



Annual Report and Financial Statements

31 July 2021

The Conservatoire for Dance and Drama
WeWork
14-16 Great Chapel Street
London W1F 8FL

Company number: 4170092
Charity number: 1095623

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1. Company information

Governors (These are all company directors, charity trustees)	Julian Roskill (Chair) Louise Verrill (Deputy Chair) Dr Roderick Clayton Steve Deville Emily Fletcher Janice French Prof Martin Halliwell Derek Hicks Robert Jude	Mindy Kilby Rebecca Laschetti Jill Leigh Stefano Maifreni Peter Moizer Lesley Payne Guy Stobart William Underhill Tamas Wood
Accountable Officer	Jill Leigh	
Registered office	WeWork, 14-16 Great Chapel Street, London, W1F 8FL T: 020 7387 5101 www.cdd.ac.uk	
Registered company no.	4170092 (a company limited by guarantee having no share capital)	
Registered charity no.	1095623	
Constituent schools	Bristol Old Vic Theatre School (BOVTS) Central School of Ballet (CSB) London Contemporary Dance School (LCDS) National Centre for Circus Arts (National Centre) Northern School of Contemporary Dance (NSCD) Rambert School of Ballet and Contemporary Dance (Rambert School)	
Company Secretary & Clerk to the Board of Governors	Emma Swift	
Internal auditor	KCG 7 Bell Yard Street London WC2A 2JR	
External auditor	BDO LLP City Place, 2 Beehive Ring Rd Gatwick RH6 0PA	
Bankers	Lloyds Bank Plc 2nd Floor, 25 St George Street London W1S 1FS	

2. Review of the year

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

Following the Higher Education and Research Act (“HERA”) 2017, the higher education landscape has fundamentally altered the dynamics between the Conservatoire and its schools. Having reflected carefully on the implications of these changes and the opportunities that they present for the member schools, during 2020-21 each of the schools confirmed their decision to pursue an independent pathway outside of the Conservatoire and in January 2021, the Board resolved to pursue a solvent winddown of the Conservatoire higher education registration, charity and Company. The Conservatoire is now working towards a transition date of July 2022, with Schools’ new arrangements in place from 1 August 2022.

Governance arrangements including a Transition Coordination Committee and Board Transition Steering Group were introduced to oversee the new strategic direction. The Conservatoire appointed the Business Recovery Team of BDO to act as Transition Project Advisor and voluntary liquidator at the point of winddown. School Exit Plans were reviewed by the Conservatoire Board and submitted to the Office for Students (OfS) in December 2020 and January 2021. Between January and May 2021, five schools lodged an application for registration as independent providers and one school entered negotiations with another higher education provider to form a new partnership arrangement. Throughout this process, the Conservatoire and the schools maintained a close dialogue with the OfS. The outcomes of applications for registration are expected in spring 2022; in the event that not all schools are ready for transition by the target date, the Conservatoire has undertaken contingency planning and financial forecasting for a possible final year of registration in 2022-23.

Ensuring compliance with OfS conditions of registration remains central to Board oversight and a new Manual for Compliance and Assurance was approved by the Conservatoire Board in November 2020 and by the Schools’ Boards in December 2020, with formal adoption and rollout from 1 January 2021. The Manual makes explicit the obligations of the Conservatoire and the Schools to one another in order to meet the OfS ongoing conditions of registration and strengthens the control environment and verification of information received by the Board. In order to facilitate a solvent winddown, it was also necessary to update the Articles of Association and Members’ Agreement, with revised governing documents approved by the Board in July 2021 and effective from 21 July 2021 and 3 August 2021 respectively.

Following a strong directive from the Department of Education that OfS should continue to target funding for specialist performing arts education, the Conservatoire received confirmation that it would continue to receive institution-specific targeted allocation (ISTA) funding in 2021-22. The OfS launched its consultation on an approach to world-leading specialist provider funding from 2022-23 in October 2021; the outcomes of the consultation will determine whether the Conservatoire or the individual schools will submit an application to the next funding round.

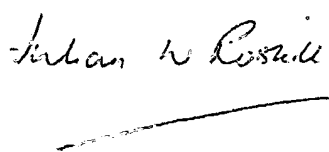
Whilst the Conservatoire progressed its transition plan, the COVID-19 crisis continued to impact upon all areas of higher education and delivery models were required to adapt quickly in response to fast-changing conditions, local and national restrictions, and government and regulatory requirements.

Throughout the pandemic, the Conservatoire maintained its governance arrangements, and transitioned to holding Board and Committee meetings remotely via video conference. Mass asymptomatic testing for students was introduced in the sector in the autumn term, with Schools implementing testing arrangements in line with government requirements. Students returned to face-to-face teaching via a blended delivery model in the autumn, moving to fully online delivery during the second national lockdown and again during the third national lockdown, with performing arts students prioritised for on-site return from 8 March 2021 following successful lobbying by Conservatoires UK (in which the Conservatoire participated).

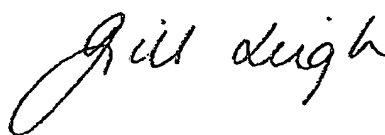
The Conservatoire's response to the pandemic has involved continuous consultation with the Schools, leading to centralised oversight, advice and guidance with planning, encompassing areas such as academic quality and standards, the sharing of statutory guidance and information, feedback and ideas, and agreed templates to assist Schools map their individual preparations for the return to on-site delivery and the safe use of learning spaces. An informal cross-Conservatoire Staff Safe Return Group was established in March 2020 at the start of the pandemic to provide a safe and secure place for staff across the institution to come together and find support, and has continued to meet fortnightly to continue to share ideas and knowledge as guidance and requirements evolved. The group will continue into 2021-22. Following on from the success of this group, a Peer Transition Support Group has been established for 2021 that will operate in a similar way but with the remit of providing practical advice, support and guidance to Schools as they move towards independence and away from the Conservatoire.

The impact of the pandemic on the student experience was evidenced in the results of the 2021 National Student Survey, with a drop in overall satisfaction seen across the higher education sector. Whilst the Conservatoire's results showed the level of satisfaction had decreased significantly in some areas, the figures for teaching, academic support and learning community indicated that students have appreciated the efforts made by Schools in exceptionally difficult circumstances. The student end of year shows and performances have been particularly remarkable this year given the reduction in on-site studio time, with students as ever producing and performing works of an exceptional standard in spite of the disruption and challenges posed by the pandemic.

Protecting the student interest remains at the heart of the Conservatoire's mission and continued close collaboration between the Board, executive, and the regulator will be essential to ensure a smooth transition to the new arrangements over the next year. A programme of training, commenced this year, will continue to support knowledge transfer from the centre to the schools. As the Conservatoire progresses towards winddown, it will continue to celebrate the achievements of its students, staff and graduates, and to support the Member Schools in the collective endeavour to deliver an exceptional student experience.



Julian Roskill
Chair of the Board of Governors



Jill Leigh
Accountable Officer

3. Strategic report for the year ended 31 July 2021

The Conservatoire's organisational strategy is to deregister as a higher education provider and pursue a solvent winddown of its charity and company, and to support the Member Schools in transitioning to new arrangements, either as independent providers or in a partnership arrangement with another provider.

Throughout the transition period, the Conservatoire will continue to work to enable a diverse body of students to benefit from the opportunities it provides and to deliver an exceptional student experience, and to promote excellence and innovation in conservatoire training.

3.1 Achievements and performance during 2020-21

Learning, teaching and course delivery

At the end of 2019-20, the Conservatoire was pleased to report that all students were either able to successfully graduate or progress in spite of the unprecedented disruption to the second half of that academic year. The Conservatoire fielded a few queries regarding compensation and feedback but these were very small in number and no grounds for either were established in regard to COVID-19 delivery during the pandemic. In 2020-21, the Conservatoire continued building upon the proactive and insightful response to the rise of the pandemic that began suddenly at the end of February 2020, necessitating the unforeseen closure of School sites and a pivot to full and partial online delivery. The impact of the pandemic on the wider performing arts and events industry had implications not only for past, recent and soon-to-be graduates of the Conservatoire, but also on how most courses could be delivered. The Conservatoire Schools have a longstanding tradition of delivering courses that are comprehensively integrated with, and structured around, industry, and the sudden collapse in industry activity posed not only logistical and educational but also emotional challenges for both staff and students.

Throughout 2020-21, the Quality Team continued to run the 'School Safe Return Group' mostly fortnightly. This is a group which is open to all School staff and meets regularly to discuss and support colleagues with managing COVID-19 arrangements, to share good practice and information and to 'check in' with staff about any new information or developments surrounding the pandemic. The success of this group has resulted in an additional group being formed for 2021-22, the 'Peer Transition Support Group', to provide an informal place for staff across all Schools to collaborate and share knowledge, experience and advice as Schools move towards independence.

Notwithstanding the industry landscape at the start of the 2020-21 academic year, all Member Schools began the academic year with restructured course timetables and a mostly blended delivery. This was to allow for Covid-secure measures such as limiting traffic, social distancing, additional cleaning, one-way systems, and requisite self-isolation, to be fully implemented and to ensure that the education could be delivered safely and without unduly compromising the health of students or staff. Schools built on experience and initiatives introduced in response to the pandemic from Spring 2020, with some incorporating online delivery into their long-term curriculum planning. Communication was (and remains) key and Schools increased their communications with students to ensure that changes were appropriately consulted on, and that notification of pandemic-related and other School information was communicated frequently and in a timely manner using a range of channels each School identified as most effective for them. Schools were forced to close at incredibly short notice

from 6 January despite most School Spring terms commencing that week and students having travelled back to term-time accommodation, and it was only after substantial lobbying by Conservatoires UK (with input from the Conservatoire) that our students were permitted to return and Schools legally able to resume on-site delivery from 8 March 2021 (again at very short notice).

Alongside all of the above, the Department for Education introduced mass asymptomatic testing into higher education institutions, and the logistical complexity of this required substantial ongoing coordination and communication with the Department for Education by the Conservatoire Deputy Academic Registrar. The initial launch in November 2020 of the delivery of asymptomatic testing and participation in the government's higher education asymptomatic testing scheme was voluntary for institutions. However, from January 2021, the delivery and administration of asymptomatic testing (aka 'LFD testing'), either via the Department for Education asymptomatic testing scheme or otherwise, was mandatory for all higher education institutions. The Conservatoire Quality Team worked with Schools and the network of Covid supervisors to establish clear baseline institutional expectations that simultaneously maximised flexibility and statutory compliance; the Conservatoire's baselines were subsequently approved by the Department for Education. School staff committed extensive time and resources to ensuring that these baselines and obligations were met, with some incurring substantial costs as a result.

Despite these challenges and setbacks, staff have continued to work at an unprecedented level to ensure high quality course delivery could continue in a continuously evolving landscape which often changed at very short notice. The sudden announcement of the national Lockdown necessitating the compulsory closure of School sites in January 2021 posed particular challenges for course delivery across all disciplines and levels as most students had returned ready to resume on-site delivery by 4 January 2021. This has been managed alongside the decision to wind down the Conservatoire, presenting additional considerations and work for all staff across the institution. Staff should be fully commended for their tireless commitment, resourcefulness and positivity which has been integral to the success of the 2020-21 academic year. In particular, it is essential to give full recognition to the huge efforts of staff across the entire institution who have been placed under excessive levels of relentless pressure since the arrival of the pandemic in February 2020. We would like to take this opportunity once again to highlight the exceptional dedication of staff in the most difficult of circumstances.

Schools continued to consider their existing higher education course provision and develop new programmes in line with the strategic aims of the Conservatoire. The following two new programmes were approved during 2020-21 academic year:

School	Programme	Update/Information
LCDS	MA Expanded Dance Practice	Programme was approved by UAL in January 2021 and is intended to replace the current MA in Contemporary Dance from January 2022.
NSCD	MA Dance Teaching and Facilitating	Programme first underwent Kent validation in December 2019 as MA Dance Teaching (Education and Community) and was approved by Kent in its new iteration in January 2021, for 2022 start.

Several proposals for major and minor amendments to existing programmes received Conservatoire scrutiny ahead of submission to the validating institution, as set out below. All were subsequently approved by the validators.

School	Programme	Type of amendment	Update/information
National Centre	FdA and BA (Hons) in Circus Arts	Minor	Modifications to some modules across all years, including name and structural changes.
BOVTS	BA (Hons) Professional Acting	Minor	Removal of all references to 'touring' and removal of reference to playing a musical instrument from the Singing and Music module.
NSCD	CertHE in Cultural Dance Forms	Major	Change of programme title from CertHE in Contemporary Urban Dance.

In addition to the above, the Conservatoire also oversaw the process of LCDS changing their validating institution during the course of 2020-21, switching from the University of Kent to University of the Arts London (UAL). As part of the process, a new MA programme (Expanded Dance Practice) was validated by the UAL (as per above), and two existing programmes underwent revalidation: BA (Hons) Contemporary Dance and MA Screendance. The Conservatoire continued liaising closely with the school throughout the (re)validation process, and all relevant course documents were received by Senate at its November and February meetings.

For the sixth year, the Conservatoire ran a research project fund to give school staff the opportunity to apply competitively for small-project funding. Interest in funding was comparative to last year, with 5 projects funded from two schools and Central Services; the total value of the funding awarded was just over £9,300 (2019-20: just below £9,000 allocated, with 5 projects funded from three schools). The projects funded this year continued to focus on investigation into pedagogy and student wellbeing, with one project in particular aiming to capture how the pandemic has led to innovative teaching and performance practices as a result of 'blended' learning. For a first time, a proposal was submitted by a member of Central Services staff, on behalf of the Widening Access and Diversity Committee, aiming to undertake research into performing arts training for students with physical and sensory impairments; the Committee would oversee the research process and receive regular progress reports.

Competition and Markets Authority (CMA) compliance

Whilst the Conservatoire was not in breach of contract arising from any cancelled or changed course activity or delivery in 2020-21, the Conservatoire Quality Team (consisting of the Conservatoire Academic Registrar, Deputy Academic Registrar, Widening Access & Diversity Coordinator and the Assistant Registrar) recognised that the higher education landscape was rapidly evolving in this respect and took steps to ensure that they remained informed and up to date regarding contractual obligations and the pandemic. Recognising the implications for compliance with consumer law for a forthcoming year of delivery which it was impossible to describe with any certainty, the Conservatoire Quality Team initiated a contract strategy to ensure institutional protection alongside clarity for returning and new students. All new students were issued with replacement contracts and a reopening of the 'cooling period' (and any associated refunds) together with an explanatory document that described what the School could guarantee in terms of course delivery, and potential changes (including changes to course delivery in the event of the temporary closure of a School) as the

pandemic continued. Returning students were notified of 'material changes to their contracts', and in light of these offered the opportunity to withdraw from their contracts without financial penalty.

The Quality Team supported all Member Schools to produce their respective 'Covid-19 delivery information' and provided assistance and guidance to staff in the execution of this exercise. There were no complaints or queries from students with regard to these communications reported to the Conservatoire (though the Conservatoire did receive a very small number of unrelated general fee refund/compensation queries throughout the course of the pandemic from several Schools). Schools further monitored and reported on this in the information-gathering exercise instructed by the OfS in December 2020 (with no submission date) regarding institutional compliance with Consumer Law and Communication with Students relating to the Covid19 pandemic. Two 'information returns' to the Conservatoire were agreed by Senate and made by Schools: the first was submitted by the end of February 2021, and the final submission (an updated version of the February submission) made in time for the June meeting of Senate. All Schools' returns to the Conservatoire in this regard were made on time and Senate received full oversight of these.

In order to facilitate the Conservatoire's obligations to meet the Office for Students condition of registration relating to compliance with consumer law, the following policies and contractual documents went live in 2020-21 for September 2021 entry:

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

With two exceptions for two-year MA courses run by Rambert School of Ballet & Contemporary Dance and Central School of Ballet, all Conservatoire courses for 2021 entry fall under the above contractual documents.

At the beginning of 2019-20, the Quality Team produced and published the 'Consumer Law Handbook' for Schools to use in order to further support CMA compliance for the institution; as they move towards independence, Schools are encouraged to adopt this Handbook (or indeed to produce their own version) to support staff training and continuity of knowledge and competence in this area. The Quality Team continuously undertake audits of School websites on request from Schools with regard to consumer law compliance, and this support will remain in place for the next academic year, staff capacity allowing.

Initiatives to support the Conservatoire Student Experience

The Deputy Academic Registrar and Widening Access & Diversity Coordinator continued work under the Conservatoire Inclusive Cultures Strategy to develop the Inclusivity Policy and Protocols, a suite of documents aimed at facilitating difficult conversations and demystifying 'sensitive areas' that often result in, or are exacerbated by, inequalities, to help tackle inequalities, make positive changes and progress towards equality, and create the most inclusive community. The following policies and protocols were developed and published in 2020-21:

- Gender Identity
- Tackling Racial Inequality
- Allyship and Being an Active Bystander (for publication in early 2021-22)

The Inclusivity Policies and Protocols are published on the policies section of the Conservatoire website. The Quality Team believes this work is ground-breaking in its approach, in that we are seeking to provide practical information, guidance and solutions to address very complex and sensitive issues in a way not hitherto seen in the higher education sector. Crucially, it is designed to assist all members of the Conservatoire community in better understanding and tackling discrimination of all kinds and establishing a set of baseline expectations and standards that the institution as a whole can hold itself to. Through this work, we aim to empower our community and graduates to be positive agents for change and work towards improving equality (including equality of opportunity for our graduates) in the wider artistic sector.

As noted in the 2019-20 Annual Report, in June 2020, following the murder of George Floyd, institutions across the higher education sector responded to the murder and the global outcry. The Conservatoire community was affected by this incident, with both students and the higher education sector looking for an institutional response. As our response, the Conservatoire and its Member Schools individually produced and published a statement of solidarity with Black Lives Matter and a commitment to being actively anti-racist.

As part of this commitment, the Conservatoire's Inclusivity Policies and Protocols was prioritised; work to support Schools with decolonising the curriculum and the institution, alongside supporting protocols to tackle racial inequality, was produced. The policies referred to have been developed by Conservatoire and School staff as part of a wider set of Inclusivity Policies. They have been consulted on with students and various Conservatoire Committees including the Senate, Widening Access and Diversity Committee and the Registrar's Group, as well as the Anti-Racism Forum established and run by NSCD.

In higher education, much criticism has been levelled at institutions for being 'all talk and no action' with regard to the statements of solidarity with Black Lives Matters. The work the Conservatoire has undertaken in collaboration with its Member Schools, as well as individual work by Schools, demonstrates our ongoing commitment to being actively anti-racist and acknowledges that this takes work, reflection and action.

Positive reports were also received from students at Senate about the impact of the Inclusivity Policy and Protocols on Gender Identity, which had already begun to be used by students who found the document helpful to have difficult conversations with peers about their gender identity. Schools have variously begun to use the Inclusivity Protocols and some of the resources (eg posters) produced by the Quality Team as part of this work.

Other initiatives under the Inclusive Cultures Strategy completed in the 2020-21 academic year include the new 'Conservatoire Code of Behaviour' (a set of 'positive behaviour standards'), the Framework for Contextual Admissions, the Good Practice Guide to Inclusive Teaching and Learning, and the Conservatoire Guide to Student Support.

Following consultation with the Widening Access & Diversity Committee, Learning, Teaching & Quality Assurance Committee and the Registrars' Group, the Quality Team also produced the CDD Mental Health Charter. It is modelled on the Student Minds University Mental Health Charter which is endorsed by the Office for Students. Schools have been encouraged to adopt the CDD Charter and take it forward as they move towards independence.

The Conservatoire also linked up the CDD Student Governor with the Conservatoires UK Student Network to ensure that there was access for Conservatoire students to the wider student network of Conservatoires UK. Additionally, the Quality Team shared online mental health resources such as studentspace.org.uk with Member Schools to disseminate to students, and organised free Mental Health First Aid training through London Higher for London-based Schools and the Conservatoire Central Office. 16 staff members participated in the training, gaining the formal Mental Health First Aid qualification and certificate. Equality and diversity training was also organised by the Quality Team through the charity EqualTeach, with Schools securing training for both students and staff at a discounted rate.

A number of issues relating to students' understanding of consent came to light during the course of the 2020-21 academic year, so the Quality Team have worked with Schools on an individual basis to support them in identifying any training needs and information gaps. There are, variously, plans for some Schools to put training on understanding consent, and on the Policy on Sexual Misconduct, Harassment and Related Behaviours.

Staff development and learning enhancement

The central services of the Conservatoire comprises a small team (starting with 12 staff, which reduced to 9 staff by the end of 2021 following the Board decision to pursue a solvent winddown). School staff continue to be employed directly by their home school, though the Conservatoire 'buys out' time for the librarian at NSCD to oversee library resources for the Conservatoire.

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

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

The Quality Team have also produced the Good Practice Guide to Inclusive Teaching, and provide continued support to Schools in identifying areas for enhancement with regard to School staff development. Additionally, guidance for staff who Chair student Panels, and for staff who sit on those Panels as members, has also been produced, and has been circulated via Conservatoires UK as an example of good practice. This guidance is available from the Quality Team on request.

Student numbers and applications

The Conservatoire had 1,043¹ active students in 2020-21 across six schools (2019-20: 996), maintaining a stable growth rate across the six schools. The Conservatoire schools generally continue to receive high volumes of applications relative to the number of available places, particularly on

¹ Based on 2020-21 HESES20 submission

undergraduate programmes, and recognise in this context the increased importance of ensuring that places are accessible to prospective students from a wide variety of backgrounds.

Student satisfaction

The Conservatoire uses the National Student Survey to measure its overall levels of student satisfaction. The impact of the pandemic on the student experience was evidenced in the results of the 2021 NSS, with a drop in overall satisfaction seen across the higher education sector (sector average 2021: 75%; sector average 2020: 83%). In line with the sector, the Conservatoire's results showed the level of satisfaction had decreased significantly in some areas, with a drop in overall satisfaction to 77% (2020: 92%), although overall satisfaction remained above the sector average.

However, the figures for teaching (2021: 86%; 2020: 93%), academic support (2021: 85%; 2020: 89%) and learning community (2021: 83%; 2020: 94%) indicated that students have appreciated the efforts made by Schools in exceptionally difficult circumstances.

The Conservatoire achieved an increase on its response rate (84% versus 74% in 2020) and the response rate remains well above the sector average of 69%.

Widening access and success

During 2020-21, the Conservatoire began to implement its 2020-21 to 2024-25 Access and Participation Plan (APP) with a particular focus on access work. The Widening Access and Participation Project Development and Evaluation Handbook has been embedded to the Conservatoire's APP delivery, serving as single point of reference for advice and guidance, evaluation and monitoring support. The Widening Access and Diversity Committee continued to meet via video conference three times a year. Finally, monitoring and evaluation continued to be standing items of the agenda with schools submitting termly evaluation reports for feedback and further development.

In April 2021, the Conservatoire completed its first Access and Participation Plan Monitoring Return. This return evaluated the impact of the 2019-20 APP in terms of progress against targets. Providers were also given the opportunity to contextualise their progress in the context of the COVID-19 pandemic. Despite the challenges brought about by the pandemic, described in further detail below, on 16 August 2021 the OfS informed the Conservatoire that there were no issues of concern arising from the return. This success is, in no small part, due to the continuous submission of termly evaluation reports by school colleagues and frank discussions during the Widening Access and Diversity Committee.

The COVID-19 pandemic was a significant disruption to the Conservatoire's usual widening access activities. During the summer of 2020 and throughout much of the academic year 2020-21 the Conservatoire found that fewer learners and schools, and in particular targeted learners and schools, were engaging with our programmes but focusing instead on subjects more closely aligned to the national curriculum. Increasingly, learners cited Zoom fatigue as a factor behind their lack of engagement, in addition to lack of space and devices in the home. All schools noted a significant drop in new learners participating in their year-long prevocational work. They attributed this to the limitations put on their access work that aims to develop pathways into these prevocational programmes. 2020-21 has been a more challenging year for some schools – whereas in 2019-20 their programmes were delivered as expected up until March 2020, in 2020-21 annual autumn and winter school performance tours were cancelled. While these pivoted online, there was limited appetite for them.

In spite of this, however, the Conservatoire continued to make slow but steady progress in widening access to students from disadvantaged backgrounds. This is likely a result of many years consistent work with existing cohorts, and it is possible that the true impact of the pandemic of widening access to the Conservatoire may not be felt for some years.

The below table summarises the Conservatoire's progress against its principal APP targets as supplied by the Office for Students Access and Participation Dashboard.

Target	2019-20	2018-19	2017-18
To increase the proportion of black Asian and minority ethnic UK domiciled undergraduates entering the Conservatoire (2021 interim target= 18%; 2025 target= 25%)	14.86%	18.29%	16.36%
To close the access gap between POLAR4 Q1+2 and Q5 (2021 interim target 19.5%; 2025 target = 10.2%)	16.79%	21.50%	19.72%
To close the access gap between IMD Q1+2 and Q5 (2021 interim target 5.4%; 2025 target = 2.8%)	6.07%	1.68%	7.42%

While the above table demonstrates year on year fluctuations, this is primarily due to the Conservatoire's very small cohort of students. It should be noted that the available data does not accurately reflect the Conservatoire's progress against this target. First, in the past three years (2017-18 to 2019-20) the Conservatoire has only admitted an average of approximately 270 new UK domiciled undergraduate registrations each year. This makes our data extremely volatile with only 2.7 students reflecting a percentage point. A rolling three-year average shows slow but steady progress being made in this area. Additionally, half of Conservatoire member schools deliver their courses as a foundation degree followed by a BA top-up year, leaving the Conservatoire with only an average of 205 genuinely 'new' students each year.

A three-year rolling average, which excludes students continuing to a BA top-up year, for the same data shows significantly better progress.

Target	2017-20	2016-19	2015-18
To increase the proportion of black Asian and minority ethnic UK domiciled undergraduates entering the Conservatoire (2021 interim target= 18%; 2025 target= 25%)	18.67%	17.25%	15.01%
To close the access gap between POLAR4 Q1+2 and Q5 (2021 interim target 19.5%; 2025 target = 10.2%)	18.32%	19.56%	15.90%
To close the access gap between IMD Q1+2 and Q5 (2021 interim target 5.4%; 2025 target = 2.8%)	2.81%	4.68%	9.07%

In 2020-21, the Conservatoire Scholarship Scheme was refined to target support more finely. Home Fees undergraduate students entering from 2020-21 will now be eligible for £2,000 per year of training. When both the Conservatoire Scholarship Scheme and individual school awards are considered, in 2020-21, 58% of all home/EU undergraduates new to higher education received some form of financial support (2019-20: 60.4%, 2018-19: 51%, 2017-18: 49%). The proportion of home/EU undergraduates new to higher education receiving the Conservatoire Scholarship with an annual household income of £25,000 or under grew from 65% in 2019-20 to 69% in 2020-21.

In the coming academic year (2021-22), focus will be on supporting the member Schools' transition into independence.

Employment prospects for Conservatoire graduates

2020-21 saw the second year of publication of the Graduate Outcomes survey developed by the Higher Education Statistics Agency (HESA) which has replaced the Destination of Leavers of Higher Education survey (DLHE). Leavers from the 2018-19 academic year were asked about their employment or further study for the fifteen months following graduation.

The Conservatoire's full-time employment outcome was below the average for comparable institutions (28% versus 35%), and below the UK HE sector average of 56%. Outcomes for part-time employment was below the average for comparable institutions (30% versus 36%). Outcomes for full-time further study were above the average for comparable institutions (6% versus 4%), but slightly below the UK average of 8%. The unemployment rate is higher than comparable institutions (14% versus 6%) and the UK HE average of 5%.

The Government's national data on employment and earning outcomes (the Longitudinal Education Outcome or LEO dataset) have been incorporated into the Discover Uni website (previously Unistats) since 2017-18. These data suggest that median earnings are low for graduates of the Conservatoire relative to most other institutions. The Conservatoire remains concerned that the LEO outputs and the Graduate Outcomes survey are not good measures of whether the institution is performing well in its mission of supporting students into careers in the performing arts.

The Conservatoire commissioned the Careers Research and Advisory Centre (CRAC), supported by the Institute of Student Employers, to undertake research with graduates of the six Conservatoire schools to understand more about the career paths of our performance and production graduates. A report, *'It helps to have more strings to your bow': Exploring the careers and success of graduates of the Conservatoire for Dance and Drama*, was published in October 2020 and is available on the CRAC website and on the alumni section of the Conservatoire website.

The report reveals a wide range of career trajectories and that many Conservatoire graduates have complex working patterns. Almost 90% maintain a connection to the subject they trained in (through paid or unpaid activity) and 4 in 5 think they have built a good career since graduation – most are, in many respects, highly satisfied with their careers.

The research presents a new, holistic model of graduate success which explores areas such as artistic engagement, wellbeing and making a difference, as well as earnings. The report's findings will be directly relevant to those with an interest in creative and performing arts education, but the new approach to considering graduate success and course outcomes could also be very interesting for other groups, particularly where earnings are not a good measure of career progress or a meaningful one in terms of what graduates value.

3.2 Financial review of the year ended 31 July 2021

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

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

(Deficit)/Surplus for the year ended 31 July 2021:

Surplus	2020-21	2019-20
£000	(348)	731
As % income	(2.2)	4.9
As % of disbursements	(2.3)	5.8
As % of member service costs	(27.3)	62.6

The Conservatoire disburses the majority of funds to the Conservatoire schools, retaining only a small proportion to support higher education activity in the schools, collaborative activity, and to ensure that the Conservatoire fulfils its assurance requirements as a higher education institution. In 2019-20 the surplus was higher than usual, due to a planned increase in the reserves of the Conservatoire, consistent with an updated reserves policy. In 2020-21 there was a deficit as the maximum possible amount of ISTA funding was distributed to the schools in accordance with the agreed budget.

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

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

Income (£000)	2020-21	2019-20	Change
	15,802	15,016	715
Fees as % total	66	66	-
Grant as % total	34	34	-

Expenditure (£000)	2020-21	2019-20	Change
Disbursements	14,455	12,648	1,736
Student support	426	470	(44)
Member services	1,269	1,167	101

Expenditure for the year ended 31 July 2021

Expenditure as % total	2020-21	2019-20	Change
Disbursed to schools	89	89	-
Student support	3	3	-
Member services	8	8	-

There was some increase in staff costs in the year as a staff retention scheme was put in place to incentivise the team to remain until the planned closure of the Conservatoire.

Capital expenditure

The Conservatoire receives capital funding from OfS through a formula teaching capital allocation. Capital funding is disbursed to schools for use in accordance with the funding terms and conditions. These capital disbursements are included as expenditure in the Conservatoire financial statements.

Funds and financial sustainability

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

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

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

3.3 Plans, principal risks, and uncertainties

Plans

The Conservatoire is working to an organisational strategy to support the Member Schools into new and independent arrangements with a target transition date of July 2022, and to deregister as a higher education provider and pursue a solvent winddown of its charity and company by November 2022. Throughout the transition period, protecting the student interest and maintaining an exceptional student experience remain the central consideration for the Conservatoire and its schools.

The Conservatoire must ensure that it remains institutionally resilient for the duration of the transition period in terms of governance, management, staffing, funding, operational systems, and processes, in

order to respond to regulatory, economic, and political changes and uncertainties, and so to be able to support and sustain the work of the schools into their new arrangements.

The Board will continue to monitor compliance with the OfS conditions of registration including adherence by the schools to the Manual for Compliance and Assurance, in place since 1 January 2021.

Governance arrangements have been put in place to oversee implementation of the transition plan. The Transition Coordination Committee (TCC), reporting to the Board through the Transition Project Manager, meets monthly. It will continue to undertake regular review of the transition critical path and workplan and to oversee operational matters relating to transition. The internal audit plan for 2021-22 will focus upon Schools' individual transition plans. The Conservatoire will facilitate knowledge transfer from the centre to the Schools with a continued programme of training and support for school staff, bespoke to individual school needs.

As the current round of ISTA concludes in 2021-22, the review of specialist funding, the criteria for eligibility and application, and the likelihood of success will directly impact upon the schools in their future arrangements, and in the event of a 2022-23 academic year where some schools remain with the Conservatoire, upon the Conservatoire's financial viability and sustainability during this final year. The Conservatoire will support the schools in preparing individual applications, or will prepare its own application, according to the timetable confirmed by OfS in early 2022 and the outcome of school applications for registration.

Principal risks and uncertainties

Following the decision to pursue a solvent winddown, the principal risks and uncertainties faced by the Conservatoire relate to achieving a successful transition within the desired timeframe and in the context of the wider levels of change and uncertainty in the higher education environment. The Conservatoire manages risk partly by the implementation of a risk management policy and maintenance of an institutional risk register. The Conservatoire revised its risk register in 2020-21 with a focus upon six key areas: Legal, Regulatory, Finance, Team, Governance, School Transition Plans. Each risk is rated in terms of combined impact and likelihood, and mitigating actions and indicators of success are explained. The risk register is regularly updated and reviewed by the Finance Committee and Audit Committee and reported to the Board of Governors. Currently, the top-rated risks relate to team and school transition plans.

The principal risk facing the Conservatoire relates to the possibility of not all schools meeting the target transition date of July 2022, resulting in a 2022-23 academic year where some schools have achieved independent registration or a new partnership arrangement and some schools remain with the Conservatoire's higher education registration. The organisation must ensure it remains sustainable to the close of the transition period, including meeting any obligations beyond either July 2022 or July 2023, such as legacy data requirements and statutory returns.

The Conservatoire has reviewed exit plans for all schools, with five plans confirmed and one plan to be finalised following the agreement of Heads of Terms with a partner institution in December 2021, and has agreed the timeframe for deregistration. The Conservatoire has determined it will not continue its higher education registration beyond July 2023; School exit plans therefore include scenario planning for alternative arrangements, generally an arrangement with their existing validating university, to ensure continuity of provision in the event that applications for independent registration have not been achieved by this date.

Following extensive consultation between the Conservatoire and the Schools, arrangements for organisational winddown have been formalised in an Agreement to Vary the Members Agreement (VMA), effective from 3 August 2021. The VMA is supplemental to the Members Agreement.

The VMA mitigates against two key areas of risk relating to transition: student complaints, and potential claims through the SPP. The VMA confirms that the risk around student complaints (past, present and future) will become the responsibility of the Schools once students have transferred away from the Conservatoire's registration. Although the number of student complaints is in general low, the impact of the pandemic and general student disquiet around tuition fees across the sector means this must be taken into account.

The VMA also addresses the unlikely event of needing to implement the Conservatoire's SPP due to a school's failure to deliver a course, although this is considered very low risk. As the registered provider's SPP is the legal recourse for students, schools leaving the Conservatoire in 2022 will immediately become responsible for their registered students under their own SPP. In the event of one or more School remaining with the Conservatoire in 2022-23, the Conservatoire will retain responsibility for those students. The Conservatoire's reserve level is a mitigating factor in this scenario.

In tandem with the VMA, financial forecasts have been prepared for two scenarios: organisational winddown by November 2022 (in the event of all schools transitioning in July 2022) and winddown by November 2023 (in the event of some schools remaining with the Conservatoire in 2022-23 and transitioning in July 2023).

On broader financial risks, the Conservatoire's viability depends on the group of schools as a whole remaining viable and it is vulnerable to the variable financial positions of the schools as distinct charities and arts organisations. The high cost of conservatoire training means that grant and ISTA funding (34% of income) make a significant contribution to the organisation. 2021-22 marks the final year of the current round of ISTA funding and the Conservatoire and Schools await the outcomes of the OfS consultation on an approach to world-leading specialist provider funding from 2022-23 onwards (launched 20 October 2021). The eligibility criteria and timing of the submission process will determine whether applications are made by the Conservatoire, by individual Schools, or by both in parallel. In the event of non-renewal, there may be the possibility of a tapered withdrawal of ISTA. Specialist funding will be increasingly important in future years, particularly following the recent reductions announced by OfS in funding for both higher education arts courses and London weighting.

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

The pandemic additionally increases the risk of potential loss of fee income, either as a result of student complaints or change in sector policy on refunds, or through a drop in international students. This may be compounded by Brexit and the change in status for EU students which will be reflected in a substantially higher international fee. The Conservatoire schools enrol a relatively large number of students from EU countries outside the UK: EU students comprised 16% of the total student body in 2020-21 (2019-20: 14%). Although the Conservatoire school programmes tend to be heavily oversubscribed, the ability to work with international teachers and peers contributes an important dimension to the quality of the students' experience of their training. The risks arising from the UK's

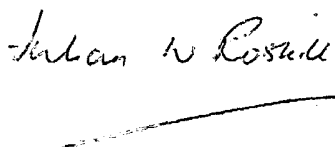
withdrawal from the EU will continue to be monitored closely by the Conservatoire and each of the schools.

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

Due to changes in Board membership, between February and May 2021 the Audit Committee was inquorate and did not meet. During this period the Conservatoire executive and the Chair of the Board maintained communications with the internal and external auditors and the OfS were kept informed of progress regarding the search for new Committee members.

Since June 2020, the Conservatoire has been conducting an open dialogue with the OfS as to its compliance with the conditions of registration. Throughout this dialogue the OfS has been supportive of the efforts that the Conservatoire is taking to strengthen its assurance arrangements, particularly between the Conservatoire and the member schools, and has not placed any additional registration conditions, or sanctions, on the Conservatoire. The Manual for Compliance and Assurance includes a number of measures to enhance the control environment and provide additional assurances on the verification of information received. Formal correspondence with OfS regarding this matter concluded in June 2021, although the Head of Institution remains in regular informal contact with the regulator.

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



Julian Roskill
Chair of the Board of Governors
15 December 2021

4. Report of the Board of Governors for the year ended 31 July 2021

The governors of the Conservatoire for Dance and Drama are pleased to present their annual report, together with the financial statements and auditor's report, for the year ended 31 July 2021.

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

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

4.1 Nature of the Conservatoire's business

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

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

The six schools who signed the Members' Agreement and the Agreement to Vary the Members' Agreement – Bristol Old Vic Theatre School, Central School of Ballet, London Contemporary Dance School, National Centre for Circus Arts, Northern School of Contemporary Dance, and Rambert School of Ballet and Contemporary Dance – are the sole Corporate Members of the Conservatoire for Dance and Drama.

The Conservatoire for Dance and Drama, together with its Member Schools, is committed to delivering world-leading education and vocational training in the performing arts. Teaching staff are employed by their home school. Students are currently jointly registered with the Conservatoire and their home school and train to become the performing artists and production professionals of the future: actors, circus artists, dancers, stage managers, technical theatre practitioners, choreographers, designers and directors. Following the transition to new arrangements, student registration will transfer either to registration solely with their home school (for Schools registering independently with OfS), or to registration with another higher education provider (for Schools transitioning to new partnership arrangements).

4.2 Charitable objectives and public benefit

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

As a higher education provider (HEP) and charity, the Conservatoire's principal beneficiaries are its students, who are given the opportunity to receive intensive, supportive and world-class education

and training to be dance, drama and circus artists and production professionals. By its nature, the Conservatoire must select students on the basis of their talent, propensity for training and with the appropriate pre-vocational experience. In doing so, however, the training is open to all students who meet entry requirements and are offered a place to study, regardless of personal, social, national or financial background.

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

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

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

commissioning of new works and collaborating with both emerging and established performers, writers, directors and choreographers.

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

The Conservatoire's governors are aware of their responsibilities, as leaders of a designated HEP, to comply with the Regulatory Framework for higher education in England (OfS 2018.01) and other sector-specific requirements.

4.3 Corporate governance and internal control

This review of corporate governance and statement of internal control covers the period from 1 August 2020 until the date of this report.

4.3.1 Directors

The directors of the Conservatoire are its governors as shown on page 3. The governors who held office during the period 1 August 2020 to the date of this report were:

Name	Position	Date of appointment / reappointment	Additional Information
Julian Roskill (Chair)	Independent governor	17 July 2013	Nominations Committee (Chair) Remuneration Committee Finance Committee
Louise Verrill (Deputy Chair)	Nominated governor	15 July 2020	-
Jill Leigh	Accountable Officer	1 April 2021	-
Dr Roderick Clayton	Independent governor	27 November 2013 23 November 2016 20 November 2019	Remuneration Committee (Chair) Nominations Committee
Steve Deville	Independent governor	19 May 2021	Audit Committee (Chair)
Emily Fletcher	Independent governor	18 July 2012 22 November 2017 19 May 2021	Nominations Committee
Janice French	Independent governor	18 July 2018 19 May 2021	Finance Committee Remuneration Committee
Prof Martin Halliwell	Independent governor	18 July 2018 19 May 2021	-
Derek Hicks	Nominated governor	13 December 2017	-
Robert Jude	Independent governor	15 July 2015 22 November 2017 19 May 2021	Audit Committee
Mindy Kilby	Independent governor	3 December 2018 8 December 2021	Finance Committee (Chair)
Rebecca Laschetti	Independent governor	3 December 2018 8 December 2021	Finance Committee
Stefano Maifreni	Independent governor	19 May 2021	Audit Committee
Prof Peter Moizer	Nominated governor	19 May 2021	
Lesley Payne	Independent governor	18 July 2018 19 May 2021	Nominations Committee Transition Coordination Committee
Guy Stobart	Nominated governor	20 May 2020	Transition Coordination Committee
William Underhill	Nominated governor	25 March 2020	-

Name	Position	Date of appointment / reappointment	Additional Information
Tamas Wood	Nominated governor	9 June 2015	-
Brian Brodie	Nominated governor	12 July 2018	<i>Resigned 27 November 2020</i>
Peter Dunleavy	Elected staff governor	21 February 2018	<i>Resigned 23 February 2021</i>
Rabia Harrison	Independent governor	31 January 2019	<i>Resigned 14 July 2021</i>
Tierney Lawlor	Elected student governor	25 November 2020	<i>Resigned 14 July 2021</i>
Caragh Merrick	Independent governor	20 November 2019	<i>Resigned 2 January 2021</i>
David Ruebain	Chief Executive Officer	15 October 2018	<i>Resigned 11 January 2021</i>
Matthew Slater	Elected staff governor	21 February 2018	<i>Resigned 23 February 2021</i>
Colette Wilson	Independent governor	20 January 2020	<i>Resigned 23 February 2021</i>

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

4.3.2 Corporate governance

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

In order to proceed with the winding down and winding up of the Conservatoire in accordance with the intentions of the Member Schools and the approval of the Office for Students, the Articles of Association of the Conservatoire (as approved by the Privy Council on 7 December 2017) needed to be amended and an Agreement to Vary the Members Agreement was developed.

New Articles were approved by the Board on 14 July 2021 and a written special resolution of the Members of 21 July 2021. Changes to the Articles incorporated the following: changes to roles and titles of staff, governors, and regulatory bodies; terms of service (to enable current governors to serve until the Conservatoire is wound up); reference to the Nolan principles; remuneration of role of the Chair of Audit Committee; enabling co-opting of staff and student representatives; and reflecting the fact that responsibility for the approval of the Articles and any amendments rests with the OfS and not with the Privy Council.

The Agreement to Vary the Members Agreement was approved by the Board on 14 July 2021 and formally adopted by the Conservatoire and the Member Schools on 3 August 2021.

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

- changes to the Conservatoire's Senior Leadership Team
- an approach to the Conservatoire's transition towards winding down as a higher education provider
- the winding up of the Conservatoire
- amendments to the Articles of Association.

The provisions of the Members' Agreement, save as amended in the VMA, continue in full force and effect, and should be read and construed as one document with the VMA.

Members of the Board of Governors are aware of their obligations as directors and charitable trustees. The Board is also aware of its obligations under the Office for Students' conditions of registration, to take into account any relevant guidance on accountability, probity or value for money issued from

time to time. As an institution in receipt of public funding, the Board of Governors endeavours to conduct its business in accordance with the seven principles identified by the Committee of Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). The Board of Governors provides OfS with assurances on quality of the academic provision of the Conservatoire as required.

Since the onset of the pandemic in March 2020, the Conservatoire has been able to maintain its governance arrangements by transitioning to remote meetings held via video conference. Board and Committee meetings have been held as scheduled, with the exception of a period between February and May 2021 when the Audit Committee was inquorate due to changes in Board membership. It is expected that governance will continue to operate with remote meetings during the transition period up to winddown.

The Board received the revised CUC Higher Education Code of Governance (published September 2020) at the Board Strategy Day on 7 October 2020. An assessment of compliance with the new Code was reviewed by the Audit Committee and the Nominations Committee, following which the Board adopted the Code (published September 2020) with effect from 14 July 2021.

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

Board of Governors

The Board of Governors normally meets five times a year and comprises lay and academic members appointed in accordance with the Conservatoire's Articles of Association, as well as one elected staff member and one elected student member. Where a staff or student member has not been elected, the Board may use its powers to co-opt a staff or student representative. There is a clear separation of roles between the non-executive Chair and governors and the Conservatoire's executive function.

The Board approves the Conservatoire's long-term objectives and strategies and provides overall financial and organisational control. It has a number of committees, including a Finance Committee, an Audit Committee, a Nominations Committee, a Remuneration Committee, and other ad hoc working groups as required from time to time. The responsibilities of the Board of Governors in preparing the annual reports and financial statements are set out on pages 30 – 31. It is serviced by the Conservatoire Secretary.

Senate

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

Senate is chaired by a School Principal and comprises the Principal of each Member School, one further member nominated by each School (combining both academic and professional services staff), and student representatives. Student Senate representatives are nominated by Schools and up to three student representatives attend each Senate meeting. There is also provision for two other nominated staff members and additional co-opted members. In addition, Senate papers are routinely circulated to learning and teaching colleagues and staff whose work is directly impacted by the work of Senate.

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

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

Senate has responsibility for defining, in consultation with the schools, the overall quality framework of the Conservatoire. Senate oversees the Conservatoire's learning, teaching and assessment strategy and monitors the learning, teaching and assessment strategies of the Schools. Senate has a further remit in consulting on, reviewing and giving final approval to institution-wide student-facing policies that impact on the student experience. Senate is also responsible for encouraging and facilitating collaboration between Schools and for identifying and disseminating good practice in learning and teaching. The work of the Conservatoire Senate is supported by sub-committees and the Registrars' Group. During 2020-21, the Senate sub-committees were the Learning Teaching and Quality Assurance Committee, the Widening Access and Diversity Committee, the Research and Ethics Committee, and the Student Advisory Committee.

Finance Committee

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

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

In particular, the committee recommends for approval to the Board of Governors the Conservatoire's annual revenue and expenditure budgets and monitors performance in relation to approved budgets. It also recommends for approval the annual financial statements to the Board of Governors, having been satisfied that management is discharging its responsibilities to control and account for the income, expenditure and assets of the Conservatoire in compliance with the conditions of registration with the Office for Students, and other applicable laws. In 2020-21 the Finance Committee received and reviewed financial forecasts as part of School Exit Plans on behalf of the Board.

The Finance Committee held six meetings in 2020-21.

Audit Committee

The Audit Committee comprises a chair who is an independent member of the Board of Governors, and at least two further independent governors. The internal and external auditors of the Conservatoire (respectively KCG Audit Limited and BDO) have a right to attend these meetings.

In January 2021 an Audit Committee member took on the role of Chair of the Board and stepped down from the Committee (in accordance with the Committee Terms of Reference) and in February 2021 the Chair of Audit Committee resigned from the Board. Due to these changes, between February and May 2021 the Audit Committee was inquorate and did not meet. During this period, the Conservatoire executive and the Chair of the Board maintained communications with the internal and external auditors. The Conservatoire also sought permission from the Charity Commission to remunerate the role of Chair of Audit Committee for performing that role, and received consent in August 2021. The Board approved the appointment of a new independent governor and Chair of Audit Committee and

a new independent governor and member of the Committee, both with effect from 19 May 2021. The Committee became quorate again from this date.

The Audit Committee considers internal audit reports, together with recommendations for the improvement of the Conservatoire's systems of internal control and management's responses and implementation plans. Through regular review of the risk register, the Audit Committee monitored risks, including those associated with OfS registration. A new model of risk register was developed for the transition period following the Board's decision to pursue a solvent winddown.

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

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

The Audit Committee held five meetings in 2020-21.

Nominations Committee

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

The primary responsibility of the Nominations Committee is to oversee the nomination of independent governors, the effectiveness of committees and general governance matters. In 2020-21 the Committee led the search for a Chair and a Member of the Audit Committee; appointments were made with effect from 19 May 2021.

The Nominations Committee held one meeting in 2020-21.

Remuneration Committee

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

The primary responsibility of the Remuneration Committee is to approve the Conservatoire's pay and performance policy, including the remuneration of senior staff. Following the decision to pursue a solvent winddown, a number of related matters were considered and agreed by the Remuneration Committee. These included revisions to the existing redundancy policy and the creation of a retention policy for Conservatoire central services staff; the departure terms for three redundancies; and remuneration for the role of Chair of Audit Committee.

The Remuneration Committee held two meetings in 2020-21.

Conservatoire Executive Committee (CEC)

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

Following the establishment of the Transition Coordination Committee, the majority of CEC business has been conducted as part of TCC business or by correspondence.

Transition Coordination Committee (TCC)

The Transition Coordination Committee (TCC) was established in March 2021 as a forum for the Schools and Conservatoire to discuss and agree transition issues, including aspects important to achieving the smooth and seamless operational change from the current to the new state. Membership comprises the membership of CEC, the Head of Institution and Transition Project Manager, the Director of Finance, an Independent Governor, and three representatives from School Boards (who also act as an informal advisory group for the Transition Project Manager).

The TCC provides operational control of the transition plan and its associated activities; receives reports from the Project Manager on progress, issues and risks; ensures the transition plan is sufficiently resourced; allocates operational tasks; identifies requirements, develops proposals, and takes operational decisions; identifies transition implications for business as usual and vice versa; resolves issues and implements practical solutions.

4.3.3 Internal control and risk management

Risk management

Details of the principal risks and uncertainties facing the Conservatoire can be found in the strategic report at pages 17 – 19. The Board of Governors has considered the principal risks including, the transition timeline, withdrawal of ISTA funding, COVID-19 and maintaining the conditions of registration with the OfS and concluded that sufficient mitigations are in place.

Statement of internal control

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

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

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

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

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

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

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

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

- the Conservatoire has in place policies and procedures set by the Board of Governors and communicated by senior management to staff;
- risk management is embedded into normal business processes and aligned to the Conservatoire's strategic objectives; through planning and budgeting processes objectives

- are set, action plans agreed, and resources allocated, and progress towards meeting action plans is monitored regularly with variances investigated;
- there is ongoing identification and evaluation of risks by staff members, with regular reporting through the Conservatoire's committees and Board; all risks are covered — financial stability, corporate governance, statutory, regulatory and school monitoring, students, staff, programmes, employability, quality and standards, resources and external factors — and key strategic risks are rated according to their possible impact and/or likelihood;
 - within the risk register, those risks that are rated most significant and considered most likely to occur are monitored by the Board of Governors directly, and these high-level risks and any mitigating actions to be taken are reviewed regularly, and;
 - the Audit Committee is required by the Board of Governors to report at each Board meeting and provides updates on internal controls and alerts governors to any emerging issues; in addition, the Audit Committee oversees internal audit and external audit. The Audit Committee therefore provides advice to the Board on the effectiveness of the internal control system, including the Conservatoire's system for the management of risk.

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

- the work of the CEC within the institution, which comprises the Principals of the constituent schools and the senior leadership of the Conservatoire;
- the work of the internal auditor, who operates to standards defined in the Committee of University Chairs (CUC) HE Audit Committees Code of Practice (May 2020);
- comments made by the external auditors in their management letter and other reports, and;
- any other sources of internal or external review or evaluation which might contribute to the assessment.

Going concern

On 20 January 2021, the Board resolved to pursue a solvent winddown of the Conservatoire's registration as a higher education provider with the Office for Students, working towards a transition date of no later than July 2023. Since that date a significant amount of discussion and planning has taken place involving the Conservatoire, the Member Schools, professional advisors, the OfS and other relevant parties. As a result, the Conservatoire is working to an organisational strategy to support the Member Schools into new and independent arrangements with a target transition date of July 2022, and to pursue a solvent winddown and de-register as a provider of Higher Education, charity and company by November 2022. There is a clear path for the execution of the transition of the member schools away from the Conservatoire. The Members' Agreement, having a notice period for resignation, together with the Agreement to Vary the Members' Agreement, provides the framework for the transition of the schools to new arrangements. This has ensured that all schools are working towards an agreed transition date of July 2022. This avoids the prospect of uncertainty as to the date of transition, or the risk that a smaller number of schools are left trying to sustain the ongoing costs of the Conservatoire.

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

The Conservatoire has received information from each school that includes their business plans and five-year income, expenditure, balance sheets and cash flow forecasts. This has included scenario modelling for the loss of ISTA funding. Having rigorously assessed these, in the context of the schools' year-end positions, as discussed above, the Board are reasonably confident that each Member School remains a going concern for at least 12 months from the date of approval of the financial statements. This has been reinforced by each school's annual report confirming their auditor's support for a going concern basis of preparation. The Conservatoire has also reviewed each school's auditor's management letter in order to identify any previously unknown issues. This reduces the potential for claims, under the Student Protection Plan, that could exceed the reserves of the Conservatoire.

The high cost of conservatoire training means that grants and ISTA funding (34% of income) continue to make an important contribution to the organisation. 2020-21 marks the final year of the current round of ISTA funding and the Conservatoire awaits the outcome of the OfS consultation on an approach to world-leading specialist provider funding (launched on 20 October 2021) for specialist funding in 2022-23 onwards. The prospect of success in an application from the Conservatoire may be impacted by the decision to pursue a solvent wind down, although there may be the possibility of a tapered withdrawal of ISTA in the event of non-renewal.

The modelling of the transition has included sensitivity analysis to reflect the potential impact of not all Member Schools gaining independent registration ahead of the 2022-23 school year, resulting in up to 300 students remaining with the Conservatoire, and winddown being delayed until November 2023. Under both potential winddown dates the sensitivity analysis supports the view that the Conservatoire has sufficient funds to operate for a period in excess of 12 months from the date of this report or until winddown is completed, whichever were to occur sooner.

As explained in note 1 of the financial statements, given the intention to wind down by November 2022, it is not appropriate to continue to adopt the going concern basis in preparing the annual financial statements and, in consequence, these financial statements have not been prepared on that basis.

4.4 Statement of responsibilities of the Board of Governors

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; state whether applicable accounting standards and statements of recommended practice have been followed.

As explained in note 1 to the financial statements, the Board of Governors do not believe the going concern to be appropriate and, in consequence, these financial statements have not been prepared on that basis.

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the Conservatoire's transactions and disclose with reasonable accuracy at any time the financial position of the Conservatoire and enable them to ensure that the financial statements comply with the Companies Act 2006, its articles of association, the Accounts Direction issued by the Office for Students (OfS 2019.41), and the Statement of Recommended Practice: Accounting for Further and Higher Education (2019). The Board of Governors is also responsible for taking steps that are reasonably open to them in order to safeguard the assets of the Conservatoire and to prevent and detect fraud and other irregularities.

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

The Board of Governors has taken steps to:

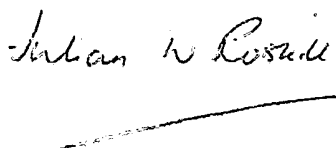
- ensure that funds from OfS and Research England are used only for the purposes for which they have been given and in accordance with the Terms and Conditions of Funding with the funding council and any other conditions that the funding council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- secure the economic, efficient and effective management of the Conservatoire's resources and expenditure; and
- comply with the guidance to institutions of higher education published by the Committee of University Chairs in its Higher Education Code of Governance (September 2020).

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

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

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

Approved by the Board and signed on its behalf by:



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

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

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Conservatoire's affairs as at 31 July 2021 and of the Conservatoire's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Conservatoire for Dance and Drama ("the Conservatoire") for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 Conservatoire in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - Financial statements prepared on a basis other than going concern

We draw attention to Note 1 to the financial statements which explains that the Governors intend to pursue a solvent wind down of the Conservatoire and therefore do not consider the Conservatoire to be a going concern. Accordingly the financial statements have been prepared on a basis other than that of going concern as described in Note 1. Our opinion is not modified in this respect of this matter.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information including the Company information, the Review of the year, the Strategic Report, the Report of the Board of Governors Statement 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 of governors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the report of the board of governors have been prepared in accordance with applicable legal requirements.

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

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 governors' 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 Research England

In our opinion, in all material respects:

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

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

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

Responsibilities of the board of governors

As explained more fully in the statement of responsibilities of the board of governors set out on page 30, the governors are responsible for the preparation of the financial statements and for being

satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Based on our understanding of the Conservatoire 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 Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Companies Act, the Charities Act, the OfS Accounts Direction and tax legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence if any.

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

The audit procedures to address the risks identified included:

- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, Research England, the OfS and relevant regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility.
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, including direct representation from the Accountable Officer.

- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals for the indication of potential bias and tested the application of cut-off and revenue recognition.
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management and journals posted after the year end.

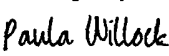
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, 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 . This description forms part of our auditor's report.

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

Use of our report

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

DocuSigned by:

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

Date: 21 December 2021

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

THE CONSERVATOIRE FOR DANCE AND DRAMA
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 July 2021

Company Number: 4170092

	Note	2021 £000	2020 £000
Income			
Tuition fees	2	10,406	9,925
Funding body grants	3	5,396	5,062
Other Income	4	-	29
Total income		15,802	15,016
Expenditure			
Allocations to schools	6	14,455	12,648
Conservatoire bursaries and scholarships	7	426	470
Staff costs	9	726	581
Other operating expenses	10	543	586
Total expenditure		16,150	14,285
(Deficit)/Surplus before taxation		(348)	731
Taxation		-	-
(Deficit)/Surplus for the year	15	(348)	731
Total Comprehensive Income/(Expenditure) for the Year		(348)	731
Represented by:			
Restricted income and expenditure for the year		-	(101)
Unrestricted income and expenditure for the year		(348)	832
		(348)	731

All items of income and expenditure relate to continuing activities.

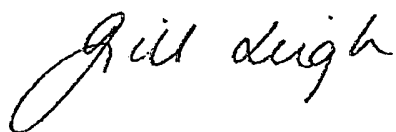
The notes on pages 40 to 51 form part of these financial statements.

THE CONSERVATOIRE FOR DANCE AND DRAMA
BALANCE SHEET
As at 31 July 2021

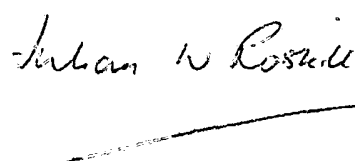
Company Number: 4170092

	Note	2021 £000	2020 £000
Non-current assets			
Fixed assets	11	6	7
Current assets			
Debtors	12	102	90
Cash and cash equivalents	13	1,352	1,627
		1,454	1,717
Less: Creditors: amounts falling due within one year	14	(215)	(131)
Net current assets		1,239	1,586
Total net assets		1,245	1,593
Restricted reserves			
Income and expenditure reserve - restricted reserve		-	-
Unrestricted reserves			
Income and expenditure reserve - unrestricted reserve		1,245	1,593
Total reserves	15	1,245	1,593

The financial statements were approved and authorised for issue by the Board of Governors on 15 December 2021 and signed on its behalf by:



Jill Leigh
Accountable Officer



Julian Roskill
Chair of the Board of Governors

The notes on pages 40 to 51 form part of these financial statements.

THE CONSERVATOIRE FOR DANCE AND DRAMA
STATEMENT OF CHANGES IN RESERVES
For the year ended 31 July 2021

Company Number: 4170092

	Income and expenditure reserve		Total
	Restricted	Unrestricted	
	£000	£000	£000
Balance at 1 August 2019	101	761	862
Surplus from the Statement of Comprehensive Income	(101)	832	731
Balance at 31 July 2020	-	1,593	1,593
Balance at 1 August 2020	-	1,593	1,593
Deficit from the Statement of Comprehensive Income	-	(348)	(348)
Balance at 31 July 2021	-	1,245	1,245

The notes on pages 40 to 51 form part of these financial statements.

THE CONSERVATOIRE FOR DANCE AND DRAMA
CASH FLOW STATEMENT
For the year ended 31 July 2021

Company Number: 4170092

	Note	2021 £000	2020 £000
Cash flow from operating activities			
Surplus for the year		(348)	731
Adjustment for non-cash items			
Depreciation	10	5	4
(Increase) / decrease in debtors	12	(12)	(31)
(Decrease) / increase in creditors	14	84	(631)
Adjustment for investing or financing activities			
Investment income	3	-	(10)
Net cash (outflow) / inflow from operating activities		(271)	63
Cash flows from investing activities			
Investment income	4	-	10
Payments made to acquire fixed assets	11	(4)	(2)
		(4)	8
(Decrease)/Increase in cash in the year		(275)	71
Cash and cash equivalents at the beginning of the year	13	1,627	1,556
Cash and cash equivalents at the end of the year	13	1,352	1,627

The notes on pages 40 to 51 form part of these financial statements.

1) Accounting Policies

1. Basis of preparation

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

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

These accounts are not prepared on a going concern basis. No changes to the value of any asset, liability, income or cost were required as a result of this.

The financial statements comprise only the financial results of the Conservatoire and do not consolidate the financial results of the schools to which it provides funding but in respect of which it does not exercise management or financial control. Please refer to note 15 of the financial statements.

2. Going Concern

On 20 January 2021, the Board resolved to pursue a solvent winddown of the Conservatoire's registration as a higher education provider with the Office for Students, working towards a transition date of no later than July 2023. Since that date a significant amount of discussion and planning has taken place involving the Conservatoire, the Member Schools, professional advisors, the OfS and other relevant parties. As a result, the Conservatoire is working to an organisational strategy to support the Member Schools into new and independent arrangements with a target transition date of July 2022, and to pursue a solvent winddown and de-register as a provider of Higher Education, charity and company by November 2022. There is a clear path for the execution of the transition of the member schools away from the Conservatoire. The Members' Agreement, having a notice period for resignation, together with the Agreement to Vary the Members' Agreement, provides the framework for the transition of the schools to new arrangements. This has ensured that all schools are working towards an agreed transition date of July 2022. This avoids the prospect of uncertainty as to the date of transition, or the risk that a smaller number of schools are left trying to sustain the ongoing costs of the Conservatoire.

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

The Conservatoire has received information from each school that includes their business plans and five-year income, expenditure, balance sheets and cash flow forecasts. This has included scenario modelling for the loss of ISTA funding. Having rigorously assessed these, in the context of

the schools' year-end positions, as discussed above, the Board are reasonably confident that each Member School remains a going concern for at least 12 months from the date of approval of the financial statements. This has been reinforced by each school's annual report confirming their auditor's support for a going concern basis of preparation. The Conservatoire has also reviewed each school's auditor's management letter in order to identify any previously unknown issues. This reduces the potential for claims, under the Student Protection Plan, that could exceed the reserves of the Conservatoire.

The high cost of conservatoire training means that grant and ISTA funding (34% of income) continue to make an important contribution to the organisation. 2020-21 marks the final year of the current round of ISTA funding and the Conservatoire awaits the outcome of the OfS consultation on an approach to world-leading specialist provider funding (launched on 20 October 2021) for specialist funding in 2022-23 onwards. The prospect of success in an application from the Conservatoire may be impacted by the decision to pursue a solvent wind down, although there may be the possibility of a tapered withdrawal of ISTA in the event of non-renewal.

The modelling of the transition has included sensitivity analysis to reflect the potential impact of not all Member Schools gaining independent registration ahead of the 2022-23 school year, resulting in up to 300 students remaining with the Conservatoire, and winddown being delayed until November 2023. Under both potential winddown dates the sensitivity analysis supports the view that the Conservatoire has sufficient funds to operate for a period in excess of 12 months from the date of this report or until winddown is completed, whichever were to occur sooner.

As explained above, given the intention to wind down by November 2022, it is not appropriate to continue to adopt the going concern basis in preparing the annual financial statements and, in consequence, these financial statements have not been prepared on that basis.

3. Income recognition

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

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

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

4. Grant funding

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

5. Capital grants

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

6. Accounting for retirement benefits

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

7. Employment benefits

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

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

8. Operating leases

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

9. Fixed Assets

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

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

- Computer equipment 3 years
- Other equipment 5 years

10. Taxation

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

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

11. Allocations to schools

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

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

12. Financial Instruments

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

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

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

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

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

13. Critical judgements and key sources of estimation

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

2) Tuition fees and education contracts

	2021	2020
	£000	£000
Home and EU students	7,331	6,768
International students	3,075	3,157
	10,406	9,925

Fees for students are accounted for by the Conservatoire as income and equivalent expenditure and are charged under the fees arrangements introduced in 2006-07. Fees are collected from individual students, partly by individual Conservatoire schools under licence from the Conservatoire and partly by the Conservatoire itself, which collects the fees paid by loan finance from the Student Loan Company.

3) Funding Body Grants

	2021	2020
	£000	£000
OfS Recurrent grants	4,505	4,540
Research England	498	433
OfS Hardship grants	82	-
OfS Capital grants	311	89
	5,396	5,062

4) Other Income

	2021	2020
	£000	£000
Interest Receivable	-	10
Other	-	19
	-	29

5) Source of Grant and Fee Income

	2021	2020
	£'000	£'000
Grant income from the OfS	4,898	4,629
Grant income from other bodies	498	433
Fee income for taught awards	10,406	9,925
	15,802	14,987

6) Allocations to schools & other HEIs

	2021 £000	2020 £000
Allocations to Conservatoire schools		
London Contemporary Dance School	3,205	2,781
Bristol Old Vic Theatre School	2,828	2,434
Northern School of Contemporary Dance	3,008	2,781
National Centre for Circus Arts	973	797
Central School of Ballet	2,018	1,757
Rambert School of Ballet and Contemporary Dance	2,226	2,023
	14,258	12,573
Catalyst Fund allocations		
Capital funds disbursed to other HEIs	197	75
	14,455	12,648

7) Conservatoire bursaries and scholarships

	2021 £'000	2020 £'000
Provision of bursaries	6	2
Conservatoire Scholarship Scheme	420	468
	426	470

In 2020-21 the Conservatoire continued to offer financial support to home/EU students paying fees through its Conservatoire Scholarship Scheme, as part of its package of responsibilities under the Access Agreement monitored by the Office for Students (OfS).

Under the Conservatoire Scholarship Scheme, schools provided £420,000 (2020: £468,000) funding to students, net of £2,500 Conservatoire Scholarship Scheme fee waivers (2020: £2,500).

The Conservatoire continues to offer bursaries for students that are care leavers or estranged from their families. Total bursary disbursements were £6,000 in 2021 (2020: £4,000).

8) Access and participation expenditure

	2021 £'000	2020 £'000
Access investment	602	517
Financial supported provided to students	508	465
Support for disabled students	99	123
Research and evaluation	21	1
	1,230	1,107

These amounts include staff costs, intrinsic to the delivery of the access and participation activities, of £378k.

The Conservatoire's Access and Participation Plan (2020-25) can be found at:

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

9) **Staff costs**

	2021	2020
	£'000	£'000
Staff Costs:		
Salaries	643	450
Social security costs	57	48
Pension contributions	12	9
Self-employed and Agency employees	15	74
Total staff costs	726	581

Salaries include no non-recurring staff bonus payments (2020: £3,077) and accrued bonus payments of £116,617 that relate to a retention incentive plan. (2020: £nil). The increased salary costs in 2020-21 reflect the appointment of a new senior management post for part of the year; and redundancy payments made in-year as a result of the change in strategic direction to pursue a solvent winddown.

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

2021	2020
Number	Number
11	12

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

2021	2020
Number	Number
10	10

Payment to the Head of Institution

	Current HOI	Former HOI & CEO	Former HOI & CEO
	2021	2021	2020
	1 Apr to 31 Jul	1 Aug to 31 Mar	
	£	£	£
Basic Salary	23,332	76,859	95,588
Redundancy	-	17,000	-
CDD Staff bonus scheme	-	-	300
Pension contributions	-	2,306	2,876
Total remuneration	23,332	96,165	98,753

The Head of Institution (HOI) incorporates the role and responsibilities of the 'Accountable Officer' (AO). At the start of the academic year, the roles of HOI and AO were held by a Chief Executive Officer. In the context of the Conservatoire's decision to pursue a winddown, In December 2020 the CEO decided to step down, leaving the Conservatoire's employment on 31 March 2021. The role of Accountable Officer transferred to the Academic Registrar with effect from 1 January 2021. From 1 April 2021, the Academic Registrar was appointed Head of Institution.

The remuneration of the Head of Institution has been benchmarked against equivalent roles in higher education, with particular reference to the small specialist institutions of which the Conservatoire is one of the leading members. This benchmarking exercise was last undertaken in January 2020 and identified the role at within the bottom quartile of equivalent roles. The remuneration of the Head of Institution with effect from 1 April 2021 was reviewed and approved by the Remuneration Committee in the context of the change in strategic direction. There is no performance-related pay element.

The performance of the Head of Institution is subject to appraisal by the Chair of the Board of Governors in conjunction with the Remuneration Committee.

There have been no non-taxable or taxable benefits paid to the Head of Institution in the year other than those that are for the reimbursement of business travel and other business expenses. These are claimed in line with the Conservatoire's staff expenses policy. The HOI claimed travel expenses of £nil (2020: £2,946).

The ratio of the Head of Institution's basic salary and total salary to the median of all staff is 1.5:1. The ratio of the former Chief Executive Officer's basic salary to the median of all staff was 2.2:1 (2020: 2.3:1). The ratio of the former Chief Executive's total remuneration to the median of all staff is 2.2:1. (2020: 2.3:1). The median basic salary of all staff is calculated on a full-time equivalent basis for the salary paid by the provider to its staff.

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

The amount of £948 was paid to one governor (2020: £ Nil) for the role of Chair of the Audit Committee. No payment was made to any other governor or to any party connected to a governor, other than to schools, for services provided. Governors claimed expenses of £Nil (2019: £ Nil).

Key Management Personnel staff costs:

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

Staff costs include compensation paid to key management personnel consisting of salary and benefits, including any employer's pension contribution. In 2021 total staff costs of key management personnel at the Conservatoire was £277,567 (2020: £317,111).

10) Other operating expenses

	2021	2020
	£'000	£'000
Educational projects	3	12
Communications	1	4
Subscriptions	121	136
Consultancy	91	105
Legal	38	26
Audit	150	90
Staff recruitment and development	9	32
Travel and subsistence	2	17
Information systems	73	78
Premises	52	81
Other expenses	3	5
	543	586

Operating expenses for the year are stated after charging:

	2021	2020
	£'000	£'000
External Auditors:		
Audit services	44	30
Non-audit services	44	-
Internal Auditors	62	60
Operating leases	46	63
Depreciation	5	4

11) Fixed assets

	Fixtures & fittings	Computer equipment	Total
	£'000	£'000	£'000
At cost			
At 1 August 2020	4	12	16
Additions during the year	-	4	4
Disposals during the year	-	-	-
At 31 July 2021	4	16	20
Depreciation			
At 1 August 2020	3	6	9
Charge for the year	-	-	-
Disposals during the year	1	4	5
At 31 July 2021	-	-	-
Net book value			
At 31 July 2021	-	6	6
At 31 July 2020	1	6	7

12) Debtors

	2021	2020
	£'000	£'000
Prepayments	98	72
Member Schools	-	5
Other debtors	4	13
	102	90

13) Cash and cash equivalents

	2021	2020
	£'000	£'000
Cash at Bank	1,352	1,627
	1,352	1,627

14) Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Trade creditors		
Member schools	-	34
Other	34	17
Social security and taxation	12	15
Other creditors	-	2
Accruals	169	95
	215	131

15) Capital and reserves

	2021	2020
	£'000	£'000
Income and expenditure account		
At 1 August	1,593	862
(Deficit)/Surplus for the year	(348)	731
At 31 July	1,245	1,593

The Conservatoire is a company limited by guarantee and does not have share capital. Each member gives a guarantee to contribute a sum, not exceeding £1, to the Conservatoire should it be wound up. At 31 July 2021 the company had 6 members (2020: 6) which were schools of the Conservatoire.

16) Lease obligations

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

	2021 £'000	2020 £'000
Within one year	43	67
Within one to two years	7	-
Total	50	67

17) Net debt

	2020 £000	Cashflow £000	2021 £000
Cash and cash equivalents	1,627	(275)	1,352

18) Application of OfS funding - Related party transactions

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

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

	2021 £'000	2020 £'000
Higher Education grants - OfS	4,505	4,540
Higher Education grants - Research England	498	433
	5,004	4,973

As at 31 July 2021 there was £Nil due to the Conservatoire from member schools (2020: £5,434 from the London Contemporary Dance Trust) and £Nil due to the Conservatoire from member schools (2020: £2,139 due to the Bristol Old Vic Theatre School).

19) Contingent liability

The decision to pursue the liquidation of the Conservatoire in the year has triggered a future potential repayment of the Exchequer Interest that has built up in relation to capital funding received since incorporation. We have not yet been advised by the OfS whether any amounts will be repayable or waived in accordance with Paragraph 50 of the Terms and Conditions of Funding for 2020-21 (OfS 2020.22). The total amount of Exchequer Interest at 31 July 2021 was £3,481,280.