categories, including **Faith Omole**, nominated for Best Actress in a Musical for her work on *Standing at the Sky's Edge*, and **Antony McDonald**, nominated for Outstanding Achievement in Opera for his design of *Alcina* at the Royal Opera House. Also, nominations in the category of Best New Play included, *For Black Boys Who Have Considered Suicide When the Hue Gets Too Heavy*, co-directed by **Tristan Fynn-Aiduenu**, alongside both *Patriots* and *To Kill a Mockingbird*, which were both produced by Central's President, **Sonia Friedman**. Finally, two productions nominated for Best Musical Revival were also both produced by Central alumni; **Sir Cameron Mackintosh's** *My Fair Lady* and **Sonia Friedman's** *Rodgers and Hammerstein's Oklahoma!*, which won the award.
- *Dante or Die*, an alumni theatre company founded by **Daphna Attias** and **Terry O'Donovan**, won a Digital Culture Award presented by Arts Council England and Digital Culture Network for their interactive film, *Odds On*.
- **Lulu Tam** won the Naomi Wilkinson Award for Stage Design.
- Graduate **Carolyn Downing** was awarded a Tony Award for Best Sound Design of a Play for *Life of Pi* on Broadway. Alumna, Honorary Fellow and Central President **Sonia Friedman's** company Sonia Friedman Productions was associated with 4 Tony Award wins including *Best Play* for *Leopoldstadt*. The 2023 Tony Award nominations include a collective 17 award nominations for productions connected with **Sonia Friedman**, across

a broad range of categories.

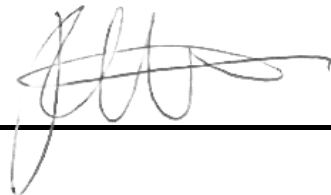
- **Dame Judi Dench** was presented with the Irish Academy Lifetime Achievement Award by The Irish Film & Television Academy (IFTA) in recognition of her outstanding contribution to the world of film and television.
- **Sir Cameron Mackintosh** received the Freedom of the City of London in recognition of his contribution to musical theatre.



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**John Willis**

Chair of Governors



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**Josette Bushell-Mingo OBE**

Principal / Chief Executive

## STRATEGIC REPORT INCLUDING OPERATING AND FINANCIAL REVIEW

### Patron and Presidents

<b>Patron</b>	HRH Princess Alexandra, The Hon Lady Ogilvy KG GCVO
<b>President</b>	Sonia Friedman CBE
<b>Vice President</b>	Anne Mensah
<b>Vice President</b>	Sir Ben Okri
<b>Vice President</b>	Dr Margaret Aderin-Pocock MBE
<b>Vice President</b>	Jenny Sealey OBE
<b>Vice President</b>	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.

Name	Appointed to Board in year	Retired/ resigned from Board in year	Committee Memberships
John Willis (Chair of Governors)			Remuneration (Co-Chair) Nominations (Chair) Diversity and Inclusion Finance and Estates Search Committee: Governors (Chair) Search Committee: Director of Governance (Chair) Search Committee: CFO (Chair)
Abdul Bhanji OBE (Co-Deputy Chair of Governors)			Finance and Estates Nominations Remuneration (Co-Chair) Search Committee: Governors (Deputy Chair) Search Committee: Director of Governance Search Committee: CFO
Matthew Layton (Co-Deputy Chair of Governors)			Finance and Estates Remuneration Search Committee: CFO
Gary Beestone			Finance and Estates Human Resources Search Committee: Governors

Rick Behari	28 <sup>th</sup> November 2022		Human Resources Diversity and Inclusion
Josette Bushell-Mingo OBE (Principal Ex-Officio)			Finance and Estates Human Resources Nominations Search Committee: Director of Governance Search Committee: CFO
Nick Catliff	28 <sup>th</sup> November 2022		Audit
Yui Chit Daniel Chan MBE			Audit (Chair) Senior Independent Governor (SIG)
Christina Coker OBE			Audit Search Committee: Governors
Clare Collinge		31 <sup>st</sup> July 2023	Finance and Estates (Chair) Remuneration
Prof Maria Delgado (Academic Board Nominated)		17 <sup>th</sup> July 2023	Nominations
Mia Doona	1 <sup>st</sup> August 2022		Nominations Diversity and Inclusion
Prof Rajinder Dudrah		16 <sup>th</sup> June 2023	Diversity and Inclusion Audit Academic Board champion
Dr Stephen Farrier (Staff nominated)		4 <sup>th</sup> September 2022	Diversity and Inclusion
Eleni Gill		9 <sup>th</sup> December 2022	Diversity and Inclusion Human Resources
Simone Sena	28 <sup>th</sup> November 2022		Diversity and Inclusion
Amanda Stuart Fisher	26 <sup>th</sup> October 2022		Diversity and Inclusion
Ajunesh Saji-Viswam (Student nominated)		November 2022	Diversity and Inclusion
Mark White			Finance and Estates Nominations Human Resources (Chair) Search Committee: Governors Search Committee: Director of Governance

### Clerk to Governors

Deborah Scully MBE was the Clerk to Governors (and Company Secretary) alongside her Deputy Principal role throughout the financial year, supported in the discharge of duties by Jamie Shaw, Head of Governance and Executive Support until the 30<sup>th</sup> of November 2022, then David Ramsay as Head of Governance from 1<sup>st</sup> December 2022.

### **Material change post year-end:**

- Clare Collinge, Independent Governor and Chair of the Finance and Estates Committee stepped down from her role shortly after the Annual General Meeting on the 31<sup>st</sup> of July 2023.
- Yamin Chowdhury was co-opted as Independent Member to the Board of Governors on the 16<sup>th</sup> of October 2023
- Andrew Haigh MBE was co-opted as Independent Member to the Board of Governors on the 16<sup>th</sup> of October 2023
- Luke Purser was co-opted as Independent Member to the Board of Governors on the 16<sup>th</sup> of October 2023
- Prof. Maria Delgado was appointed to the Board as Staff elected governor following an election of Academic Board in December 2023
- Simone Sena concluded the term as postgraduate Student Governor in October 2022 following the completion of his course of study.
- Deborah Scully MBE retired from the role of Clerk to Governors (and Company Secretary) on the 23<sup>rd</sup> of October 2023.
- Kayley Darby-Philpotts assumed the role of Clerk to Governors (and Company Secretary) on the 15<sup>th</sup> of September 2023.

### **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<sup>st</sup> 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.

### **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.

## **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.

Central continues its work to deliver its academic and operational priorities as outlined in its Strategic Plan to 2023-24. 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 and successful Research and Knowledge Exchange community; distinguished teaching staff; a long-term engagement with community and civic mission, and more. Central aims to continue to lead as an inspiring centre of excellence in theatre and the performing arts.

Central continues to:

- Plan for a future that will embrace developments in theatre and the performing arts and the digital revolution all around us;
- Embed equity and inclusion in its curricula, facing the past and continuing to reconcile histories of inequity by taking forward what we have learned from important contemporary social justice movements;
- Recognise the rising need to support and listen to students and staff through challenging times and prioritise safety, health and wellbeing for all;
- Consider infrastructure priorities and appetite to invest in order to keep our buildings and facilities state-of-the-art;
- Prioritise contributions to Research and Knowledge Exchange, evidenced by an exemplary result in the Research Excellence Framework (REF);
- Re-centre our values and prioritise civic and community engagement through developing partnerships with local organisations, and
- Manage and mitigate the significant risks to our provision in a tumultuous sectoral and political environment.

Within the financial year 2023-24, Central continues its ambitious ongoing project to review its full curricular portfolio, aligning its staffing structures to the newly created "academic departments" to support the aims of the Strategic Plan.



The Strategic Plan to 2023-24, published in the prior fiscal year, builds upon, and aims to complete the objectives set out in the prior Strategic Plan 2023, setting out a way forward for a defined period in the context of a continuing uncertain and challenging environment resulting from economic uncertainty arising from the war in Ukraine, Brexit and other external factors including concerns over government funding and student health and wellbeing. The Strategy is available on our website and its key themes are summarised below:

## **Key Themes of the Strategy to 2023-24**

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.

### **2. Distinctive and Transformative Education and Training**

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

### **3. Research, Scholarship and Knowledge Exchange**

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

### **4. 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.

### **5. Infrastructure and Environment**

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

Challenges to the School over the next period of the plan include:

- a) Continuing need for both estate and digital systems infrastructure development with limited available capital funding;
- b) Continued public-sector austerity throughout the planning period including:
  - Adjustments to government funding that continue to strip money out of the HE sector in general including reductions in grant income for non-STEM subjects and the removal of the London Weighting, and

- Impact of increased student debt burden.
- c) Uncertain fiscal outcomes of the sector review of public funding for specialist world-leading institutions;
- d) Maintaining admissions rates for general ongoing financial sustainability;
- e) Industrial action across the sector and the ongoing cost of living crisis;
- f) The possibility for the sector-wide implementation of minimum entry requirements for University entry in Maths and English and the resultant challenge to widening participation and equitable access to HE for students with creative skills;
- g) The ongoing need to further develop short course and business training activity to diversify income away from tuition fee reliance;
- h) Sustaining appropriate leadership and governance succession arrangements;
- i) Maintaining high levels of student experience which are reflected in the NSS scores;
- j) Maintaining staff wellbeing with limited resource to invest in capacity;
- k) 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.

## **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

## PERFORMANCE REVIEW 2022/23

Since the pandemic, Central has been working to emergency and recovery budgets based on essential only spend with capital works deferred. We have started to accelerate investment in Estates and infrastructure while maintaining core spending on academic activities. The current economic environment continues to impact the transition to full recovery. The lower intake of undergraduate students in 2021/22 will have a three-year impact. Since the Covid pandemic, growth and development of business training has been restricted by a lack of dedicated resources. Central will continue to focus on its unique selling point (academic training and research) and opportunities within the short course provision, including expansion of online short courses and diplomas, new onsite courses for new markets, and building networks to provide summer programmes for international university students.

A summary of performance outcomes during 2022/23 is included within the Report of the Board and Executive and Public Benefit Report within these financial statements.

### FINANCIAL REVIEW

The Financial Statements for the year ended 31 July 2023 show the group position for Central and include the results of CSSD Enterprises Limited, a subsidiary company. The principal activity of CSSD Enterprises Limited was to operate the student bar during the year.

The School is reporting a current year surplus of £0.2m, where income has increased by 16.9% to £24.0m and expenditure has increased by 10.6% to £23.8m when compared to the prior year. The increase in income resulted from an improvement in funding grants, other operating income, investment income, and Research grants. The surplus of £0.2m (before actuarial gains) represents a significant improvement on the prior year's loss of £1.0m.

The position is improved by the valuation of pension scheme as at 31 July 2023. The asset gain has been capped as there is uncertainty over its recoverability resulting in £3.8m actuarial gains shown on the consolidated income statement. The actuarial gains are due to a major improvement in financial assumptions underpinning the valuation of the net pension assets. Therefore, actuarial gains of £3.8m are allocated to the comprehensive statement of income and expenditure resulting in a total comprehensive income of £4.0m for the year.

It should be recognised that these actuarial gains 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 2023	Year ended 31 July 2022
	£000	£000
Income	24,027	20,553
Expenditure (including endowment transfer)	(23,775)	(21,474)
Loss on Disposal of Assets	(18)	(93)
Loss on investments	(14)	(33)
<b>Surplus / (Deficit) for the year</b>	<b>220</b>	<b>(1,047)</b>
<b>Deficit % income</b>	<b>0.9%</b>	<b>-5.1%</b>

Income Summary	2023	2022	2021	2020	2019
	£000	£000	£000	£000	£000
Tuition fees and education contracts	12,061	12,561	11,307	12,134	11,795
Funding Grants	9,633	6,141	6,058	5,986	5,971
Research Grant Contracts	687	638	482	470	380
Other Operating Income	749	521	467	839	538
Investment Income	304	104	46	110	217
Capital Donations	-	-	-	8	469
Other Donations	593	588	473	283	372
<b>Total Income</b>	<b>24,027</b>	<b>20,553</b>	<b>18,833</b>	<b>19,830</b>	<b>19,742</b>



Tuition Fee and education contracts income including short courses and other fees has decreased by £0.5m compared to 2022.

Tuition Fees & Education Contracts Income	2023			2022			Variances		
	£000	Nos*	%	£000	Nos*	%	£000	Nos	%
<b>Full-time undergraduate</b>									
- Home	4,869	516	40.4%	4,923	543	39.2%	(54)	(27)	(1.1%)
- EU	250	27	2.1%	460	47	3.7%	(210)	(20)	(45.7%)
- Non-EU	1,568	73	13.0%	1,507	71	12.0%	61	2	4.0%
<b>Full-time postgraduate</b>									
- Home	2,147	188	17.8%	2,151	223	17.1%	(4)	(35)	(0.2%)
- EU	207	21	1.7%	161	20	1.3%	46	1	28.6%
- Non-EU	2,069	115	17.2%	2,412	168	19.2%	(343)	(53)	(14.2%)
<b>Part-time Postgraduate</b>									
- Home	235	47	1.9%	299	67	2.4%	(63)	(20)	(21.1%)
- EU	6	2	0.0%	8	1	0.1%	(2)	1	(25.0%)
- Non-EU	22	2	0.2%	(1)	1	0.0%	23	1	100%
<b>Total tuition fees</b>	<b>11,373</b>	<b>991</b>	<b>94.3%</b>	<b>11,920</b>	<b>1,141</b>	<b>94.9%</b>	<b>(547)</b>	<b>(150)</b>	<b>25.4%</b>
Short course and other fees	688		5.7%	642		5.1%	46		7.2%
<b>Total</b>	<b>12,061</b>		<b>100%</b>	<b>12,561</b>		<b>100%</b>	<b>(500)</b>		<b>(4.0%)</b>

\* Numbers excludes students with fully waived fees (2023: 1, 2022: 2)

The table above highlights the fact that most of the decrease in the tuition fee and education contracts (including short courses) income category sits within tuition fees. The highest decrease is within the EU undergraduate and overseas postgraduate student classifications generating a decrease of £0.2m and £0.3m respectively year on year. The decline in international students' recruitment is a similar pattern reflected across the HE sector. The current review of programmes, courses and our wider portfolio will position us well in the future.

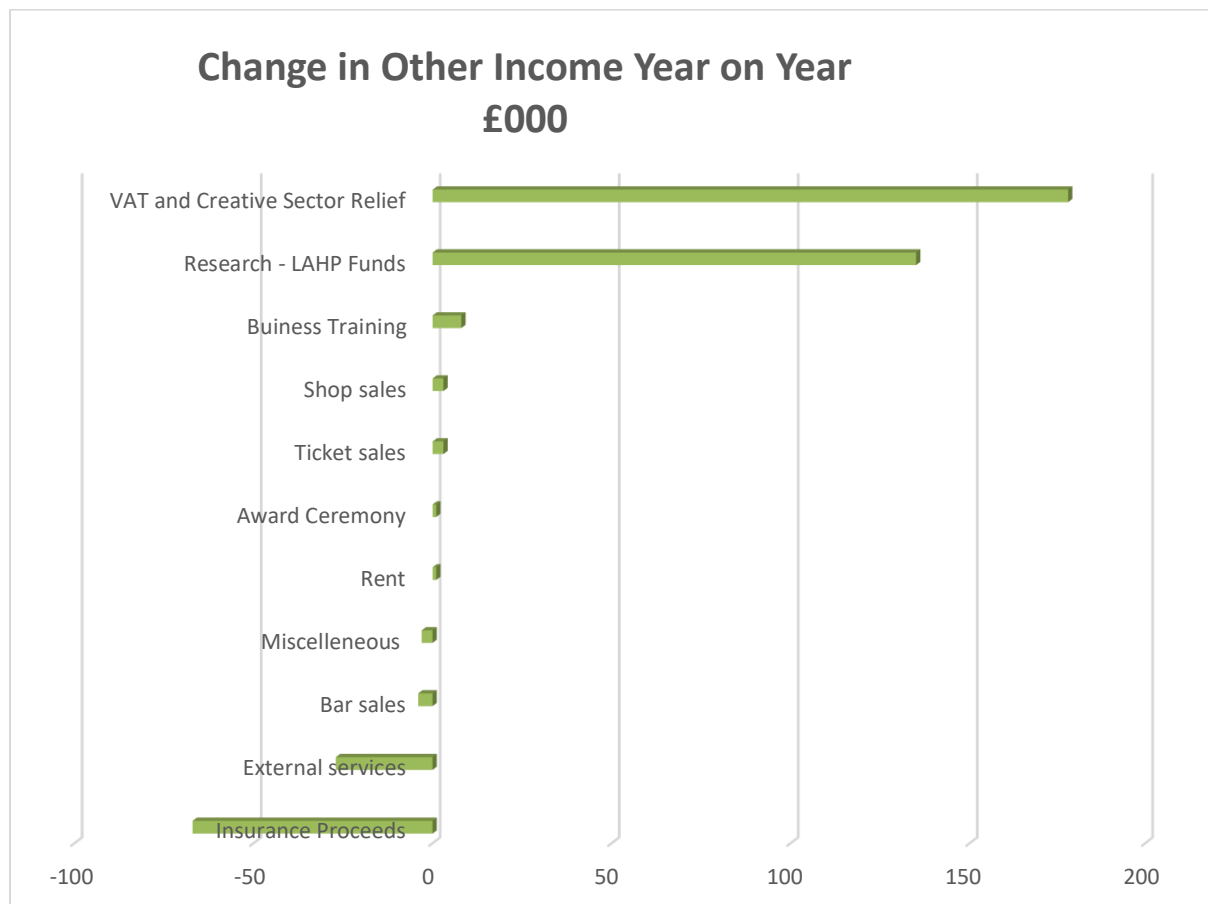
Short courses and other fees are up £0.05m when compared to 2022, illustrating the steady recovery of this income stream which has been badly affected by the pandemic.

Funding body grants increased by £3.5m from 2022 to 2023. This increase is primarily due to increased OfS and Research England specialist grants. An element of the specialist Research income was reprofiled to 2022/23 in error. Funding Body Grants as a proportion of total income is 40% of total income, an increase on the prior year which was 30%.

Research grants and contracts income is up £0.08m on the prior year. This income released in year relates to 13 Research projects. Much of our research operates at the intersection with industry and is realised with partners from a range of sectors, including theatres, film bodies, local authorities, NGOs, charities, cultural festivals, and the museum sector. In 2023 Central received £1.3m (2022 – 0.55m) of project funding from UKRI, British Academy, Lottery Fund, Leverhulme and the AHRC.

Endowment and investment income is £0.21m up on the prior year due to improvements in interest earnings on short-term deposits.

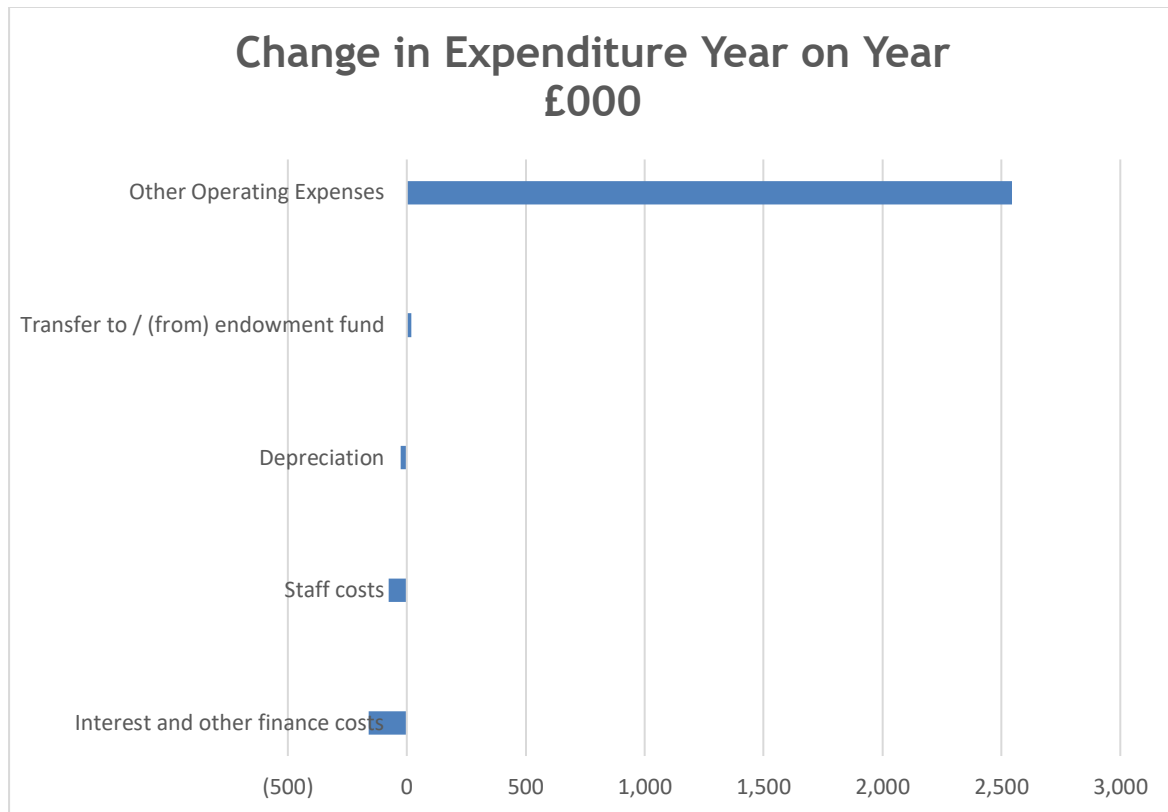
Other income is up £0.2m on the prior year.



The Research London Arts & Humanities Partnership (LAHP) funds relate to 2020/21 and 2021/22. These cover maintenance for PhD students and are claimed in arrears.

One off insurance proceeds covered the cost of refurbishing flood damaged offices in 2022.

Total expenditure has increased by 10.6% from 2022, driven through increased operating expenses and staff costs.



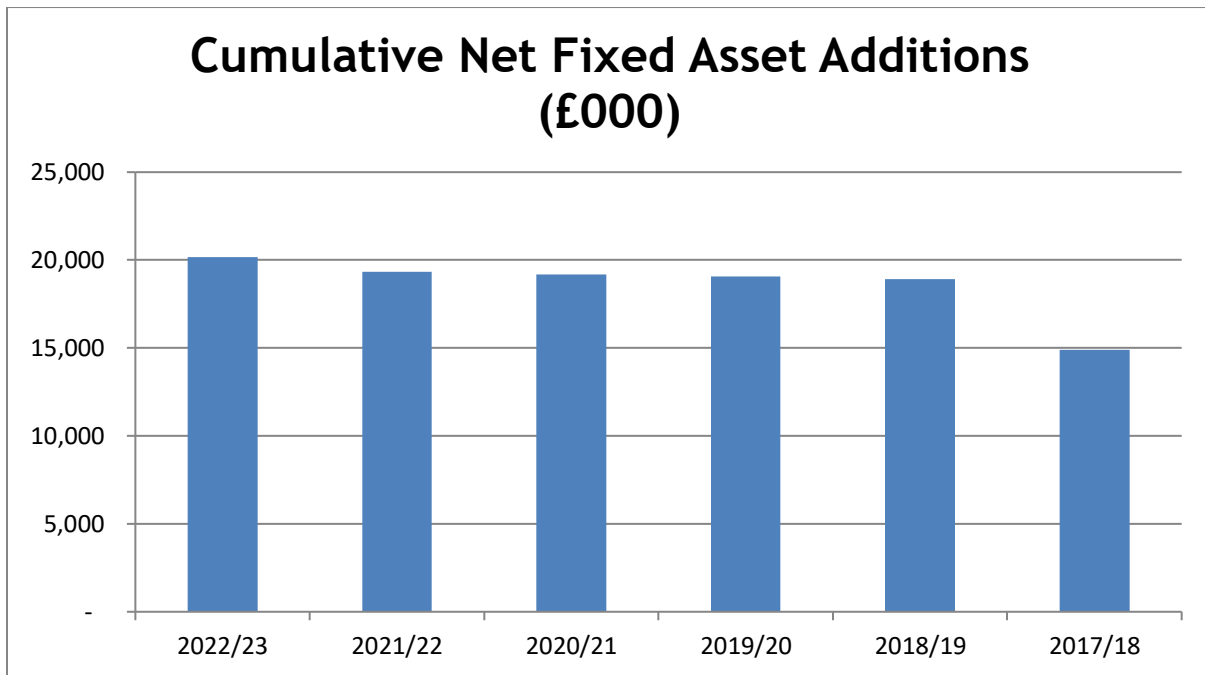
Expenditure on staff costs remains the highest cost item, representing 56% (2022 – 62%) of total income. Staff costs are down 0.6% (£0.08m) on the prior year, savings were achieved from the deferral of recruitment of vacant positions previously expected to be filled at the beginning of the year.

Other operating expenses for the year 2022/23 have increased by £2.5m when compared to 2021/22. There were increases within visiting professionals, computer software, utilities, employment agency costs, travel, catering, general expenses, building maintenance, bursaries, and advertising for staff.

The current year surplus of £0.2m shows an improvement of £1.3m on the prior year deficit of £1.1m in 2021/22.

### Capital Projects

Capitalised costs of £0.86m (2022 - £0.15m) incurred during the year comprised computer, technical, and media equipment.



### Cash Management

Cash and cash equivalents (note 14) plus short-term deposit balances (note 13) at the end of the year stood at £18.9m, down £0.08m when compared with the prior year and represents the equivalent of 303 days of expenditure. A net cash inflow from operating activities of £1.0m (2022 £2.0m) was generated in year, investment activities yielded £1.4m (2022 -1.9m), and financing activities -0.7m (2022 -0.7m).

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 in 2024.

	Royal Central School of Speech and Drama		Sector Forecast
	2022/23	2021/22	2022/23
Current Ratio	3.4	3.5	Not available
Net Liquidity (Days)	303	339	134
Cash flow from operating activities as % total income	4.3%	13.0%	6.7%
External Borrowing as % of total income	30%	36%	31.9%

**Key Financial Indicators** (Source: OfS Financial sustainability of higher education providers in England OfS 2023.20 June 2023)

The preceding financial indicators represent a healthy liquidity position for the School, the Current Ratio remains consistent year on year and External Borrowing is 30% of total income.

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 a blended fixed rate of 3.085%. The bank loan facility of £8.7m was fully drawn down in May 2018.

The Net Liquidity (Days) of 303 for the School is shorter than the prior year and remains significantly better when compared to the sector mean of 134 days. Cash flow from operating activities is down as a percentage of total income when compared against prior year (2023 £1.0m / 2022 £2.0m), driven predominantly through an increase in debtors and a decrease 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.

The scheme valuation as at 31 March 2020 sees the employer contributions increase from a rate of 23.68% to 28.68% from April 2024. Employers also pay a charge equivalent to 0.08% of pensionable salary costs to cover administration expenses. That follows confirmation over a number of factors that lead to downwards costs pressures, such as that driven by changes in the rate at which longevity is expected to improve, which collectively serve to offset some of the increase that results from a change to the discount rate to be used – with the latter being behind the speculation of potential double-digit increases.

The Department for Education is working with HM Treasury to secure the position whereby schools, academies and other employers that are centrally funded will be provided with additional financial support in 2024-25. This is in recognition of the additional costs involved and why they continue to work with HM Treasury to seek to secure such funding for employers in the HE sector. It should be noted that the HE sector did not receive any additional support for contribution increases in 2019/20.

The TPS is unable to identify the School's share of the underlying assets and therefore is accounted for as a defined contribution scheme in the accounts in accordance with the relevant reporting standard Financial Reporting Standard 102 (section 28).

The LPFA scheme valuation currently showed an FRS 102 surplus of £3.7m for the School, representing a decrease from a deficit of £3.0m reported at the previous year end. The £3.7m asset 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 2023. The present value of the fund's obligations for the School has decreased to £17.0m, down £4.7m on the previous year. The fund's assets in turn have increased by £2.0m to £20.7m.

In accordance with FRS 102, the amount of the scheme asset that is recognised has been capped as there is uncertainty over its recoverability.

The current employer rate of 14.8% is set for a 3-year period from 1 April 2023 to 31 March 2026.



## Future Outlook and Key Risks

In December 2023 the School will submit its 5-year forecast to the Office for Students (OfS) for the period up to 2027/28. 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 2021/22 and will remain frozen at that level until 2024/25. The resumption of inflationary increases from 2025/26 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, 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 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 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 2024, 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; and
  - 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.
  - To thrive Central plans its activities to ensure there is no risk of insolvency within a period of three years and has sufficient financial resources for a period of at least five years. Strategies to underpin viability and sustainability include:
    - the regular identification, impact and management of risks;
    - robust and realistic financial assumptions that are subject to scenario planning to stress test the impact on assumptions and agree contingency mitigations that would be required;
    - the setting of Financial Strategy targets to ensure the delivery of financial returns for sustainability;
    - maintaining adequate liquid reserves to meet any unforeseen contingencies and to

navigate the dynamic and uncertain environment;

- regular reporting including a monthly dashboard for tracking performance against KPIs and highlighting any new or emerging risks or trends; and
- strong governance structure of challenge, review and monitoring.
- 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 a period of 12 months from the date of approval of these financial statements, and therefore 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 the Strategic Management Team. 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:

- a) reduction in the number of overseas student applications/acceptances resulting in loss of forecast income;
- b) higher than forecast level of withdrawals resulting in loss of tuition fee income and possible under-performance against the OfS contract;
- c) reduction in number of students from the EU area resulting from Brexit;
- d) 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
- e) 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:

- a) further development of a proactive marketing strategy;
- b) regular monitoring of student withdrawals, and reasons thereof and optimising recruitment numbers to provide a cushion against future withdrawal;
- c) continued investment in infrastructure and capital equipment;
- d) reallocated duties to maximise effectiveness of the marketing strategy;
- e) 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;
- f) development of Scholarships and bursaries to attract and support high quality applicants;
- g) maintaining quality teaching;
- h) development of online short courses;
- i) reviewing curricular offer and student mix;
- j) investment in student support and advisory services; and
- k) continued focus on environmental issues.

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

- a) unsustainable pension schemes resulting in significant pension scheme liabilities;
- b) insufficient on-site or off-site physical space of good quality to meet operational requirements;
- c) long-term economic impact of COVID-19 on Higher Education;
- d) effects of continued austerity within the Higher Education sector; and
- e) 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 provider and a conservatoire for training in the theatrical and performing arts, Central's extensive programme of undergraduate and post-graduate qualifications support our students and alumni in developing and maintaining the skills, attributes and experience necessary to sustain careers across the performing arts and wider cultural and creative sectors. In 2022/23 the School was, once again, recognised as 'world leading' by the Office for Students in its award of Institution-Specific Targeted Allocation (ISTA) funding of circa £4.8m per annum for the coming five years. This funding supports our high-cost and high-intensity training and education across internationally recognised provision in 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. Central is woven into the social and cultural fabric through partnerships and collaborations with a range of sectors, including theatres, local authorities, NHS trusts, non-governmental organisations, charities, schools, colleges and other higher education providers, cultural festivals, and the museum sector across the UK and globally.

There are 85 (65 FTE) members of permanent academic staff at Central, delivering teaching and training across our portfolio of undergraduate and postgraduate taught courses and research degrees, against 1054 student registrations. The increase in academic staffing on 2021/22 is due to a number of strategic imperatives, including: (i) appointing Academic Heads of Department; (ii) collaborative investment between Research and Faculty in research-active staff, in order to make best use of time-limited Research England's Specialist Provider Element funding, and (iii) our initial actions in response to the sector and Central's commitment to academic decasualisation.

In 2022/23 we awarded 688 unique scholarships and bursaries totalling £628,137. These figures include our own funds and development funds and excludes external funds that we put forth successful nominees for. The breakdown of these awards is:

- Total Internal funds awarded: £350,249, including 121 Widening Participation bursaries totalling £42,837
- Total Endowed funds awarded: £53,500

- Total Fundraised funds awarded: £224,388
- Total External funds awarded: £31,500

In academic year 2022/2023, we continued our relationship with placement hosts, expanding to 255 individual organisations. We greatly value our placement hosts, who have played a significant role this year in nurturing more than 250 students in their professional development. For instance, 55 students pursuing BA Drama Applied Theatre and Education have completed their placements with Frantic Assembly, Unlocked Drama, Haringey Shed, NHS, NYC Strike Anywhere Performance Ensemble, Smiles Africa, and many more. These placements offer students the opportunity to develop a broad network of industry connections, which better equips them to advance their careers after graduation from Central.

Central developed a partnership with New Earth Theatre, bringing one of the only Arts Council England funded National Portfolio Organizations devoted to British East and Southeast Asian (BESEA) performance into the Central community as an Associate Company. Central has hosted the New Earth Performer's Academy London in 2022 and 2023, a free course of intensive actor training offered to BESEA performers over the age of 18 and led by Dr Broderick D.V. Chow. This partnership offers significant opportunities for global majority and specifically BESEA postgraduate students to gain teaching experience in a culturally specific environment and has hosted placement students from MA/MFA Actor Training and Coaching, MA/MFA Movement: Directing and Teaching, and MA/MFA Voice Studies: Teaching and Coaching.

All taught courses 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.

During 2022/23, Central continued its work to build capacity for the culture change necessary in response to both internal and external drivers, including:

- Attending to our ongoing commitment to build on our Equity, Diversity and Inclusive practices, including the development of an inclusive curriculum framework, and a professional development recognition scheme for faculty with a strong focus on inclusive practice. The Portfolio Review project completed its first phase in 22/23, setting the principles for inclusive, equitable, agile and sustainable courses for Central's future.
- Working to deliver the very highest quality education and student experience with a significant erosion of the unit of resource for undergraduate home students
- Working under significantly increased regulatory burden from the OfS, allied to a more 'interventionist' attitude and rhetoric

Central successfully submitted to the OfS Teaching Excellence Framework (TEF2023) and we await the final outcome in December 2023.

Our Principal, Josette Bushell-Mingo OBE, continues to represent both Central and the arts sector at large through her public and civic engagement, including a regular monthly column in *The Stage*, interviews with the *Guardian*, *Drama & Theatre Magazine*, *Arts Professional*, and *Times Higher Education Magazine*. Her openness as to the challenges we face, and the vigour and authenticity of her clarion call are a significant contribution to the public debate and discourse around our disciplines, HE and the arts in the UK. Central's work and academics were also profiled throughout the year in *The Guardian*, *Times Higher Education Magazine*, *The Stage*, *in Sight & Sound* (the BFI Magazine), by BBC News, *Broadway World*, *Spotlight*, *The Conversation*, *Newsweek*, *Theatre Weekly* and have appeared on the BBC Newshour, BBC Front Row, BBC Radio 4's *Woman's Hour*, on the *New Thinking Podcast* and presented BBC Radio 3's *Free Thinking*.

### **Widening participation and access**

Central is committed to recruiting and training a diversity of students in all its undergraduate courses. Through our access provision, opportunities have been created for young people to experience creative arts training and develop the skills, knowledge and understanding to access higher education.

The work is targeted to support the wider agenda of removing barriers that might prevent young people from learning about, accessing or affording higher education and specifically to us, training at Central. This includes:

- aspiration-raising workshops for Years 7 to 13 students studying drama and/or art and design courses
- visits to 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 Generation Arts, The Curve Theatre, The London Borough of Camden's Camden Summer University youth project, and new partner Mulberry Production Arts Academy
- 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. In 2022/23, 355 free auditions were awarded. This has been an increase of 63% compared to 2021/22.
- scholarships and bursaries totalling £388,608 to help students cover tuition fees and living expenses. On top of this, we also received grant from The University of London to support our care experienced students which meant we were able to provide £16,442.50 in additional bursaries to these targeted students.
- Offering bespoke support for care leavers, in the form of bursaries, and a designated member of staff to offer guidance and support throughout their studies. Central still holds the National Network for the Education of Care Leavers (NNECL) Quality Mark, which was awarded in 2022, recognising its enhanced support for care experienced

students.

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

## **Short Courses**

The School's short courses programme offers lifelong learning opportunities to a wide variety of audiences.

It includes:

- Open access provision for beginners and non-professionals: including evening courses, online courses and summer schools;
- Pipeline courses for progression into BA and MA programmes and industry, including five Diploma programmes;
- Artist development programmes for those already working in industry;
- Youth Programmes for under 18s;
- CPD programmes for business.

In the 2022/23 academic year, 78 people participated in our pipeline Diploma programmes, 301 people participated in our open access onsite evening courses and 92 people participated in our Summer short courses. 16 artists participated in our artists development programme and four of these received full bursaries. 261 young people participated in our youth programmes and 88 of these young people received full bursaries. We delivered live online open access courses to 166 students. In addition to this in March and May 2023, we launched two free MOOCs to global audiences on the Coursera platform. These now have a total of 27,083 registered students.

## **Research and Knowledge Exchange**

Research, knowledge exchange and scholarship at Central is centrally concerned with 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; performance and cultural memory; practices of acting and directing; and performance dramaturgies. Crucially, much of our work in this area is undertaken with partners from the industry, community organisations and the higher education sector both in the UK and beyond.

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 produced designs for opera companies, curated Hello stranger: the National Exhibition of UK Performance Design 2019-2023 and created The People's Kitchen, a touring community art project that invites people to enjoy a hot soup, engage in dialogue about the things that matter and imagine new futures together in



Havering and co-produced and directed a children's festival in Roundhay Park for Leeds Year of Culture 2023. Performances, designs, curatorial activities and exhibitions were accompanied by public engagement activities – journalism, broadcasting and podcasts for radio and television in the UK and Spain. Staff delivered policy reports, masterclasses, workshops and seminars; they sat on boards as trustees and directors; they provided mentoring and coaching to academics outside Central. They advised charities and other grant awarding bodies with panel membership and peer review. They edited journals, book series, and books. Knowledge was exchanged with virtual and, where possible, with physical audiences and participants, and often rooted in collaborations with a challenge-led agenda. Whether interviewing policy makers, engaging with criminal justice organisations or collaborating with museums, research activities at Central sought to make a difference. 427 people attended the in-person research events held at Central – talks, workshops, interviews, and conferences that created spaces for discussion, debate and future collaborations.

Competitive external research funding (£2.1m) awarded for successful submissions to funding bodies over 2022/23 has allowed Central to expand its collaborations and amplify the impact possibilities for our research. Awards include a Creative Research Capability (CResCa) award from the AHRC, headed by Professor Bryce Lease, to establish Central's Performance Lab (£1.4m) to act as a catalyst for research and development in Theatre and Performance in immersive and digital technologies, two new Research Fellowships awarded by the AHRC totalling £500k for Drs Amanda Stuart-Fisher and Sarah Bartley to develop work on interdisciplinarity justice and testimonial justice for young people, a Leverhulme Visiting Professorship for Professor Bishnupriya Dutt (Jawaharlal Nehru University, India) to join Central for one year (£106k), an AHRC Dance Research Matters Network award for Dr Tia-Monique Uzor (100k), and two smaller awards (from the MRC, and the EPSRC) for academics working around young people, social care, mental health and live, immersive, mixed-reality performance (£40k).

Dr Tia-Monique Uzor's short dance film, *The Noise My Leaves Make*, has been screened at festivals world-wide, was an award finalist at Dance Camera West 2023 in Los Angeles and won the jury award for Best Experimental Short at the Cannes Short Film Festival 2023. Professor Kate Elswit was presented with the Gertrude Lippincott Award for best English-language article in dance in 2022, together with her co-author Harmony Bench (The Ohio State University), Professor Bryce Lease shared the 2022 TaPRA Prize for Editing with Melissa Blanco Borelli, and Royona Mitra for the "Outing Archives/Archive Outings", special issue of *Contemporary Theatre Review* (32.1) and Dr Duška Radosavljević received the ATHE-ASTR Award for Excellence in Digital Scholarship for her AHRC-funded Aural/Oral Dramaturgies project. Staff have been invited to present their research across the globe – at major theatre festivals, museums, universities and conservatoires. They have also undertaken important roles as working group convenors for disciplinary organisations and been elected members of the executive committee for DramaHE, Co-Chair of TaPRA, and Vice-President of IFTR demonstrating an understanding of the importance of civic leadership to our field. Research is not simply about what we produce but how we produce it and how we lead to facilitate and nurture the research of others.

Central's Performance Epistemologies of the Global Majority Summer School ran for the first time in July 2023 in collaboration with Northwestern University. The summer school explored

a range of performance/practice-based and theoretical approaches to Black, Global Majority and Indigenous epistemologies, as well as texts, performances and visual art stemming from African American, Caribbean, African, Asian (Southern, Eastern and Southeastern), and Latin American cultures. Black and Global Majority PhD students and early career researchers engaged closely with prominent scholars from across the UK and North America through a combination of seminar workshops, keynotes, mentoring sessions, excursions to performances and exhibitions in London, and social community-building opportunities.

Central's research degrees programme continues to grow in spite of the challenges of increasingly competitive funding with three doctorates awarded during the 2022/23 academic year. The programme is enriched by our membership of the AHRC London Arts and Humanities Partnership (LAHP) doctoral consortium, of which Prof. Tony Fisher (Head of Research Strategy and Culture) is Deputy Director. Of the six students who took up offers of places on the research degrees programme during 2022/23, four successfully applied for full scholarships funded by LAHP, two of whom are working in partnership with organisations in the cultural sector (Contact Theatre and Migrants in Culture). The majority of our intake for 2023 will be students of global majority heritage, half from the UK and half international. The programme remains core to Research @ Central – offering a space for the cultivation of individual projects that ask questions of the history and contemporary creation of theatre and performance, and its role in culture both nationally and internationally. The hosting of three postgraduate researchers from universities in India and Italy demonstrates our international reach of our postgraduate research environment.

Postgraduate researchers identified international conferences as a high priority in the aftermath of Covid and we have invested in ensuring they have the opportunity to present at the key conferences in our field. Three postgraduate researchers presented at The Theatre and Performance Association conference at the University of Essex, two at the Prague Quadrennial and six presented at the International Federation for Theatre Research Conference at the University of Ghana, Accra with one receiving a Special Mention in the annual New Scholars' Prize Competition – a remarkable achievement. A postgraduate researcher who submitted her thesis this year, was successful in a highly competitive European Research Council-funded Postdoctoral fellowship at the Institute for Urban and Regional Research at the Austrian Academy of Sciences.

The 2022/23 academic year also witnessed a step change in Central's knowledge exchange and impact activities, thanks to specific support from Research England and the AHRC to build capacity in this area. We successfully launched a total of fourteen projects, 9 funded by KE funding and 5 from our AHRC Impact Acceleration Account, fortifying our ties at local, national, and global levels. The development of Performance Lab saw an engagement in R&D alongside notable partners such as D&B audiotechnik, White Light, and Digital Theatre+. We submitted statements to KEF3, which are optional for us as we are not an institution in receipt of HEIF funding from Research England; we did so because we were confident that, despite not receiving HEIF funding, our KE performance stands up alongside others in the Arts Cluster.

Leadership in the field of scenography was showcased by Dr Kathrine Sandys and Andreas Skourtis who designed the UK and Greek pavilions at the 2023 Prague Quadrennial, and Katie

Mitchell's short course upskilled professional and emerging theatre directors from around the world. We collaborated with the Universities of Houston and Oklahoma on developing new summer programmes and the START programme worked with Emma Wainer to provide commercialisation training and mentoring for students participating in our Enterprise award.

Tara Theatre approached Dr Tom Six and Jessica Bowles to partner with them to use their expertise to develop policy to support career paths for global majority producers, an area where a need had been identified. Dr Nicola Abraham channelled her practice using applied theatre in public health in Wales, a project funded by knowledge exchange funding, to aid communities in Northern Ireland and Dr Nando Messias' archive performance "Transmission: Sissy TV" secured an Arts Council England award.

Digital projects featured heavily in our portfolio. Professor Bryce Lease expanded on our collaboration with the Manchester Jewish Museum from the previous year by furthering binaural sound project studies and applying them to Berlin's Exilmuseum. This effort aims to refine sound techniques for the museum's upcoming 2028 permanent exhibition. Dr David Shearing, in partnership with Queen's Theatre, Hornchurch, enhanced their technical crew's skills, introducing them to the latest digital methodologies for the highly acclaimed production *New Beginnings*. Among the new initiatives, Dr Joe Parslow delved into the world of deep fakes, AI, and drag performance, providing curatorial consultancy for a V&A exhibition and culminating in a show at a V&A Late event. Professor Selina Busby used newly developed digital techniques to produce digital resources based on inaccessible rock art, in partnership with National Museums Kenya.

Central is building a reputation for engagement with the museum sector around participation and engagement, particularly focused on digital expertise. This new direction develops existing work with theatre and performance partners. Looking forward to 2023/4 we plan to expand our existing expertise on well-being and creative health, based on our research.

## **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 thirteen will be external independent lay members. The Governing Body comprised thirteen members on 31<sup>st</sup> July 2023, including two staff and two student governors. The School's Principal is an ex-officio Governor. Josette Bushell-Mingo OBE continued in place as Principal, ex-officio governor and accountable officer as at 31<sup>st</sup> July 2023.

The Chair of Governors throughout the year was John Willis. Abudl Bhanji and Matthew Layton were appointed as Co-Deputy Chair of Governors, following recommendation by the Nominations Committee at its meeting on the 13<sup>th</sup> of February 2023, with approval ratified by the Board of Governors at its meeting on the 15<sup>th</sup> of May 2023. Clare Collinge, Chair of the Finance and Estates Committee, retired from the board two weeks after the AGM on the 31<sup>st</sup> of July.

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. 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 continually seeks to widen the diversity of its Governing Body membership in order that its Board is representative of the communities it serves. 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 31<sup>st</sup> July 2023, 36% of Central's Governing Body had declared a Global Majority ethnicity (other than "white"). Regarding the Board's balance of gender identity, 57% identified as 'male' and 43% as 'female'. The age distribution of the Governing Body is varied, but it is acknowledged that a higher proportion of governors under the age of 45 would bring more perspective to the Board: 36% of governors between the ages of 45-64, 28% are over 65 and a combined 36% are under the age of 45. Diversity rates in regard to sexual

orientation among Board members are captured when disclosed and are felt broadly to mirror those of the wider community.

The Governing Body has made significant progress as a diverse, intersectional and representative trusteeship function, however, continues to face the challenge of fluctuations in representation across different categorisations due to the periodic changes in membership as terms of office expire. Post year-end, a recruitment search exercise overseen by the School's Nominations Committee has concluded, resulting in the appointment of three new independent governors to the Board, with an additional search to identify an independent academic member expected to conclude during the 2023-24 academic year. This is hoped to 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. Appropriate and proportionate due diligence is also undertaken on the School's President and Vice-Presidents, who although not Directors are Members of the Company under the provisions of its Articles of Association and represent the reputation and values of the School externally.

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.

### **President and Vice Presidents**

In accordance with the School's Articles of Association, the Governing Body may appoint a President and Vice Presidents of the School who are Members of the Company. At the Annual General Meeting on 18<sup>th</sup> July 2022, Members of the Company unanimously voted to elect Sonia Friedman OBE as President of the School, with effect from the retirement of Michael Grandage CBE from this office effective from 16<sup>th</sup> of November 2022. Four Vice-Presidents of the School, elected at the AGM on the 18<sup>th</sup> of July 2022, also commenced their roles effective 16<sup>th</sup> of November 2022.

### **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 six core values of Higher Education governance as set

out in the HE Code of Governance (*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; and
- Community: public service, citizenship, collegiality, collaboration.

The Governors have applied the six elements underpinning the Code's values in the year ended 31<sup>st</sup> July 2023:

- **Accountability:** The governing body is collectively responsible and accountable for institutional activities, approving all final decisions on matters of fundamental concern within its remit;
- **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;
- **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;
- **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; and
- **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.
- **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. Governors have also sought to apply *The Higher Education Senior Staff Remuneration Code* revised and republished by the CUC in November 2021. The Governing Body has adopted the three elements of fair and appropriate remuneration and the supporting principles. Post-year end and following in-year recruitment of senior postholders to a near-full complement, the School is in the process of undertaking a full pay equality audit in order that a statement of full application of all three elements of the Remuneration Code can be applied.

### **Review of Effectiveness**

The Governing Body undertakes periodic Effectiveness Reviews. An external review was undertaken in 2021-22 focussing on the School's methods for governing ongoing compliance with regulatory conditions. Resultantly, the School's approach to assuring the Governing Body around compliance with each of the Office for Students' ongoing conditions of registration has significantly matured, with recommendations supported by the School's Nominations and Audit Committees. The next external review of governance effectiveness is due to be held in 2024. The Academic Board also undertakes periodic effectiveness reviews, and the last review was undertaken in 2018.

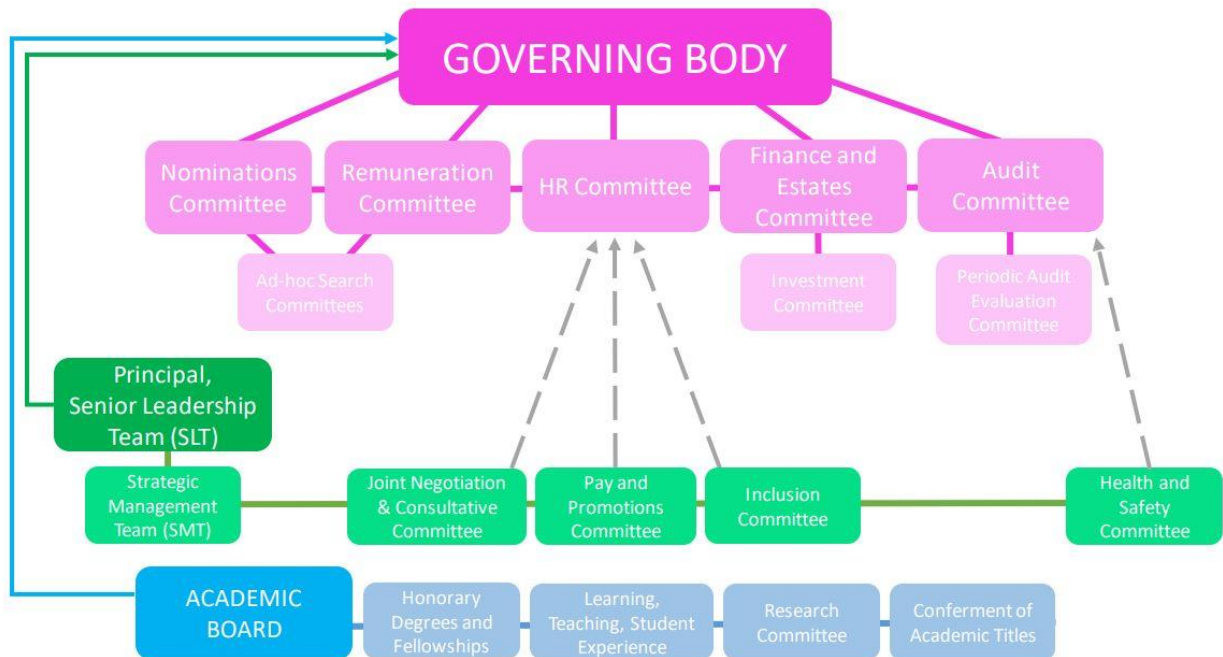
A regular schedule of periodic committee effectiveness reviews is also in place to assure the Governing Body of the effectiveness of its arrangements and in support of compliance with the CUC Code. In the 2021-22 financial year, a self-assessment effectiveness review of the School's Finance and Estates Committee was undertaken resulting in recommendations taken forward by the Chair.

### **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.

*Continued Overleaf*

## Governance Committee Structure



The following diagram outlines the committee structure in relation to corporate and academic governance in place during 2022/23. Revisions are in the process of being implemented in 2023/24.

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 controls; review value for money arrangements; and monitor quality assurance of data.

### 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. The following designated holder of senior posts fall under the remit of the remuneration committee in terms of the measure of remuneration and performance:

- Principal
- Deputy Principal/Clerk to Governors/Director of Governance
- Vice Principal (Curriculum and Students)
- Vice Principal (Research and Knowledge Exchange)

At its autumn 2021 meeting, the Remuneration Committee approved a new Senior Structure in alignment with Central's strategic priorities in the period to 2023.

The Remuneration Committee also annually reviews the pay and performance of *senior managers* at the School, to include:

- Chief Financial Officer
- Director of Operations
- Academic Registrar and Director of Academic Services
- Director of Engagement and Enterprise
- Director of Learning, Teaching and Inclusion
- Search Committees

The Governing Body established a Search Committee with distinct terms of reference in the reporting year:

- Search Committee (Governors): established with delegated powers by the Nominations Committee to oversee arrangements and make recommendations regarding the search, selection and recruitment process for new independent governors to the School to fill vacancies left by established governors whose terms of office had concluded; and

Two search committees were established in the previous fiscal year. The first, to consider the arrangements and make recommendations regarding the search, selection and recruitment process for a new President and Vice Presidents of the School concluded its business in 2022-

23, resulting in appointments being made to these positions. The second, to oversee arrangements and make recommendations regarding the search, selection, and recruitment process for new independent governors to the school concluded its business in 2022-23, resulting in the appointment of two new independent governors.

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**

Principal and CEO, Josette Bushell-Mingo OBE assumed Accountable Officer responsibilities following unanimous appointment as permanent Principal by the Governing Body at its meeting on 16<sup>th</sup> February 2021. 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. The Principal is directly supported in the discharge of their duties by the *Senior Leadership Team* which includes other designated senior postholders and meets regularly with defined Terms of Reference.

### **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 Principal, as chief executive, 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 Principal.
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 Hol 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.

The Governing Body is required to present audited financial statements for each financial year. It is responsible for the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of Central and for ensuring that the financial statements are prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of the "Regulatory framework for higher education in England" published by the OfS in February 2018, the Governing Body,

through the Principal, its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Central and of the surplus or deficit and cash flows for that year. "In preparing the financial statements, the Governing Body has ensured that:"

- (i) suitable accounting policies are selected and applied consistently;
- (ii) judgments and estimates are made that are reasonable and prudent;
- (iii) applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (iv) Financial statements are prepared on the going concern basis. The Governing Body is satisfied that it has adequate resources to continue in operation for the foreseeable future and for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

Central's external auditors consider the institution's risks, and the internal controls that are in place to manage those risks which affect the financial statements. External auditors may also liaise with, and access the work of, internal auditors (without placing reliance upon it).

The Governing Body has taken reasonable steps:

- a) to ensure that funds from the OfS and UKRI are only used for the purposes for which they have been given and in accordance with the Regulatory Framework for higher education in England published by the OfS in February 2018;
- b) to ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- c) to safeguard the assets of Central and prevent and detect fraud; and
- d) to secure the economical, efficient and effective management of Central's resources and expenditure.

## **Risk Management**

The following provides a summary of arrangements in place:

- a) 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;
- b) a Risk Management Framework is in place, which defines the institution's approach to risk management including strategy and policy 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, the HM Treasury Assurance Framework and the Institute of Risk Management;
- c) Central's Risk Framework underwent significant development in the 2022-23 fiscal year following internal audit of the organisation's approach to risk management and reporting, to include the development of a defined statement of the Governing Body's "risk appetite and tolerance" to inform investment and initiatives to pursue strategic objectives in the

period to 2023;

- d) 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;
- e) the risk assurance framework provides for the Strategic Management Team to review regularly the key strategic risks and undertake a regular review of departmental operational risks. Feedback during the year indicated the need to ensure that risk management processes are definitively aligned with the changed organisational structure. Training to support this, and to assist embedding risk management processes more consistently across the institution, is provided on an on-going basis;
- f) the Audit Committee provides oversight of risk management procedures and receives regular reports from Strategic Management Team and the internal auditors, which include an independent opinion on the adequacy and effectiveness of the institution's systems of internal control, together with recommendations for improvement;
- g) 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;
- h) the Finance and Estates Committee reviews risk management reports relevant to its area on a termly basis and the Human Resources Committee also reviews specific risks in relation to its area of responsibility; and
- i) 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.

The Governing Body review of the effectiveness of the system of internal control was informed by the School appointed internal audit provider (KPMG LLP) throughout the reporting year, operating to standards defined in the OfS Terms and Conditions of funding for Higher Education Institutions.

The Governing Body approved the appointment of KPMG LLP as Central's Internal Auditors with effect from 01<sup>st</sup> August 2021.

The School's risk management 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.

The Governing Body is of the view that: with the implementation of agreed improvements being undertaken, an effective on-going process for identifying, evaluating and managing the institution's significant risks is secured; that the improvements and maturation of processes have been taking place during the year ended 31<sup>st</sup> July 2023, and up to the date of approval of the annual report and financial statements; that the internal controls framework 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. The Governing Body is of the view that all elements of the

statement of corporate governance and internal control have been in effect for the year ending 31<sup>st</sup> July 2023.

### **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 of the Company on 17<sup>th</sup> July 2023, 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:

- a) clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- b) a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- c) regular variance reporting and updates of forecast outturns;
- d) 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;
- e) comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Governors; and
- f) 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.

### **2022/23 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 2022/23 is as follows:

The number of employees who were relevant union officials during the year totalled 10 staff (10 full-time equivalent).

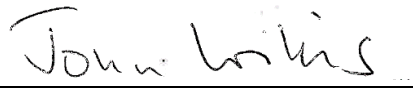
The percentage of their time spent on trade union activity was as follows:

Percentage of time	Number of employees
0% - 50%	10
51% - 99%	-
99% - 100%	-

The percentage of total salary costs spent on facility time totalled 0.20%. As a percentage of total paid facility time hours, 3.4% 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.

A handwritten signature in black ink, reading "John Willis", is positioned above a solid horizontal line.

**John Willis, Chair of Governors**

21<sup>st</sup> December 2023



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

## Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of Central's affairs as at 31 July 2023 and of the Group's and the Central's income and expenditure, gains and losses, changes in reserves and of the Group's and Central's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of Companies Act 2006.

We have audited the financial statements of Royal Central School of Speech and Drama ("Central") and its subsidiaries ("the Group") for the year ended 31 July 2023 which comprise the Consolidated and Central's Statement of Comprehensive Income and Expenditure, Consolidated and Central's Statement of Changes in Reserves, Consolidated and Central's Balance Sheet, 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 board 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 board members with respect to going concern are described in the relevant sections of this report.

### **Other information**

The Board is responsible for the other information. The other information comprises the information included in the annual report and financial statement other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 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; or
- we have not received all the information and explanations we require for our audit.

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

In our opinion, in all material respects:

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

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

- Central's grant and fee income, as disclosed in notes 1 and 2 to the accounts, has been materially misstated.
- Central's expenditure on access and participation activities for the financial year, as has been disclosed in note 9b to the accounts, has been materially misstated.

**Responsibilities of governing body**

As explained more fully in the Statement of Governing Body's Statement of primary responsibilities, 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 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 the 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 intends 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:

*Non-compliance with laws and regulations*

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 OfS Accounts Direction and tax legislation.

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.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

*Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance also considered Audit Committee, internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Groups/ Central's policies and procedures relating to:

- Detecting and responding to the risks of fraud; and
- Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the area's most susceptible to fraud to be management override of controls and revenue recognition around research grant and donation income.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- Reviewing the design and implementation of controls around the respective revenue streams and testing a sample of research grant and donation income to supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

*Continued overleaf*

## Use of our report

This report is made solely to the Governing Body members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 the Central and the Governing Body members, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Paul Jagger (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Gatwick, UK

Date: 22 December 2023

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

## CONSOLIDATED AND CENTRAL'S STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

Year Ended 31 July 2023

	Notes	Year ended 31 July 2023		Year ended 31 July 2022	
		Group £'000	Central £'000	Group £'000	Central £'000
Income					
Tuition fees and education contracts	1	12,061	12,061	12,561	12,561
Funding body grants	2	9,633	9,633	6,141	6,141
Research grants and contracts	3	687	687	638	638
Other income	4	749	636	521	404
Investment income	5	304	304	104	104
Total income before donations and endowments		23,434	23,321	19,965	19,848
Donations and endowments	6	593	593	588	588
Total income		24,027	23,914	20,553	20,436
Expenditure					
Staff costs	7	13,301	13,239	13,377	13,319
Other operating expenses	9	9,156	9,133	6,611	6,564
Depreciation	10	1,003	1,003	1,030	1,030
Interest and other finance costs	8	319	319	478	478
Total expenditure		23,779	23,694	21,496	21,391
Surplus / (Deficit) before other gains / (losses)		248	220	(943)	(955)
Loss on Disposal of Fixed Assets	10	(18)	(18)	(93)	(93)

Loss on investments	11	(14)	(14)	(33)	(33)
Surplus / (Deficit) before tax		216	188	(1,069)	(1,081)
Transfer to accumulated income in endowment funds		4	4	22	22
Surplus / (Deficit) for the year		220	192	(1,047)	(1,059)
Actuarial gains in respect of pension scheme	26	3,815	3,815	14,306	14,306
Total comprehensive income for the year		4,035	4,007	13,259	13,247

(Continued on the next page)



## CONSOLIDATED AND CENTRAL'S STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

Year Ended 31 July 2023 (continued)

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	Central £'000	Group £'000	Central £'000
Represented by:				
Endowment comprehensive expenditure for the year	(12)	(12)	(41)	(41)
Restricted comprehensive income for the year	221	221	49	49
Unrestricted comprehensive income	3,826	3,798	13,251	13,239
Attributable to Group and Central	4,035	4,007	13,259	13,247
Surplus / (Deficit) for the year attributable to:				
Group and Central	220	192	(1,047)	(1,059)

All items of income and expenditure relate to continuing activities.

The notes on pages 65 to 110 also form part of these financial statements.

## CONSOLIDATED AND CENTRAL'S STATEMENT OF CHANGES IN RESERVES

Year ended 31 July 2023

Group	Income and expenditure reserve			Revaluation reserve	Transfers to reserves	Total
	Endowment	Restricted	Unrestricted			
	£'000	£'000	£'000			
Balance at 1 August 2021	433	2,207	14,770	1,270	75	18,775
(Deficit) / Surplus from the income and expenditure statement	(55)	399	(1,391)	-	-	(1,467)
Other comprehensive income	-	-	14,306	-	-	14,306
Release of restricted funds spent in year	14	(350)	336	-	-	-
Total comprehensive (expenditure) / income for the year	(41)	49	13,251	-	-	13,259
Endowment transfer	-	-	-	-	(40)	(40)
Balance at 1 August 2022	392	2,256	28,021	1,270	35	32,975
Surplus/ (deficit) from the income and expenditure statement	8	530	(321)	-	-	221
Other comprehensive income	-	-	3,815	-	-	3,815
Release of restricted funds spent in year	(20)	(309)	329	-	-	-
Total comprehensive (expenditure) / income for the year	(12)	221	3,827	-	-	4,035
Endowment transfer	-	-	-	-	(22)	(22)
Balance at 31 July 2023	380	2,477	31,848	1,270	13	35,985

Consolidated and Central's Statement of Changes in Reserves

Year ended 31 July 2023  
(continued)

Central	Income and expenditure account			Revaluation reserve	Transfers to reserves	Total
	Endowment	Restricted	Unrestricted			
	£'000	£'000	£'000			
Balance at 1 August 2021	433	2,207	14,822	1,270	75	18,806
(Deficit) / surplus from the income and expenditure statement	(55)	399	(1,403)	-	-	(1,059)
Other comprehensive income	-	-	14,306	-	-	14,306
Release of restricted funds spent in year	14	(350)	336	-	-	-
Total comprehensive (expenditure) / income for the year	(41)	49	13,239	-	-	13,247
Endowment transfer	-	-	-	-	(40)	(40)
Balance at 1 August 2022	392	2,256	28,053	1,270	35	32,014
Surplus / (deficit) from the income and expenditure statement	8	530	(345)	-	-	193
Other comprehensive income	-	-	3,815	-	-	3,815
Release of restricted funds spent in year	(20)	(309)	329	-	-	-
Total comprehensive (expenditure) / income / for the year	(12)	221	3,799	-	-	4,008
Endowment transfer	-	-	-	-	(22)	(22)
Balance at 31 July 2023	380	2,477	31,852	1,270	13	35,997

The notes on pages 65 to 110 also form part of these financial statements.

## CONSOLIDATED AND CENTRAL'S BALANCE SHEET AS AT 31 JULY

Year ended 31 July 2023 Company Registration No. 203645

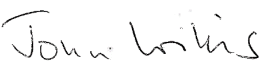
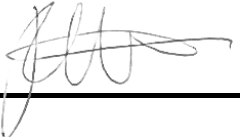

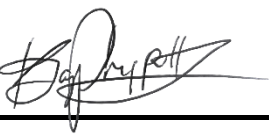
	Notes	2023		2022	
		Group	Central	Group	Central
		£000	£000	£000	£000
<b>Non-current assets</b>					
Fixed assets	10	33,908	33,908	34,069	34,069
Investments	11	1,064	1,064	1,091	1,091
		<u>34,972</u>	<u>34,972</u>	<u>35,160</u>	<u>35,160</u>
<b>Current assets</b>					
Stocks		3	-	3	-
Debtors	12	2,555	2,560	1,507	1,518
Investments	13	3,000	3,000	4,876	4,876
Cash and cash equivalents	14	15,931	15,931	14,131	14,131
		<u>21,489</u>	<u>21,491</u>	<u>20,517</u>	<u>20,525</u>
Less: creditors - amounts falling due within one year	15	(6,310)	(6,301)	(5,804)	(5,773)
Net current assets		<u>15,179</u>	<u>15,190</u>	<u>14,713</u>	<u>14,752</u>
Total assets less current liabilities		<u>50,151</u>	<u>50,162</u>	<u>49,873</u>	<u>49,912</u>
Creditors - amounts falling due after more than one year	16	(13,946)	(13,946)	(14,676)	(14,676)
<b>Provisions</b>					
Pension provisions	17	-	-	(3,003)	(3,003)
Other provisions	17	(219)	(219)	(219)	(219)
<b>TOTAL NET ASSETS</b>		<u><u>35,985</u></u>	<u><u>35,997</u></u>	<u><u>31,975</u></u>	<u><u>32,014</u></u>

Consolidated and Central's Balance Sheet as at 31 July (continued)

Year Ended 31 July 2023

	Notes	2023		2022	
		Group	Central	Group	Central
		£000	£000	£000	£000
Restricted reserves					
Income and expenditure reserve					
Endowment reserve	17	380	380	392	392
Income and expenditure reserve					
Restricted reserves	18	2,477	2,477	2,256	2,256
Income and expenditure reserve					
Unrestricted		31,858	31,870	28,057	28,096
Revaluation reserve		1,270	1,270	1,270	1,270
<b>TOTAL RESERVES</b>		<b>35,985</b>	<b>35,997</b>	<b>31,975</b>	<b>32,014</b>

The financial statements were approved and authorised for issue by the Governing Body 21 December 2023 and were signed on its behalf on that date by:

			
<b>John Willis</b>	<b>Josette Bushell-Mingo OBE</b>	<b>Sarah Everett-Cox</b>	<b>Kayley Darby-Philpotts</b>
Chair of Governors	Principal & Accountable Officer	Chief Financial Officer	Director of Governance & Company Secretary

The notes on pages 65 to 110 also form part of these financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 July 2023

	Notes	Year ended 31 July 2023	Year ended 31 July 2022
		£'000	£'000
Cash flow from operating activities			
Deficit for the year		220	(1,047)
Adjustment for non-cash items			
Depreciation	10	1,003	1,030
Loss on investments	11	14	33
Increase in stock		-	3
(Increase)/ decrease in debtors	12	(1,048)	162
Increase/(decrease) in creditors	15	493	(255)
Increase in pension provision		812	2,238
Adjustment for investing or financing activities			
Investment income	5	(304)	(104)
Loan interest payable	8	227	240
Endowment income	17	(15)	(14)
Loss on disposal of fixed assets	10	18	93
Capital grant income		(385)	(363)
Net cash inflow from operating activities		<b>1,035</b>	<b>2,016</b>
Cash flows from investing activities			
Capital grants receipts		159	59

Withdrawal of deposits		1,833	-
Investment income		304	104
Payments made to acquire fixed assets		(871)	(144)
New current asset investment		-	(1,872)
Net cash inflow / (out flow) from investing activities		<b>1,425</b>	<b>(1,853)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(231)	(244)
Endowment cash received		15	14
Repayments of amounts borrowed		(444)	(431)
Net cash outflow from financing activities		<b>(660)</b>	<b>(661)</b>
<b>Increase/ (decrease) in cash and cash equivalents in the year</b>		<b>1,800</b>	<b>(498)</b>
Cash and cash equivalents at beginning of the year	14	14,131	14,629
Cash and cash equivalents at end of the year	14	15,931	14,131

The notes on pages 65 to 110 also form part of these financial statements.

## 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.

Central is a company limited by guarantee (Companies Act 2006) with exempt charitable status in England and Wales under company number 00203645. Its registered office is Embassy Theatre, 64 Eton Avenue, London NW3 3HY.

All amounts are presented in sterling.

#### Going Concern

Central's activities, together with the factors likely to affect its future development, performance and position, are set out in the Financial Review. The Financial Review also describes the financial position of the School, its cash flows, liquidity position and borrowing facilities.

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

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.



Tuition 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.

Any 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 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.

Revaluation of endowment investments is recorded within the Consolidated Statement of Income and Expenditure and allocated to 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.

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 to the Statement of Comprehensive Income and Expenditure. 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**

Tangible fixed assets are stated at historic cost less accumulated depreciation and any accumulated impairment losses. Historic cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they are expected to provide incremental future benefits to Central. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

#### **Borrowing costs**

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

#### **Investments**

Non-current asset investments are initially recognised at transaction cost then held on the Balance Sheet at 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 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 an original maturity of three months or less. This also includes short term deposits with a term of 95 days or less.

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
- Actuarial assumption used in calculating the 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 2023

### 1. Tuition fees and education contracts

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Group	Central	Group	Central
	£'000	£'000	£'000	£'000
Full-time Undergraduate - Home	4,869	4,869	4,923	4,923
Full-time Undergraduate - EU students	250	250	460	460
Full-time Undergraduate - International students	1,568	1,568	1,507	1,507
Full-time Postgraduate - Home	2,147	2,147	2,151	2,151
Full-time Postgraduate - EU students	207	207	161	161
Full-time Postgraduate - International students	2,069	2,069	2,412	2,412
Part-time Postgraduate - Home	235	235	299	299
Part-time Postgraduate - EU students	6	6	8	8
Part-time Postgraduate - International students	22	22	(1)	(1)
	11,373	11,373	11,920	11,920
Short courses and other fees	688	688	641	641
	12,061	12,061	12,561	12,561

### 2. Funding body grants

	Year Ended 31 July 2023		Year Ended 31 July 2022	
Recurrent grants				
Teaching - OfS	5,281	5,281	4,780	4,780
Research - Research England	3,932	3,932	933	933
Capital grants - OfS	370	370	351	351
Capital grants - Research England	15	15	12	12
Specific grants				
Inherited staff liabilities - DWP	13	13	23	23
Occupational Health - DFE	14	14		
Hardship Funds - OfS	8	8	-	-
Covid Testing - OfS/Research England	-	-	42	42
	9,633	9,633	6,141	6,141

### 3. Research grants and contracts

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Group	Central	Group	Central
	£'000	£'000	£'000	£'000
Research councils	575	575	587	587
Research charities	113	113	23	23
Government (UK and overseas)	(1)	(1)	1	1
Industry and commerce	-	-	27	27
	<b>687</b>	<b>687</b>	<b>638</b>	<b>638</b>

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	5,686	5,686	5,196	5,196
Other bodies* Grant income from other bodies	4,634	4,634	1,583	1,583
Research awards Fee income for research awards (exclusive of VAT)	169	169	86	86
Non-qualifying Fee income from non-qualifying courses (exclusive of VAT)	688	688	642	642
Taught Fee income for taught awards (exclusive of VAT)	10,575	10,575	11,834	11,834
<b>Total</b>	<b>21,752</b>	<b>21,752</b>	<b>19,341</b>	<b>19,341</b>

#### 4. Other Income

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Group	Central	Group	Central
	£'000	£'000	£'000	£'000
Rent	44	44	43	43
Ticket sales	14	14	11	11
Shop sales	11	11	8	8
Bar sales	113	-	117	-
External services	65	65	92	92
Business Training	83	83	75	75
Insurance Proceeds	4	4	71	71
VAT and Creative Sector Relief	240	240	62	62
AHRC student support funds	135	135	-	-
Award Ceremony	22	22	21	21
Miscellaneous	18	18	21	21
	<b>749</b>	<b>636</b>	<b>521</b>	<b>404</b>

#### 5. Investment income

Investment income on endowments	15	15	14	14
(Exchange losses) / gains	(59)	(59)	29	29
Other investment income	348	348	61	61
	<b>304</b>	<b>304</b>	<b>104</b>	<b>104</b>

#### 6. Donations and endowments

Donations with restrictions	530	530	399	399
Unrestricted donations	63	63	189	189
	<b>593</b>	<b>593</b>	<b>588</b>	<b>588</b>

## 7. Staff costs

	Year Ended 31 July 2023		Year Ended 31 July 2022	
	Group £000	Central £000	Group £000	Central £000
Salaries	9,841	9,784	8,915	8,864
Social security costs	1,010	1,005	953	950
Other pension costs	2,450	2,450	3,509	3,505
<b>Total</b>	<b>13,301</b>	<b>13,239</b>	<b>13,377</b>	<b>13,319</b>

### Total remuneration of the head of the institution

	Year Ended 31 July 2023	Year Ended 31 July 2022	
	£	£	
	Josette Bushell- Mingo	Josette Bushell- Mingo	George Caird
Basic salary	166,000	159,828	4,980
Pension contribution	39,309	37,847	1,179
Medical insurance	1,364	1,316	135
Non-taxable benefits - hospitality	2,240	-	-
<b>Total</b>	<b>208,913</b>	<b>198,991</b>	<b>6,294</b>

Pay multiples - the ratio between the principal's pay and the average pay of the other staff at the institution.

Basic Salary	3.3	3.3	3.3
Total remuneration	3.7	3.7	3.8

The Royal Central School of Speech and Drama was led by Principal and Accountable Officer Josette Bushell-Mingo OBE during 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 offered 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 2022/23 was £23.9M. Central is in good standing. 94% of the School's research submitted to the 2021 Research Excellence Framework was deemed to be internationally excellent or world-leading, with 75% at 4\*. Central also holds Silver status in the Teaching Excellent Framework.

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, OfS publications, 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 £178k. 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 2022-23 included:

The formation of three new academic departments within the school, with the appointment of three new heads of department; A new associateship with the New Earth Theatre which aims to bring higher education arts training and the industry closer together; Central was ranked 2nd for Arts, Drama and Dance in the Complete University Guide's league tables; the School was awarded £1.35 million in investment from UK Research and Innovation to renew and upgrade facilities, and to support the launch of Performance Lab, which will act as a catalyst for research and development in Theatre and Performance; The award of 299 undergraduate, 287 postgraduate, and 2 postgraduate research degree awards.

In comparison to appropriate external benchmarks and reference points, and noting the performance outcomes delivered, the basic pay for the Principal /CEO at £166k can be justified as being fair and in line with benchmarks. The ratio between the Principal's total remuneration for 2023 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 to be fair and appropriate 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 2023 No.	Year Ended 31 July 2022 No.
£100,000 to £104,999	-	1
£105,000 to £109,999	1	-
£110,000 to £114,999	-	1
£115,000 to £119,999	2	1
£145,000 to £149,999	-	1
<b>Total</b>	<b>3</b>	<b>4</b>
Average FTE staff numbers by major category:	Year Ended 31 July 2023 No.	Year Ended 31 July 2022 No.
Teaching	155	144
Teaching Support	69	64
Central Admin & Services	38	33
Staff and student facilities	6	6
Premises	9	7
<b>Total</b>	<b>277</b>	<b>254</b>

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 Strategic Leadership Team.

	Year ended 31 July 2023	Year ended 31 July 2022
	£'000	£'000
Key management personnel staff costs and benefits (included in staff costs above)		
Salary	871	886
<b>Total</b>	<b>871</b>	<b>886</b>

### **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 (2022: none).

However, during the year 3 (2022: 4) non-executive directors received reimbursement of expenses £572 (2022: £821). The expenses represent travel and subsistence expenses incurred in attending Governing Body and Committee meetings in their official capacity.

		Year Ended July 31 2023		Year Ended 31 July 2022	
		Group	Central	Group	Central
		£'000	£'000	£'000	£'000
<b>8. Interest and other finance costs</b>					
Loan interest		227	227	240	240
Net charge on pension scheme	2 4	92	92	238	238
		<b>319</b>	<b>319</b>	478	478

**9a. Analysis of total expenditure by activity**

Year Ended 31 July 2023	Staff costs	Other operating expenses	Depreciation	Interest and other finance costs	Total
	£000	£000	£000	£000	£000
Teaching	6,853	2,780	12	-	9,645
Teaching Support	3,188	2,568	146	-	5,902
Central Admin & Services	2,903	2,215	205	319	5,642
Staff and student facilities	63	95	1	-	159
Premises	294	1,287	636	-	2,217
Catering	-	211	3	-	214
<b>Total</b>	<b>13,301</b>	<b>9,156</b>	<b>1,003</b>	<b>319</b>	<b>23,779</b>

Other operating expenses include:

External auditor's remuneration in respect of audit services	£000
	72
External auditor's remuneration in respect of non-audit services	29
Operating lease rentals	13



Operating lease rentals – Other 49

The auditor remuneration above is inclusive of irrecoverable VAT.

Year Ended 31 July 2022	Staff costs	Other operating expenses	Depreciation	Interest and other finance costs	Total
	£000	£000	£000	£000	£000
Teaching	5,817	1,874	-	-	7,691
Teaching Support	3,752	1,765	134	-	5,651
Central Admin & Services	3,457	1,837	209	478	5,981
Staff and student facilities	58	116	1	-	175
Premises	293	889	683	-	1,864
Catering	-	130	3	-	133
<b>Total</b>	<b>13,377</b>	<b>6,611</b>	<b>1,030</b>	<b>478</b>	<b>21,495</b>

Other operating expenses include:	£000
External auditor’s remuneration in respect of audit services	57
External auditor’s remuneration in respect of non-audit services	16
Operating lease rentals	13
Operating lease rentals - Other	49

The auditor remuneration above is inclusive of irrecoverable VAT.

<b>9b Access and Participation</b>	<b>Year Ended July 31 2023</b>		Year Ended 31 July 2022	
	<b>Group and Central</b>		Group and Central	
	£'000	£'000	£'000	£'000
Access Investment	189	189	188	188
Financial Support	114	114	309	309
Disability Support	221	221	174	174
Research and Evaluation	19	19	4	4
	<b>542</b>	<b>542</b>	<b>675</b>	<b>675</b>

<https://www.cssd.ac.uk/about-central/equity-at-central>

## 10. Fixed Assets

Group	Freehold Land and Buildings	Leasehold Land and Buildings	Alterations and Improvements	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2022	40,001	1,186	4,050	2,794	48,031
Additions	2	-	-	858	860
Disposals	-	-	-	(267)	(267)
At 31 July 2023	40,003	1,186	4,050	3,386	48,625
Depreciation					
At 1 August 2022	8,395	-	3,581	1,986	13,962
Charge for the year	618	-	115	269	1,002
Disposals	-	-	-	(247)	(247)
At 31 July 2023	9,014	-	3,696	2,007	14,717
Net book value					
At 31 July 2023	30,989	1,186	354	1,379	33,908
At 31 July 2022	31,608	1,186	469	805	34,069

At 31 July 2023, freehold land and buildings included £8.8m (2022 - £8.8m) in respect of freehold land and is not depreciated.

**10 Fixed Assets**  
(Continued)

	Freehold Land and Buildings	Leasehold Land and Buildings	Alterations and Improvements	Fixtures, Fittings and Equipment	Total
Central	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2022	40,001	1,186	4,050	2,788	48,025
Additions	2	-	-	858	860
Disposals	-	-	-	(267)	(267)
At 31 July 2023	40,003	1,186	4,050	3,379	48,619
Depreciation					
At 1 August 2022	8,395	-	3,581	1,979	13,956
Charge for the year	618	-	115	269	1,002
Disposals	-	-	-	(247)	(247)
At 31 July 2023	9,013	-	3,696	2,001	14,710
Net book value					
At 31 July 2023	30,989	1,186	354	1,378	33,908
At 31 July 2022	31,608	1,186	470	808	34,069

At 31 July 2023, freehold land and buildings included £8.8m (2022 - £8.8m) in respect of freehold land and is not depreciated.

## 11. Non-Current Investments

	Endowment Investment	Other Investments	Total
Group and Central	£'000	£'000	£'000
At 1 August 2022	392	699	1,091
Decrease in value	(13)	(18)	(31)
At 31 July 2023	379	681	1,060
Group and Central	£'000	£'000	£'000
At 1 August 2020	432	732	1,164
Increase in value	(40)	(33)	(73)
At 31 July 2021	392	699	1,091

The non-current investments have been valued at market value. Funds are invested in Cazenove responsible multi-asset funds long-term investment fund with a diversified strategy investing in equities, bonds, property and alternative assets.

	Central 2023	Central 2022
Investment in Subsidiary company at cost	£	£
Subsidiary company	1	1

The results of the group consolidate those of CSSD Enterprises Limited:

The result of the subsidiary are as follows:	Year Ended 31 July 2023 £'000	Year Ended 31 July 2022 £'000
Turnover	113	117
Cost of sales	(21)	(32)
Gross Profit	92	85
Net operating expenses	(65)	(73)
Gain/(Loss) for the financial year	<b>27</b>	<b>12</b>

CSSD Enterprises Limited 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

## 12. Debtors

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	Central £'000	Group £'000	Central £'000
Amounts falling due within one year:				
Trade receivables	2,281	2,281	1,352	1,352
Prepayments and accrued income	274	274	155	155
Amounts due from subsidiary companies.	-	5	-	11
	<b>2,555</b>	<b>2,560</b>	<b>1,507</b>	<b>1,518</b>

## 13. Current Investments

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	Central £'000	Group £'000	Central £'000
Short term deposits	<b>3,000</b>	<b>3,000</b>	4,876	4,876
	<b>3,000</b>	<b>3,000</b>	4,876	4,876

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority with more than 95 days maturity at the point of inception. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

At 31 July 2023 the weighted average interest rate of these fixed rate deposits was 4.51% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 75 days.

#### 14. Consolidated cash and cash equivalents

	At 1 August 2022	Cash Flows	At 31 July 2023
	£'000	£'000	£'000
Cash in hand	112	102	214
Cash at bank	7,821	(2,352)	5,469
Term deposits with less than 95 days at 31 July	6,198	4,032	10,230
	<u>14,131</u>	<u>(498)</u>	<u>15,913</u>

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

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group £'000	Central £'000	Group £'000	Central £'000
Unsecured loans	457	457	444	444
Trade payables	472	463	147	116
Social security and other taxation payable	290	290	262	262
Accruals and deferred income	4,439	4,439	4,304	4,304
Other Creditors	252	252	277	277
Capital Grants	400	400	370	370
	<u>6,310</u>	<u>6,301</u>	<u>5,804</u>	<u>5,773</u>

#### 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	79	79	38	38
Research grants received on account	1,250	1,250	1,445	1,445
Tuition Fees	289	289	326	326
Other income	45	45	83	833
	<b>1,663</b>	<b>1,663</b>	<b>1,892</b>	<b>1,892</b>

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

	Year ended 31 July 2023		Year ended 31 July 2022	
	Group	Central	Group	Central
	£'000	£'000	£'000	£'000
Capital Creditors	7,141	7,141	7,398	7,398
Unsecured loan	6,745	6,745	7,202	7,202
Deferred income	60	60	76	76
	<b>13,946</b>	<b>13,946</b>	<b>14,676</b>	<b>14,676</b>
Analysis of unsecured loans:				
Due within one year or on demand	457	457	444	444
Due between one and two years	472	472	457	457
Due between two and five years	1,506	1,506	1,460	1,460
Due in five years or more	4,767	4,767	5,285	5,285
<b>Total due after more than one year</b>	<b>6,745</b>	<b>6,745</b>	<b>7,202</b>	<b>7,202</b>
Total unsecured loans	7,202	7,202	7,646	7,646

The fixed interest rates on the remaining balance of the Lloyds loan is as detailed below:

	Original Loan £'000	Remaining Balance £'000	Term	Interest rate %	Borrower
23 June 2016	5,000	4,143	20	3.155	Central
11 April 2017	1,000	824	20	2.743	Central
9 May 2018	2,700	2,235	20	3.083	Central
<b>Total Lloyds loan</b>	<b>8,700</b>	<b>7,202</b>			

## 17. Provisions for liabilities

Group and Central	Enhanced	LPFA	Other	Total
	Pension	Obligations	Obligations	Pensions
	Provisions	(Note 26)		Provisions
	£'000	£'000	£'000	£'000
At 1 August 2022	179	3,003	40	3,222
Deductions	-	(3,003)	-	(3,003)
At 31 July 2023	179	-	40	219

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 2023

**18. Endowment Reserves**

Restricted net assets relating to endowments are as follows:

	Restricted Expendable Endowments	Restricted Permanent Endowments	2023 Total	2022 Total
	£'000	£'000	£'000	£'000
Balances at 1 August 2022				
Capital	12	310	322	321
Accumulated income	19	51	70	110
	<b>31</b>	<b>361</b>	<b>392</b>	<b>432</b>
Investment income	-	15	15	-
Expenditure	-	(20)	(20)	14
Decrease in market value of investments	-	(7)	(7)	(54)
Total endowment comprehensive income for the year	-	(12)	(12)	(40)
At 31 July 2023	<b>31</b>	<b>349</b>	<b>380</b>	<b>392</b>
Represented by:				
Capital	12	310	322	322
Accumulated income	19	39	58	70
	<b>31</b>	<b>349</b>	<b>380</b>	<b>392</b>
Analysis by type of purpose:				
Scholarships and bursaries	-	322	322	331
Prize funds	-	27	27	30
General	31	-	31	31
	<b>31</b>	<b>349</b>	<b>380</b>	<b>392</b>
Analysis by asset				
Fixed assets	5	310	315	315
Cash & cash equivalents	26	39	65	77
	<b>31</b>	<b>349</b>	<b>380</b>	<b>392</b>

**19. Restricted Reserves**

Reserves with restrictions are as follows:

	Unspent capital grants		Donations	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Balances at 1 August	1,417	839	2,256	2,207
New donations	-	530	530	399
Investment income	-	-	-	-
Capital grants utilised	(6)	-	(6)	(6)
Expenditure	-	(303)	(303)	(344)
	(6)	227	221	49
Total restricted comprehensive income for the year at 31 July	1,411	1,066	2,477	2,256

	2023		2022	
	Total	Total	Total	Total
	£'000	£'000	£'000	£'000
Analysis of other restricted funds /donations by type of purpose:				
Lectureships	23	23		
Scholarships and bursaries	507	376		
Prize funds	-	-		
Capital	-	-		
	530	399		

## 20. Consolidated reconciliation of net debt

	31 July 2023 £'000	31 July 2022 £'000
Net debt 1 August 2021	8,318	6,565
Movement in cash and cash equivalents	(1,835)	1,753
Net debt 31 July 2022	6,483	8,318

## 21. Consolidated reconciliation of net debt (continued)

Analysis of net debt:	31 July 2022 £'000	Cash Movement £'000	Non-cash Movement £'000	31 July 2023 £'000
Cash and cash equivalents	15,964	(2,279)	-	13,685
Unsecured loan amounts falling due within one year	(444)	444	(457)	(457)
Unsecured loan: amounts falling due after more than one year	(7,202)	-	457	(6,745)
<b>Net debt</b>	<b>8,318</b>	<b>(1,835)</b>	<b>-</b>	<b>6,483</b>

## 22. Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2023:

	<b>31 July 2023 Group and Central £'000</b>	<b>31 July 2022 Group and Central £'000</b>
Commitments contracted for	698	49
	698	49

These commitments relate to various capital projects and North Block Building project (placed in service Jan-19).

## 23. 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 has been renewed at £20k per annum and expires on 1 August 2025.

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:

	<b>2022/23 £'000</b>	<b>2021/22 £'000</b>
(i) not later than one year	69	64
(ii) later than one year and not later than five years	133	98
(iii) later than five years	-	-
	<b>202</b>	<b>162</b>
(b) lease payments recognised as an expense	64	113

## 24. Contingent liabilities

There are no contingent liabilities as at 31 July 2023 (31 July 2022: nil).

## 25. Related Party Transactions

Central has transaction with a number of connected organisations. Details of transactions with related parties are shown below.

In accordance with FRS 102 section 33 no disclosure has been made of intra-group transactions and balances eliminated on consolidation.

Transaction	Expenditure		Nature of Transaction
	2023 £000	2022 £000	
Central Students Union	(20)	(20)	Student Union grant



## 26. 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.

<b>The total pension cost for Central was:</b>	<b>Year Ended 31 July 2023</b>	<b>Year Ended 31 July 2022</b>
	<b>£000</b>	<b>£000</b>
Teachers' Pension Scheme:		
Employer contributions paid	1,037	1,017
London Pensions Fund Authority:		
Employer contributions paid	655	567
Provisions for pension costs	758	1,895
<b>Total Pension Cost</b>	<b>2,450</b>	<b>3,479</b>

### Teachers' Pension Scheme (TPS)

Central is a member of the Teachers' Pension Scheme of England and Wales (TPS). The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

#### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every four years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education on 26 October 2023. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 28.6% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the

valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the year to 31 July 2023 amounted to £1,037k (2021/22: £1,017k).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. Central has accounted for its contributions to the scheme as if it were a defined contribution scheme. Central has set out above the information available on the scheme.

Contributions amounting to £135k were payable to the scheme at 31 July 2023 (31 July 2022: £124k) and are included within creditors.

## Valuation Balance Sheet

	£Billion	£Billion	£Billion
	31 March 2020	31 March 2016	31 March 2012
<b>Aggregate Scheme Assets</b>	<b>222.2</b>	<b>196.1</b>	<b>176.6</b>
Aggregate Scheme Liabilities in respect of:			
Active members	96.4	80.9	74.7
Deferred pensioners	27.8	19.2	17.4
Pensioners	137.8	117.9	99.4
<b>Total aggregate scheme liabilities</b>	<b>262.0</b>	<b>218.0</b>	<b>191.5</b>
<b>Shortfall) as at valuation date</b>	<b>(39.8)</b>	<b>(21.9)</b>	<b>(14.9)</b>

**London Government Pension Scheme (LGPS)** The 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 [www.lgpsregs.org/](http://www.lgpsregs.org/) and the Fund's membership booklet [www.lgpsmember.org/](http://www.lgpsmember.org/).

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 Actuarial valuation of the Fund to 31 March 2022 has taken place and contributions for the period from 1 April 2023 to 31 March 2026 was confirmed in November 2022. 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.

**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);
- seek returns from investments within reasonable risk parameters;
- 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.

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.

**Actuarial Valuation Data**

Data Used

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

- Results of the latest funding valuation as at 31 March 2022
- Results of the previous FRS102 report as at 31 July 2022
- Actual Fund returns to 31 May 2023
- Fund asset statement as at 31 May 2023
- Fund income and expenditure items to 31 May 2023
- Employer income and expenditure items to 31 July 2023
- Details of any new unreduced early retirement payments to 31 July 2023
- Details of any settlements to/from the Employer for the period to 31 July 2023

Although some estimation of the data to the accounting date was required, the actuary does not believe it is likely to be material to the results reported.

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

Life expectancy from age 65 (years)	31 July 2023	31 July 2022	31 July 2021
Retiring today			
Males	21.8	22.6	22.6
Females	23.8	24.5	24.4
Retiring in 20 years			
Males	22.2	23.4	23.3
Females	25.3	26.0	25.9

### Financial Assumptions

Assumptions as at	31 July 2023	31 July 2022	31 July 2021
Pension increases (CPI)	2.85%	2.75%	2.80%
Salary increases	3.85%	3.75%	3.80%
Discount rate	5.1%	3.4%	1.60%

### Employer Membership Statistics

Membership data summary	Number	Salaries/Pensions £000s	Average age
Actives	135	4,128	42
Deferred pensioners	171	357	48
Pensioners	25	248	69

### Scheduled Contributions

Minimum employer contributions due for the beginning of the year	1 April 2023	1 April 2024	1 April 2025
Percentage of payroll	14.8%	14.8%	14.8%

### Valuation Approach

## **Liabilities**

To assess the value of liabilities at 31 July 2023, the funding valuation as at 31 March 2022 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 2023 without completing a full valuation. However, the actuary is satisfied that the approach of rolling forward the previous valuation data to 31 July 2023 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 received there appears to be no evidence that this approach is inappropriate.

As required under the IAS19 and FRS102 accounting standards, we have used the projected unit credit method of valuation.

## **Financial assumptions**

The key financial assumptions required for determining the defined benefit obligation for accounting are the discount rate, linked to high quality corporate bond yields, and the rate of future inflation. The actuary's standard approach to the derivation of these assumptions and sample assumptions using market conditions at 31 May 2023.

Discount rate - under FRS102 the discount rate should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The actuary's standard approach to derive the appropriate discount rate is known as the Single Equivalent Discount Rate (SEDR) methodology.

The standard assumptions set for an employer will be based on their individual duration.

The bond yield assumptions at 31 July 2022 is higher at all terms than at 31 July 2021. As a result, the discount rate assumed for employers will be higher than that assumed at the previous accounting date.

The actuaries use sample cashflows for employers at each duration year (from 1 to 30 years) to derive the single discount rate which results in the same liability value as that which would be determined using a full yield curve valuation (essentially each year's cashflows has a different discount rate). In carrying out this derivation they use the annualised Merrill Lynch AA rated corporate bond yield curve and assume the curve is flat beyond the 30 year point.

## **Assets**

To calculate the asset share for an individual employer, the actuary rolls forward the assets allocated to each employer at the latest valuation date allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the fund by and in respect of the employer and its employees.

The actual asset return for the Fund over the year is higher than the previous discount rate, this has led to an actuarial gain on the assets, improving the overall position.

<b>Net Pension Asset as at</b>	<b>31 July 2023 £000s</b>	<b>31 July 2022 £000s</b>	<b>31 July 2021 £000s</b>
Present value of the defined benefit obligation	17,015	21,705	32,239
Fair value of Fund asset (bid value)	20,753	18,702	17,051
<b>(Surplus) / Deficit</b>	<b>(3,738)</b>	<b>3,003</b>	<b>15,188</b>
<b>Effect of cap on pension assets</b>	<b>3,738</b>	-	-
<b>Net defined benefit pension liability</b>	-	<b>3,003</b>	<b>15,188</b>

## Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 July 2023 is estimated to be 4.34% (31 July 2022 6.79%). The actual return on Fund assets over the year may be different.

The estimated asset allocation for Central as at 31 July 2023 is as follows:

<b>Asset Breakdown</b>	<b>31 July 2023</b>		<b>31 July 2022</b>	
	<b>£000s</b>	<b>%</b>	<b>£000s</b>	<b>%</b>
<b>Equities</b>	11,800	57%	10,390	56%
<b>Target Return Portfolio</b>	3,904	19%	4,186	22%
<b>Infrastructure</b>	2,559	12%	2,035	11%
<b>Property</b>	1,930	9%	1,819	10%
<b>Cash</b>	560	3%	272	1%
<b>Total</b>	<b>20,753</b>	<b>100%</b>	<b>18,702</b>	<b>100%</b>

<b>Reconciliation of opening and closing balances of the present value of fund assets</b>	<b>31 July 2023 £000s</b>	<b>31 July 2022 £000s</b>
<b>Opening fair value of fund assets</b>	<b>18,702</b>	<b>17,051</b>
Interest on assets	646	277
Return on assets less interest	178	897
Other actuarial gains/(losses)	614	-
Administration expenses	(9)	(22)
Contributions by employer including unfunded	645	596
Contributions by scheme participants and other employers	310	291
Estimated benefits paid plus unfunded net of transfers in	(333)	(388)
<b>Closing fair value of fund assets</b>	<b>20,753</b>	<b>18,702</b>

#### **Experience items allowed for since 31 July 2022**

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 2023. The effect of allowing for the actual experience is detailed below:

<b>Reconciliation of opening and closing balances of the present value of the defined benefit obligation</b>	<b>31 July 2023 £000s</b>	<b>31 July 2022 £000s</b>
<b>Opening defined benefit obligation</b>	<b>21,705</b>	<b>32,239</b>
Current service cost	1,356	2,457
Interest cost	738	515
Change in financial assumptions	(8,239)	(13,495)
Change in demographic assumptions	(1,075)	-
Experience loss on defined benefit obligation	2,553	86
Estimated benefit paid net of transfers in	(333)	(388)
Contribution by Scheme participants and other employers	310	291
<b>Closing defined benefit obligation</b>	<b>17,015</b>	<b>21,705</b>



### Remeasurements of Other Comprehensive Income

<b>Remeasurement of the net assets / (defined liability)</b>	<b>31 July 2023 £000s</b>	<b>31 July 2022 £000s</b>
<b>Return on Fund assets in excess of interest</b>	<b>178</b>	<b>897</b>
Other actuarial losses on assets	614	-
Change in financial assumptions	8,239	13,495
Change in demographic assumptions	1,075	-
Experience loss on defined benefit obligation	(2,553)	(86)
<b>Additional pension provision</b>	<b>(3,738)</b>	
<b>Remeasurement of the net assets</b>	<b>3,815</b>	<b>14,306</b>

## 27. 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.

		<b>31 July 2023</b>		<b>31 July 2022</b>	
		<b>£000's</b>		<b>£000's</b>	
<b>Expendable Net Assets</b>					
Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions	-	33,128	-	29,327
Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions	-	2,857	-	2,648
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)	34,087	-	34,069	-
Note of the Financial Statements - Statement of Financial Position - Property, plant and equipment - pre-implementation	Property, plant and equipment - pre-implementation	-	33,049	-	33,890
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	-	1,038	-	179
Note of the Financial Statements - Statement of Financial Position -	Construction in progress	-	-	-	-

Construction in progress					
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	-	33,908	-	34,069
Statement of Financial Position - Post-employment and pension liabilities	Post-employment and pension liabilities	-	-	-	3,003
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	7,202	-	7,646	-
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	-	7,202	-	7,646
Statement of Financial Position - Note Payable and Line of Credit for	Long-term debt - for long term purposes post-implementation	-	-	-	-
long-term purposes (both current and long term) and Line of Credit for Construction in process		-	-	-	-
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 asset liability pre-implementation	Pre-implementation right-of-use leases	-	-	-	-

- 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	-	2,857	-	2,648
<b>Total Expenses and Losses</b>					
Statement of Activities - Total Operating Expenses (Total from Statement of Activities prior to adjustments)	Total expenses without donor restrictions - taken directly from Statement of Activities	-	23,774	-	21,474
Statement of Activities - Non-Operating (Investment return appropriated for spending), Investments, net of annual spending 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 loss - (Total from Statement of Activities prior to adjustments)	Non-Operating and Net Investment (loss)	-	-7,843	-	-14,377
Statement of Activities - (Investment return appropriated for spending) and Investments, net of annual spending, gain (loss)	Net investment losses	-	-290	-	-71
Statement of Activities - Pension related changes other than periodic pension	Pension-related changes other than net periodic costs	-	-	-	-

<b>Modified Net Assets</b>					
Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions	-	33,128	-	29,327
Statement of Financial Position - total Net assets with donor restrictions	Net assets with donor restrictions	-	2,857	-	2,648
Statement of Financial Position - Goodwill	Intangible assets	-	33,908	-	34,069
Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	-	-	-	-
<b>Modified Assets</b>					
Statement of Financial Position - Total Assets	Total Assets		90,547		89,862
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	-	33,908	-	34,069
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	-	-	-	-
<b>Net Income Ratio</b>					
Statement of Activities - Change in Net Assets Without Donor Restrictions	Change in Net Assets Without Donor Restrictions	-	7,565	-	13,251
Statement of activities – (Net assets released from restriction), Total Operating Revenue and Other Additions and Sales of Fixed Assets, gains	Total Revenue and Gains	-	23,705	-	20,356