

Royal College of Music

Annual Review and Financial Statements 2022/23



Royal College of Music

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Patron

The late Queen

President

The former Prince of Wales

Vice-Presidents

The Most Revd and Rt Hon the Lord Archbishop of Canterbury

The Most Revd and Rt Hon the Lord Archbishop of York

The Rt Hon the Lord Mayor of London

Jane Barker CBE FRCM

Sir Anthony Cleaver FRCM

Lady Middleton FRCM

[deceased August 2023]

Humphrey Norrington OBE FRCM

Dame Janet Ritterman DBE HonDMus

Sir Ian Stoutzker CBE FRCM

Professor Lord Winston FRCM

Council members

The President

Council independent members

Lord Black of Brentwood (Chairman)

Catherine Clarke (Deputy Chair)

Peter Dart

Baroness Fleet CBE

Douglas Gardner

Richard Goulding

Professor Peter Holgate

[appointed May 2023]

Sir George Iacobescu CBE

Ruth Keattch

Jamie Njoku-Goodwin

Andrew Ratcliffe

Geoffrey Richards HonRCM

Professor Shirley J. Thompson OBE

[appointed May 2023]

Dr Paula Walter

Sir Guy Weston HonRCM

James Williams

Council ex-officio and elected members

Professor Colin Lawson CBE FRCM (Director)

Kevin Porter HonRCM (Deputy Director)

[& Acting Director Mar 2023 to Sept 2023]

Dr Ingrid Pearson HonRCM

Patricia Rozario OBE FRCM

Ann Somerville HonRCM

Tymon Zgorzelski

[Students' Union: re-elected August 2023]

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Clerk to the Council

Sharon Moloney

[appointed Sept 2023]

Finance and General Purposes Committee

Richard Goulding (Chair)

Lord Black of Brentwood

Catherine Clarke

Douglas Gardner

Ruth Keattch

Professor Colin Lawson CBE FRCM (*ex officio*)

Audit & Risk Assurance Committee

Andrew Ratcliffe (Chair)

James Williams

Dr Paula Walter

Professor Peter Holgate

Registered Office

Royal College of Music

Prince Consort Road

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Auditors

MHA

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Bankers

Royal Bank of Scotland PLC

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Edinburgh

EH2 2YB

Solicitors

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London SE1 8NW

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CHAIRMAN'S MESSAGE



The Royal College of Music is one of the world's leading conservatoires and is a jewel in the crown of the UK's artistic and creative life. It leads the way in innovation and invests in cutting edge technology and performance spaces that provide an inspirational environment for our students, preparing them to be leaders and to thrive in the music world they will encounter in the future.

Our students are amongst the most talented musicians in the world and, in accordance with our founding principles, we support the very best students from the UK, EU and beyond with scholarships whatever their financial means. This year we awarded £5million in scholarships and bursaries, made possible through donations from our incredibly generous supporters.

Following the sad news of the death of our Patron, Her Majesty Queen Elizabeth II, in September 2022, we rejoiced in the coronation of our President, His Majesty King Charles III, and Her Majesty Queen Camilla in May 2023. The central part played by our students, alumni and staff in the celebrations was an honour and demonstrated the leading role that RCM plays in the music world today through its alumni, staff and students.

I would like to thank our supporters for their continued generosity, and I know they will be proud to see that for the second year running the Royal College of Music was ranked the top institution in the world for Performing Arts in the prestigious global QS rankings. This incredible accolade is testament to the commitment and quality of the College's staff, and to the vision and hard work of the Director Colin Lawson, Deputy Director Kevin Porter and the whole of the senior team.

We were delighted and excited to announce in July that James Williams will join us as the next Director of the College and will take up the post on 1 September 2024. James will become the 11th Director of the Royal College of Music, succeeding the current Director, Colin Lawson, who will retire from the role at the end of August 2024. James is a much-respected member of the music industry and his expertise, global outlook and knowledge of the music profession will be of huge benefit to our students and the RCM's international reputation. I am confident James will support the RCM community and continue our outstanding work as a world-leading music educator, preparing our students for successful careers across the world.

Finally on Council, we welcome new Council members Professor Peter Holgate, Professor Shirley Thompson OBE and Dr Paula Walter. I am indebted to all members of Council for the wisdom, expertise and energy they bring to our work, and their commitment to the future of music.

Lord Black of Brentwood
Chairman

DIRECTOR'S REPORT

I am immensely proud to report that for the second consecutive year we have been ranked the global No 1 institution for performing arts in the QS World University Rankings (2023 & 2022 by subject). The College was also awarded "gold status" in the Teaching Excellence Framework (TEF), which recognised that all RCM students benefit from outstanding teaching, specialist resources, tailored learning opportunities and a professional environment.

Indeed our inspiring professors and teaching staff are leaders in their field and their creativity and unwavering commitment to future generations of musicians continues to be a huge draw for the most talented students who come to study with us from over 50 countries. We also continued to address the pressing issues of our time, and I'm delighted to share that the RCM achieved first place for universities with up to 5000 students in the 2022/23 People and Planet League table, testament to our continued ambitions across the environmental and social sustainability agendas.

The Coronation of our President, His Majesty King Charles III, and Her Majesty Queen Camilla brought sharply into focus the extraordinary achievements of RCM musicians and the unique opportunities afforded to RCM students. Royal College of Music performers, composers, students and alumni, made history as part of the Coronation service and celebration concert. The service featured RCM alumni including Master of the Choristers of Westminster Abbey, Andrew Nethsingha, who directed the five new commissions in the main service, including a specially commissioned 'Agnus Dei' by composer Tarik O'Regan, an anthem by Andrew Lloyd Webber, a piece by new RCM Council member Shirley Thompson, and many RCM professors performing as part of the Coronation Orchestra. Meanwhile, at Windsor Castle, as part of the Coronation Concert, a quartet of RCM students performed in a special collaboration with other Royal institutions to a BBC One broadcast which reached a peak TV audience of 12.3 million.



Investment in technical innovation which will benefit future generations of students is exemplified by the award of a £1.9 million grant from the Arts and Humanities Research Council (AHRC) to upgrade and extend the Performance Simulator facility. This grant will enable a larger and more flexible facility for the training of RCM students and collaboration with creative industry partners and the new 'Performance Innovation Laboratory' should open by the end of 2023. The College's other major externally-funded projects continue to hit significant milestones. In January, the AHRC funded Music, Migration and Mobility project, saw the successful launch of its public exhibition in the Royal College of Music Museum, which explores the lives and legacies of émigré musicians who fled the Nazi regime. The exhibition garnered significant attention and delivered a 44% increase in Museum visitors. The Wolfson Centre is now regularly open to the public and has already welcomed 65 research visits, mostly by external researchers.

The variety and opportunity of artistic experience at the RCM remains exceptional and our distinguished faculty and renowned visiting artists inspire students and delight audiences, who have now returned to RCM concerts in increasing numbers. Martyn Brabbins, Joana Carneiro, Dame Sarah Connolly, Jessica Cottis, Kevin John Edusei, Shiva Feshareki, Angela Gheorghiu, Angela Hewitt, Pete Long, Wayne Marshall, JoJo Mayer, Sakari Oramo, Vasily Petrenko, Maxim Vengerov and John Williams OBE are just a few of the acclaimed musicians who have contributed to the RCM's rich artistic life in recent times. With sadness, in February, RCM musicians paid tribute to the life of pianist Andrew Ball, RCM Head of Keyboard from 1999 to 2005, and celebrated the memory of renowned composer and beloved RCM professor Joseph Horowitz in a concert that brought together some of his most cherished works. A performance of the summer term opera Barnum's Bird was dedicated to Stephen Roberts, a hugely respected artist and teacher at the RCM. We also mourn the loss of Michal Kaznowski who taught at the RCM Junior Department for many years and will be missed by students and colleagues alike.

Our spirit of collaboration and global outlook has led to some exciting initiatives. Grammy Award-winning composer and conductor Eric Whitacre is now an Ambassador for RCM Creative Careers with a focus on entrepreneurship, innovation,

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self-promotion and building a creative career. There is a new international partnership with the Saline Royale Academy in France and a new Equity, Diversity and Inclusion Visiting Artists Fund established in December 2022 by Victoria, Lady Robey OBE HonRCM to whom we are hugely grateful. A donation of over £1 million from the Victor Ford Foundation on behalf of Ramona and Trevor Swale will support jazz musicians and performances at the Royal College of Music. The gift will endow the new Ramona and Trevor Swale Jazz Scholarship, which will support senior College students and provide bursaries to young jazz musicians studying at the RCM Junior Department. I would like to extend my thanks to all our supporters who enable opportunities at the highest levels for our young musicians.

I continue to be amazed by the exceptional achievements of our students and alumni, for example, all five woodwind places at this year's London Sinfonietta Academy have been won by RCM students (and you can find out about some other extraordinary achievements elsewhere in this report). Whilst we celebrate today's successes we must also look to the future and ensure that long-term the RCM's mission is underpinned by the ability to continually foster talent, ensure equitable access to opportunity and inspire sustained enthusiasm for classical music. The challenging landscape domestically with inequitable access to music education in schools and funding cuts striking some of the UK's most respected performing groups is shocking. We must continue to expand access to and inspire enthusiasm for classical music and demonstrate the value it brings to society at large.

Colin Lawson CBE FRCM

Director



RCM Musicians performing in the Performance Hall (July 2023) taken by Phil Rowley

FINANCIAL REVIEW

Note: this review and the financial statements are for the Royal College of Music only (see Accounting Policies).

<p>Performance *</p> <p>Total income: £34.1m (£33.1m)</p> <p>Surplus for the year: £0.2m (£1.9m deficit)</p> <p>Underlying surplus before gains and losses: £1.3m (£3.2m)</p> <p><i>Underlying surplus is explained below</i></p>	<p>Liquidity and Debt</p> <p>Borrowings: £2.0m (£4.7m)</p> <p>Cash and short-term investments: £6.7m (£8.8m)</p> <p>Net Cash: £4.7m (£4.1m)</p> <p><i>Net cash includes short-term investments</i></p>
<p>Investment</p> <p>Capital Expenditure: £2.7m (£0.9m)</p>	<p>Financial Strength</p> <p>Net assets: £105.6m (£108.9m)</p>

* Comparative data for the prior year 2021/22 is shown in brackets throughout this review.

The reported surplus for the year was £0.2m, compared to a deficit of £1.9m in 2021/22, although this was net of £1.4m of losses on our investments, following £2.0m of losses in the previous year. These losses relate primarily to investments held by the restricted Scholarships and Awards fund and are not reflective of the underlying operations of the College. Furthermore the deficit included a £0.3m adjustment to decrease the value of the USS pension provision.

In order to provide a comparable measure of the College's performance we have excluded these losses and the impact of USS pension adjustments to calculate the underlying surplus. The underlying surplus for the year was £1.3m compared with £3.2m in the previous year.

The reduction in the underlying surplus reflects the fact that the year-on-year increase in income did not keep pace with the 11% increase in our underlying costs. In particular, tuition fee income increased by only 2% due to the continued fixed fee rate for home undergraduate students, a further reduction in the number of EU students as the impact of Brexit continued to flow through, and only a marginal growth in students paying overseas fees.

At the same time, underlying staff costs increased by 9% as a result of cost of living increases coupled with targeted investment by the College in key areas such as ICT, to support our teaching and related activities as they continued to return to pre-Covid levels. Other operating costs increased by 14%, also affected by high inflation, as well as by the cost of providing increased financial support to students.

	2022/23	2021/22
	£m	£m
Reported surplus / (deficit) for the year	0.2	(1.9)
Remove losses on investments/disposals	1.4	2.0
Remove pension adjustments	(0.3)	3.1
Underlying surplus before gains and losses	1.3	3.2

Capital Investment

We invested £2.7m (£0.9m) in Capital Expenditure in 2022/23, including £1.4m on our digital provision, including the new Performance Laboratory, and £0.4m on ICT.

Liquidity and Debt

Cash balances and current asset investments at 31 July 2023 were a healthy £6.7m (£8.8m). Excluding balances relating to restricted funds, this represented 83 (114) liquidity days, in line with our policy to maintain operating cash in a range of 60 to 120 days.

Borrowings of £2.0m were £2.7m lower than last year; they included £1.5m drawn on the £11m Revolving Credit Facility (RCF) and the £0.5m balance on our long term loan from RBS which will be fully repaid by 2026. Including current asset investments our overall year end net cash was £4.7m (£4.1m).

Pensions

The value of our pension liabilities decreased in the year from £6.2m at 31 July 2022 to £5.0m at 31 July 2023. These liabilities relate to the Universities Superannuation Scheme (USS) and the RCM Pension and Assurance Scheme (RCMP&AS). A third scheme, the Teachers' Pension Scheme (TPS), is also significant covering most of our teaching staff. Each of these schemes is accounted and reported differently in the financial statements, reflecting their different nature.

USS is a multi-employer scheme where the assets and liabilities are pooled and the College's share cannot be separately identified; instead we account for liabilities arising under the scheme's deficit recovery plan. At 31 July 2023 these liabilities stand at £5.0m (£5.3m), based on the 2020 valuation. In line with the deficit recovery plan our contributions increased from 21.4% to 21.6% in April 2022.

RCMP&AS has been closed to future accrual since 2007. An actuarial valuation was carried out at 1 August 2022 showing a funding shortfall of £4.3m and, following an agreement with the Trustee, the College made deficit contributions of £4.6m in the year ended 31 July 2023 which were used by the Trustee to realign the investment portfolio of the scheme to lock in the benefit of the higher long term interest rates we have seen recently. With the Trustee, we are now working to achieve a "buy-in" of the pension liabilities whereby an insurer will assume a portion of the scheme's liabilities, with the aim of securing a full buy-out of the liabilities by an insurer at a future date.

The College withdrew £4.2m from its General Fund to enable it to make these deficit payments. Following these payments, the scheme showed a surplus of £2.1m at the end of the year, compared with an estimated deficit of £0.9m last year. As explained in the accounting policies, it was not appropriate to recognise this surplus as an asset in the financial statements.

For TPS we account for contributions on a "pay as you go" basis with contribution rates determined by the Exchequer. Currently we make contributions to TPS at 23.4% of the relevant salaries.

Investments

The Investment Committee monitors the performance of RCM's investment portfolios which have a total value of £45.6m (£49.7m). The market value of our investments reduced in the year, decreasing by £4.1m, mostly due to the £4.2m withdrawal from the General Fund outlined above.

There are three main funds:

- Scholarship and Awards Fund £41.5m (£41.3m): a permanently endowed fund for scholarships and awards, managed during the year by Cazenove Capital and Sarasin & Partners;
- Junior Department Appeal Fund £0.8m (£0.8m): a permanently endowed fund for bursaries, managed during the year by Sarasin & Partners; and
- General Fund £2.8m (£7.3m): an unrestricted short/mid-term fund established to work in coordination with RCM's working capital and capital requirements, managed by Ruffer LLP.

RCM's investment strategy and [policy for responsible investment](#) are set by the Finance & General Purposes Committee, on the recommendation of the Investment Committee.

Total Return

The Council has exercised the power granted under s.104A(2) of the Charities Act 2011 to manage the Junior Department Appeal Fund ("JDAF") on a total return basis from 1 August 2022, having exercised the same power in 2021/22 to manage the Scholarships and Awards Fund ("S&AF") (excluding the portion of it that is invested in CLV (RCM) LLP through the RCM subsidiary RCM Business Enterprises Limited) on a total return basis from 1 August 2021. In both cases the power permits RCM to invest the funds to maximise the Total Return on investments (taking both capital values and income into consideration) and, therefore, to make available an appropriate portion of the Total Return for expenditure each year, after accounting, among other things, for preservation of the real term value of the permanent endowment. Until this power is exercised in full, the Total Return shall be an 'Unapplied Total Return' and remain as part of the permanent endowment.

For the JDAF, the initial value of the trust for investment and the initial value of the unapplied total return were established as at 31 July 2021. The date of the valuation for each individual endowment within the fund is the date that endowment was received, or a reasonable estimate thereof, and the calculation of the value of the trust for investment includes all funds in place at 31 July 2021. At that same date, the initial value of unapplied total return was determined as equal to the accumulated unapplied income from the trust for investment and the increase in value of the trust for investment

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since the date of valuation of each individual endowment within the fund. The Council took advice from Cazenove in 2020 to inform its decisions, and to inform its policy on a suitable level of unapplied total return going forward.

JDAF - Initial Allocation to the Investment Fund

The Council approved an initial allocation to the investment fund of £220,000, increasing the value of the investment fund from £150,000 to £370,000, and ensuring that the level of Unapplied Total Return was not higher than the strategy.

Both Funds - Investment Strategy and Objectives

Our strategy is to maintain the value of the funds in real terms over the long term, with reference to the UK's Consumer Prices Index, and to produce a consistent and sustainable amount each year to be available for spend on scholarships and awards. Growth in the real term value of the funds is achieved through adding capital to the funds through new legacies and endowments.

The investment objective in each case is to generate an average total return of 4.0% per annum over the Consumer Prices Index (CPI), after deduction of fees, over rolling five year periods, with an appropriate profile of risk.

Strategy for managing the funds on a total return basis

Our strategy addresses market risk by maintaining an appropriate level of Unapplied Total Return at both the overall and individual fund level to provide a good level of assurance that the planned income distribution can be released each year, even when there is a temporary reduction in the value of the endowment due to stressed market conditions. For the JDAF we aim to distribute 4.0% of the simple average of the value of the fund at the three previous year ends to be used for scholarships and awards. For the S&AF we aim to distribute 3.4% using the same calculation: this is set at lower than the 4.0% investment objective to allow for a reduced distribution on newer funds within the endowment as a suitable level of Unapplied Total Return is built up on those individual funds.

We monitor the level of Unapplied Total Return each year and adjust the target distributions accordingly. We also ensure that no distribution is made from the original endowments. We also monitor and report each year on the real terms value of the original endowments (including future sums received), comparing them to the overall fund values to gain assurance that we are taking the right steps to maintain the real term value of the funds over the long term. We also gain assurance through monitoring the performance of the investment portfolio against short term benchmarks and longer term measures of CPI.

Note 20 to the financial statements discloses the amounts set as opening Unapplied Total Return and the amounts allocated to income in the year from the Unapplied Total Return.

Future Outlook

The overall economic and social outlook continues to be highly uncertain. Following Covid, and compounded by the Russian invasion of Ukraine, inflation is at a 40 year high and the College continues to experience the effects of the UK's departure from the EU. Other geopolitical risks have emerged, most notably in engagement with China.

Nevertheless, enrolments to study at RCM were strong in 2022/23 and have strengthened further for the 2023/24 academic year. We plan continued modest growth in overseas student numbers for the next few years, while EU recruitment inevitably declines.

The draft Budget for 2023/24 shows a reduced surplus compared to the result for 2022/23 as we expect a challenging year due with costs increasing at a higher rate than income. Beyond 2023/24 we expect the level of surpluses to recover as inflation starts to reduce. We plan to invest around £2m per annum of Capital Expenditure in 2023/24 and beyond.

Going Concern

The accounts have been prepared on a going concern basis, and the Statement of Corporate Governance & Responsibilities of Council sets out the steps taken by the Board in reaching the conclusion that the going concern basis is appropriate.

Staff

RCM's teaching is undertaken mainly by hourly-paid professional musicians who provide one-to-one tuition for their students, with administration undertaken in the main by permanent, full or part-time salaried staff. RCM supports the

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national pay framework, with pay awards negotiated on behalf of RCM by the Universities and Colleges Employers Association through the negotiating body New JNCHES. The pay award for 2023/24 represents an increase of between 5-8% on the payscale of August 2023 and on the advice of UCEA this was implemented in two phases with an early partial implementation by employers in February of a minimum of 2% followed by the remainder of the award in August 2023. Overall, staff received a minimum of 5% with additional increases for those not on the highest grades. The five main HE trade unions technically remain in dispute over the pay rounds for 2020/21 through to 2023/24.

Unison is a trade union recognised by RCM and its elected representatives are permitted to take reasonable paid time off to carry out certain union duties. In the 12 months to 31 March 2023, the amount of time spent by RCM staff on trade union activities and the cost related to that time was:

- | | |
|--|--------------|
| • number of union officials | one |
| • time spent on union activities by both employees was in the band | 1% to 50% |
| • cost of staff time spent on union activities | £948 |
| • total RCM staff cost (excluding pension adjustments) | £17.2million |
| • staff cost related to union activities as a percentage of RCM's total staff cost | 0.005% |
| • time spent on paid trade union activities | 0.00% |

Charities Act 2006 and principal regulator

Under the Charities Act 2006, the Office for Students (OfS) is the principal regulator of those English higher education institutions (HEIs) that are exempt charities and the OfS is expected to promote charity law compliance by the exempt charities for which they are responsible. Eighteen HEIs, including RCM, are registered charities and monitored and regulated as charities by the Charity Commission; this is in addition to OfS' own accountability oversight.

RCM is registered with the Fundraising Regulator. Registration is on a voluntary basis and RCM is committed to adhering to the Regulator's "Code of Fundraising Practice".

Public benefit

The RCM Council is cognisant of the Charity Commission's guidance on public benefit and in preparing this Strategic Review has given due consideration to this guidance and in particular to its supplementary public benefit guidance on advancing education and on fee charging.

RCM's charitable aims are to provide specialised musical education and professional training at the highest international level for performers and composers, within an environment that stimulates innovation and research. This enables talented students from all backgrounds to develop the musical skills, knowledge, understanding and resourcefulness that will be required to contribute significantly to arts and culture in this country and internationally.

Those benefiting from RCM's charitable aims are: RCM students, members of the public and the community when attending concerts and education outreach work. Outreach work is centred in the London Boroughs of Westminster, Hammersmith & Fulham and Kensington & Chelsea. These areas are densely populated with remarkable diversity, wide socio-economic disparities and pockets of high deprivation. More details of our concerts and outreach work may be found throughout this Strategic Review.



Lord Black of Brentwood
Chairman
November 2023

PROGRESS OF RCM STRATEGIC PLAN 2017 TO 2027

Transforming the College

Mission and principal objectives

Royal College of Music provides specialised musical education and professional training at the highest international level for performers and composers, within an environment that stimulates innovation and research. This enables talented students from all backgrounds to develop the musical skills, knowledge, understanding and resourcefulness which will equip them to contribute significantly to musical life in this country and internationally.

Objects of the Royal College of Music

The Mission Statement supplements RCM's objects as set out in the 1883 Charter:

- 'the advancement of the Art of Music by means of a central teaching and examining body charged with the duty of providing musical instruction of the highest class, and of rewarding with academical degrees and certificates of proficiency and otherwise persons, whether educated or not at the RCM, who on examination may prove themselves worthy of such distinctions and evidences of attainment';
- 'the promotion and supervision of such musical instruction in schools and elsewhere, as may be thought most conducive to the cultivation and dissemination of the Art of Music in the United Kingdom'; and
- 'generally encouragement and promotion of the cultivation of music as an art throughout the world'.

Strategic Plan 2017-27

The College's current Strategic Plan runs from 2017-2027. The previous phase of the Strategic Plan (extended to 2021 because of Covid-19) centred on the More Music: Reimagining the Royal College of Music Campaign, which transformed the College. The project effected a physical transformation that has expanded the spaces available to students and visitors of all ages to make and learn about music. These vibrant, cutting-edge facilities provide an inspirational learning environment in which our students can create, research and perform.

The More Music Campaign delivered a new Performance Hall and Performance Studio, each with broadcast and integrated digital infrastructure; new visitor facilities and public spaces, including a café; College-wide step-free access and intuitive circulation between key public spaces; increased provision to over 100 multi-purpose teaching, rehearsal and practice rooms; additional recording and broadcast capability, enabling increased access for global audiences; a major new Museum, offering a permanent and interactive space for our internationally significant collections; a rebuilt entrance hall, welcoming the public to our performances and events; and a striking new Flentrop Orgelbouw organ for the Amaryllis Fleming Concert Hall.

Council approved an updated Plan in 2023, starting with a refreshed ten-year Vision for the RCM to 2027, it goes on to our key initiatives for the three-year immediate period 2022–25, and finishes with the guiding objectives and principles in the main ongoing areas of the College's activity.

Over the three-year period 2022–25, the College will focus on:

- Programming, staff appointments and student recruitment to reflect the diversity of contemporary society in the UK and beyond. Pre-tertiary provision and community engagement will be further integrated into the RCM's programmes and ethos, reflecting the College's obligation to be a relevant, persuasive advocate for music globally.
- Recognising that student and staff well-being is of the utmost importance, the RCM will prioritise support accordingly.
- The College will pursue further access and engagement across the globe, collaborating in and opening up online resources to a worldwide audience and undertaking international initiatives, while taking into account the changing geopolitical environment.

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- Research Strategy will make further connections between learning, teaching and the artistic programme. The RCM will encourage all its members to engage in critical enquiry leading to the creation and dissemination of new knowledge across theory and practice. Major projects will demonstrate the RCM's value to society beyond music, such as in arts and health.
- Opportunities afforded by the College's new facilities, created through the previous three year plan, will be maximised to serve the RCM's ambitions and aspirations in innovative ways.
- Capitalising on rapid progress during the pandemic, the RCM is embarking on further digital transformation of its systems. This will enable the College to become a more agile and efficient organisation with improved channels for internal communication and information sharing and sector-leading advances in technology in learning and teaching.

In setting RCM's priorities and planning its activities the RCM Council has given careful consideration to the Charity Commission's general guidance on public benefit.

Principal risks and uncertainties

The RCM Risk Management Strategy and Policy sets out the respective roles of the RCM Directorate, Council, Finance & General Purposes Committee and Audit Committee in managing risk (these will change for 2023/24, when the Audit Committee is renamed the Audit & Risk Assurance Committee, taking on the lead role in relation to risk management that formerly fell to the Finance & General Purposes Committee). It also sets out the key controls and our approach to risk management. The RCM Risk Register identifies key risks, likelihood of occurrence, potential impact on RCM and actions being taken to reduce and mitigate risks. The risks themselves are prioritised using a consistent simple three tier scoring system to denote the priority level of each strategic risk. These are: red (high priority); amber (medium priority); and green (low priority).

The Register is subject to annual review by the RCM Directorate and is monitored and up-dated throughout the year with an annual report on risk management presented to all committees involved in managing risk, including the Council. The risk register had its final review of the academic year by Directorate in June 2023.

There is currently just one risk scored red: 'Failure to maintain and upgrade digital and ICT hardware and software; Failure to protect against cyber-attack or other ICT security breach.' There is a full action plan in place addressing this risk which is the subject of regular discussion and monitoring at Directorate, as well as by Audit & Risk Assurance and other committees.

There are nine amber risks, of which the highest scored are:

- Financial sustainability at risk, due to high inflation and other economic pressure outside the College's control
- Failure to provide fitting surroundings for delivering excellence for staff/students. The College continues to face some space pressure and has been bedding in its new Courtyard and Jay Mews spaces during 2022/23 and faces some uncertainty over the lease for the smaller Jay Mews building beyond 2023 due to the landlord's plans to redevelop the site.

Key Performance Indicators

The RCM Council reviews annually key performance indicators (KPIs) which have been developed to measure and to give assurance over the College's sustainability. The KPIs cover financial performance and sustainability, financial health, research sustainability, teaching & learning, student experience and environmental sustainability.

INSPIRATIONAL PROGRAMMES

Enhancing learning and teaching

The College received overall gold status in the Teaching Excellence Framework (TEF) 2023, achieving gold outcomes in both TEF aspects of student experience and student outcomes. The TEF panel report highlighted the myriad ways in which all RCM students benefit from outstanding teaching, specialist resources, tailored learning opportunities and a professional environment. This excellent result reinforces the College's position as one of the leading higher education institutions in the UK and recognises our commitment to support every student to achieve their full potential. The award will be valid for four years.

The periodic review of the MSc in Performance Science programme was approved in February. The review proposals responded to detailed consultation with current students, graduates, teaching staff, and external academics and employers. Feedback from current students, recent graduates, and external examiners evidenced that this distinctive programme is in excellent health, with strong recruitment, high-quality teaching, and excellent student outcomes. The review focussed on updating module content to reflect new developments in the field, including increased awareness of equality and diversity matters in research. New, more flexible modes of assessment will provide inclusive options for students to demonstrate their learning and the addition of an elective module will provide a welcome opportunity for MSc students to connect and collaborate with students across the College's postgraduate taught community.

The periodic review of the Masters (MMus, MPerf, MComp) programmes was completed in spring 2023. This significant curriculum enhancement project was led by Professor Mark Bowden, Head of Postgraduate Taught Programmes, and drew upon over 18 months of rigorous internal and external consultation. A major change is the introduction of a new credit framework that will provide all Masters students with greater choice and versatility in their programme. A new suite of 'Professional Artist' electives will enable students to develop industry-relevant skills that directly connect their practice with the demands of the profession today. These elective modules will be supported by a series of Professional Artist seminars, with content curated by the Creative Careers Centre in collaboration with the Head of PGT Programmes and Heads of Faculties. Other enhancements include more consistent delivery patterns across modules, improved parity of assessment workload for all students, and stronger progression routes from year one to year two of the programme.

The RCM's National Student Survey results for 2023 were very positive overall. Strengths included the overall quality of teaching and the ease of contacting teaching staff, where we achieved the highest positivity score of all music conservatoires. Other strong areas compared to the higher education sector were academic support, the way in which teaching staff make the subject engaging, library resources, the Students' Union, and communication about wellbeing support services. Once again, the College was ranked in the top five higher education institutions in the country for the way in which our library resources support learning.

The Global Conservatoire, an EU-funded Strategic Partnership project, completed its second year of delivery. During 2022/23 a further nine transnational online courses were delivered by the College and our three partners in the consortium: Manhattan School of Music, the Royal Danish Academy of Music, and the University of Music and the Performing Arts in Vienna. RCM teaching staff participated in two transnational meetings at Manhattan School of Music and MDW in Vienna. These training events enabled staff from all four institutions to explore new technologies and practices in online teaching. The Global Conservatoire consortium recently moved into a new phase with the addition of a new, fifth partner, the Conservatorium van Amsterdam (CvA). With CvA and RDAM, the College recently submitted a new bid for EU funding, designed to facilitate further enhancement of our joint online teaching capabilities.

In January 2023 the College welcomed the first cohort of Bachelor of Education students from Nanyang Academy of Fine Arts in Singapore for their International Placement at the College. In addition to scheduled classes and supervisions, the BEd students observed teaching activities at the RCMJD, Sparks, and the Tri-Borough Music Hub. In total the College hosted 29 BMus and BEd students from NAFA, including one Chinese instrumentalist. From September 2024 NAFA will offer their first ever Masters (MPerf and MComp) degrees, based on the newly reviewed RCM Masters programmes.

During the summer term 2023 Senate granted initial approval for a new two-year full-time or one-year intensive 'Teaching Musician' postgraduate programme leading to the award of the Master of Music Education (MMusEd) degree. We expect to validate this new programme in January 2024 for a September 2024 start date. This new programme is designed to align with the College's emerging strategic priorities in areas such as strengthening the pipeline and growing our music education partnerships. It will replace the existing MEd programme, which will be taught out during 2023/24 and 2024/25.

The annual Programmes Staff Development Day in June included a range of training and upskilling activities for teaching staff on current topics such as inclusive teaching environments, digital accessibility, artificial intelligence in assessment, and effective student feedback. This was also an opportunity to prepare staff for implementation of our newly reviewed programmes during 2023/24.

RESEARCH AND INNOVATION

A new world class laboratory

In 2022/23 RCM had continued success with external grant capture, and in December the College secured a major award of a £1.9 million grant from the Arts and Humanities Research Council to upgrade and extend the performance simulator facility. This grant, made by AHRC under their new 'World-Leading Labs' scheme, will allow cutting-edge simulator technologies to be installed in the Performance Studio, offering a larger and more flexible facility for research, student training and knowledge exchange through external partnerships. The bid was led by Professor Aaron Williamon, Director of the Centre for Performance Science. A further follow-on bid to the AHRC for £50,000 to exploit commercial opportunities arising from the new simulator development has also been successful.

Smaller but highly impactful externally-funded research projects include an AHRC Networking Grant of £30,000 awarded to Professor Rosie Perkins to create a new Music and Parental Wellbeing Research Network, and a £10,000 British Academy Small Research Grant awarded to Dr Neta Spiro to support a set of workshops that will develop policy recommendations for musical care during the beginning of life. Two new postdoctoral fellows, funded by the British Academy and by European Union Marie Skłodowska-Curie Actions (EU MSCA) to the combined value of over £320,000, commenced work at RCM in January, bringing projects that significantly extend the research expertise at the College.

The College's success in REF2021 led to a 36% increase in the combined value of the annual Quality-Related Research grant funding (QR) and the Specialist Provider Element from 2022/23 onwards. This has enabled the creation of a new RCM Research Development Fund, focused on enabling the completion of substantial outputs, especially in performance and composition. Further UKRI allocations have enabled impactful work focusing on policy development and participatory research, notably a series of events for Dr Neta Spiro's Musical Care project, which are disseminating the findings of her work on musical care to diverse international contexts. The UKRI Enhancing Research Culture allocation has been used to support research activities by hourly-paid colleagues including overseas research trips, continuing professional development and supporting the continuation and creation of new posts such as the Knowledge Exchange and Innovation Fellow and the Research Data Officer.

In March 2023 the College submitted to the third UKRI Knowledge Exchange Framework (KEF) exercise, as an equivalent exercise to the REF, with results announced in September 2023. Our scores were consistent with the first exercise in 2020 for the Arts Cluster, when we were in the top 20% for skills, enterprise and entrepreneurship. Our revised self-score for Public Engagement reflects the improvements to be made in strategy, support and evaluation. The KEF submission showcases our knowledge exchange and public engagement activities, including the highly innovative leadership training for the United Nations Development Programme, delivered by the Centre for Performance Science in partnership with Imperial College. The College's significant knowledge exchange and public engagement activity continues to be partly funded through the Higher Education Innovation Fund (HEIF) allocation from UKRI.

Doctoral Research Training and Studentships

RCM is the only music conservatoire in London to belong to an AHRC Doctoral Training Partnership, the London Arts and Humanities Partnership (LAHP). The scheme connects eight leading London HEIs, offering generous studentships to their most outstanding doctoral students, and a programme of training that is available to all doctoral students at these institutions. In the 2023 competition, RCM has again had considerable success, securing three studentships worth over £12,000 per student per year (which is match-funded by the College). RCM currently has 14 doctoral students (including the three new entrants) supported by LAHP studentships.

MUSICAL PERFORMANCE

Bringing the notes to life

The RCM continues to burnish its reputation as a leader in the range and depth of its artistic programme, as exemplified by the world-class performers who regularly visit to work with our students. Placing learning and teaching at the heart of all its concert programmes, we aim to develop the skills and expectations of professional level performance. This year was the first that saw us return to full programming and audience capacity throughout the season, and visitors were able to witness at close quarters the extraordinary achievements of our young performers.

Autumn 2022

Orchestral concerts were notable for the depth and range of experiences. A first visit to the College by Sakari Oramo, Chief Conductor of the BBC Symphony Orchestra, brought a remarkable performance of Shostakovich's Tenth Symphony. This was followed by a performance of the same composer's Eleventh Symphony, "The Year 1905", led by Martyn Brabbins. We completed our celebration of the music of Vaughan Williams in an uplifting choral performance of his Sea Symphony. Other concerts and projects included Film Music, later recorded by the orchestra at Angel Studios, Latin American Music for Wind Orchestra with Natalia Luis Bassa and Beethoven Symphony No 8 with Chloé van Soeterstede.

Chamber music continues to be an exciting area for discovery of repertoire, both old and new, and this term featured music by composers including George Crumb, James Tenney and Ruth Crawford Seeger. Shiva Feshareki curated a programme of electronic music, showcasing also the facilities of our new Performance Hall. Masterclasses were given by visitors including Maxim Vengerov, Dame Sarah Connolly and Angela Hewitt. We celebrated the life of Julian Bream in an all-day festival; the term rounded off with an uproarious production of Offenbach's *Orpheus in the Underworld*.

Spring 2023

The spring term had a focus on American music and saw performances of music ranging from George Gershwin to Steve Reich and Florence Price to William Grant Still. Our visiting conductors included first visits from Joana Carneiro, Jessica Cottis, and RCM alumnus Wayne Marshall. We also enjoyed a stunning performance of Strauss Also Sprach Zarathustra and Bacewicz Overture, led for the first time at the RCM by Vasily Petrenko, and with an equally memorable performance of Saint-Saens by concerto competition winner, Shizuko Tatsuno. Japanese composer, Jo Kondo, featured in a number of programmes through the term.

The spring term traditionally brings a number of festivals, this year including a keyboard festival for music for four-hands and more, the International Festival of Viols, the Great Exhibitionist Series, which utilised the new spaces at the RCM to the full. Our Jazz Orchestra performed with trumpeter and singer, Georgina Jackson, and masterclass visitors included a return visit from Maxim Vengerov, and members of the Chamber Orchestra of Europe, who also led a stunning performance of Beethoven's Pastoral Symphony. The opera double bill of Respighi and Ravel showcased not only the talents of our Opera Studio and Vocal Faculty, but also the remarkable resource and creativity of our costume and theatre staff, with breathtaking sets and costumes.

Summer 2023

The summer term was framed by two large orchestral concerts, Martyn Brabbins returning to conduct the original version of Stravinsky's *Petrushka*, and Ryan Bancroft in a programme at the Queen Elizabeth Hall which included masterpieces old and new – Debussy *La Mer* and John Adams *Harmonielehrer*, along with RCM alumna Hannah Kendall's *The Sparkcatchers*.

Composition for Screen Showcase once again demonstrated the richness of talent in this area of the programme. A joint project with the Hochschule für Künste in Bremen based on John Blow, and a return for our full-day FestivALL, a student-led series of multiple concerts in a single day, all of music by, or inspired by, under-represented composers, and coinciding with our participation in the Great Exhibition Road Festival. The Festival of Percussion, held on the Coronation Weekend, was attended by more members of the public than ever before, witnessing the remarkable drummer Jojo Mayer performing with the RCM Jazz Orchestra.

Our summer opera, *Barnum's Bird*, told the tale of Jenny Lind, who later in her life helped create the RCM vocal faculty. Masterclass visitors included Jean-Yves Thibaudet and a first-ever public class by the soprano, Angela Gheorghiu, and we held our traditional concerts with all faculties, and at the Wigmore Hall in an inspiring performance of Messiaen's *Quartet for the End of Time*.

CELEBRATING SUCCESS

Shining Examples

At the RCM, we nurture exceptionally talented students in a creative environment, giving them the opportunity to develop as artists and fulfil their ambitions. Over the last year, RCM students have achieved success in many forms, securing positions in leading ensembles and training programmes, winning prestigious international competitions, reaching new audiences and contributing to a dynamic research agenda. Below is a snapshot of student successes across 2022/23.

Brass

Angus Butt won an Academy position with the Berlin Staatskapelle as bass trombonist.

Zone One Brass (formed of RCM students, alumni and freelance players) won the Brass Band National Championships Regional Contest for London and South Countries, qualifying them for finals at the Royal Albert Hall in October 2023.

Composition

Mina Salib was awarded the Silver Medal – Outstanding Achievement in Music Composition at the Global Music Awards in December, for his compositions Light and No Heroes.

Conducting

Daniel Hogan was selected to participate in the Järvi Conducting Academy where he was taught by Paavo Kristian, Neeme Järvi, and Leonid Grin.

Historical Performance

Danny Murphy was awarded First prize in the 2023 Internationaler H.I.F.Biber Wettbewerb in Austria as part of his duo with RCM alumna Beth Stone, Flutes & Frets. The duo were also selected for a Residency by the European Festivals Fund for Emerging Artists providing concert opportunities in Antwerp, York and Krakow.

Keyboard

Alim Beisembayev was selected to be a BBC New Generation Artist from September 2023. His recording 'Transcendental Etudes' was released in December 2022 and was chosen as Presto Recording of the Week.

Avishka Edirisinghe was appointed as the Assistant Chorus Director of the English National Opera.

Percussion

Toril Azzalini-Machecler was selected for the London Sinfonietta Academy scheme alongside five RCM woodwind players.

Strings

Danny Cleave has been selected for the 2023/24 Royal Liverpool Philharmonic Emerging Musicians Fellowship.

David Nebel was appointed concertmaster of the Berlin Radio Symphony Orchestra.

Jelena Horvat was awarded the 2022 Royal Philharmonic Society Emily Anderson Prize.

Katherine Yoon, Betania Johnny, Declan Wicks and Marion Portelance performed as part of the Coronation Concert at Windsor Castle which broadcast to an audience of 12.3 million people. Katherine Yoon also won First prize and the prize for best performance of a commissioned piece at the Carl Nielsen International Chamber Music Competition in Copenhagen as part of the Kleio Quartet.

Vocal & Opera

Annabel Kennedy was selected as a 2023 Jerwood Young Artists at Glyndebourne, and also won First prize in the Royal Over-Seas League Vocal Final, with fellow RCM student Madeline Boreham awarded Second Prize.

Dafydd Jones won the Ferrier Loveday Song Prize at the Kathleen Ferrier Awards at Wigmore Hall. He recently made his international debut at the Bregenzer Festspiele and will perform the title role in Albert Herring for Opera North next season.

Jamie Woollard was a 2023 Jerwood Young Artist at Glyndebourne this year and performed as Thierry in Dialogues des Carmélites in the festival. He will join the Jette Parker Artists Programme at the Royal Opera House later this year alongside RCM alumnus Ryan Davies.

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Woodwind

Adam Lee has been appointed Principal Clarinet no 2 in the BBC Scottish Symphony Orchestra and began in July 2023.

Cara Houghton, Alex Franklin, Rowan Jones, Sophia Elger, Amy Thompson were selected for all five woodwind positions in the 2023/24 London Sinfonietta Academy scheme alongside RCM percussionist Toril Azzalini-Machecler. Sophia Elger was also announced as a 2022 Hattori Foundation Senior Award Winner.

Francis Bushell and Amy Thompson have been chosen as the bassoonists in the 2023-24 Southbank Sinfonia.

Méline le Calvez was selected for the 2023/24 Royal Liverpool Philharmonic Emerging Musicians Fellowship alongside another RCM student Danny Cleave (strings).

Composition for Screen

Josh Urben was accepted onto the Royal Scottish National Orchestra's Film Composers Hub for 2022/23.

Research

Juliet Petrus named a Next Generation Leader by the influential Chinese-American organisation Committee of 100.

Sureshkumar P Sekar was awarded the Andrew Goodwin Prize 2022 by the International Association for the Study of Popular Music UK / Ireland for his video-essay Film-with-live-Orchestra Concerts: A New Hope.

RCM in the press

'The permanent collection offers a feast for the eyes wherever you look.' – BBC Music Magazine about the RCM Museum in an article titled 'Best music museums in London', January 2023.

'The centrepiece of the exhibition is a display of original cartoons by the Berlin-born humourist Gerard Hoffnung – rarely seen in public, and something of a coup for the RCM.' – The Spectator, Richard Bratby about the RCM Museum's Music, Migration and Mobility exhibition, February 2023.

'The evening was a salient reminder of the artistic quality that can be found in London's musical greenhouses.' – Bachtrack, Dominic Lowe reviewing the RCM Opera Studio's Ravel and Respighi double bill, March 2023.

'The commitment and ingenuity of this production from the RCM sets the opera school apart as one taking continued risk, more than justifying the need for celebration and support of this dedicated operatic training.' – Opera Now, Hattie Butterworth reviewing the RCM Opera Studio's Ravel and Respighi double bill, June 2023.



Shizuku Tatsuno rehearsing with Vasily Petrenko and RCM Symphony Orchestra (24 March 2023) taken by Phil Rowley

LEARNING FOR ALL

RCM Junior Department

The RCMJD offers advanced training at the highest level to young musicians aged 5-18 years, providing individually-tailored programmes of one-to-one instrumental/vocal/composition lessons, supported by chamber music, orchestra, choir and musicianship classes. The RCMJD is committed to ensuring that successful applicants are not prevented from attending the RCMJD through financial hardship and this academic year the RCMJD has allocated over £200,000 of support to families where there is the most need. Attending the RCMJD is a truly transformative and empowering experience. A large proportion of our students (about 70%) go on to study music, and many have been offered scholarships to continue their musical studies here at the RCM.

Given the increasingly challenging landscape facing young musicians in Britain today, the RCMJD has a significant role to play in supporting and nurturing the musical potential of the next generation of music students from a diverse range of backgrounds. A number of exciting musical initiatives ensure that we reach out and recruit students from diverse backgrounds and that as many students as possible are enabled to progress through to senior RCM. The RCMJD has formed partnerships with several musical organisations who share the same commitment to addressing the lack of diversity in music education, such as Nucleo and Future Talent and we make music together! Six future talent scholars enjoyed a transformational programme of lessons and ensemble activities at the RCMJD and eighteen current RCMJD/Nucleo students performed in a gala concert at Opera Holland Park in June.

Our artistic programming reflects and celebrates the diversity of the RCMJD community and works by under-represented composers featured in every major RCMJD concert in 22/23. In addition to our usual schedule of concerts, we have offered over 460 solo and chamber performance opportunities through Performance Platforms and as part of our Soloists concert series. We have presented several unique artistic projects this year at the RCMJD, including an exceptional performance of Schoenberg's Chamber Symphony No. 1 in May. Our students have also taken part in several musical projects led by senior RCM Heads of Faculty. RCMJD string players performed Ralph Vaughan-Williams' *Fantasia on a theme of Thomas Tallis* alongside senior RCM players as part of the centenary celebrations at the RCM last year and JD wind and brass players also performed alongside RCM students in a side-by-side project led by senior Heads of Faculty Marie Lloyd and Jason Evans. Our pupils have performed all over the country in some of the finest and most prestigious musical venues, including the 606 Club, St James's Piccadilly, Saddler's Hall, Cadogan Hall and St. James's Palace. RCM Sparks Juniors, Get, Set, Play students and RCMJD students performed alongside RCMJD teachers and over 1200 local children and staff from the Tri-Borough Music Hub in *Music Make Me* at the Royal Albert Hall in July.

Our unique chamber music programme continues to flourish, and our chamber music competition finalists performed at the Wigmore Hall in early July. RCMJD students continue to dominate the orchestral lists of all major youth orchestras, including the National Children's Orchestra and the National Youth Orchestra. A record number of students - 28 - gained places in the NYO for their 22/23 season, including Isabel Karlsson, the orchestral leader. Current or ex-RCMJD students currently make up just over a quarter of the NYO as a whole. JD students have also enjoyed significant successes in national and international competitions. Seven JD students competed in the category finals of the BBC Young Musician competition in 2022, including violist Jaren Zeigler, who also won our Peter Morrison competition with his electric performance of Walton's viola concerto and RCMJD percussionist Jordan Ashman won the overall title of BBC Young Musician of the year.

RCM Sparks

RCM Sparks is RCM's Learning and Participation programme providing an accessible pathway of musical learning designed to engage children from early years to age 18. Sparks run public events and activities for schools and special programmes in the local area, partnering with other institutions to provide the benefits of music education where they are needed most. Sparks work is based around learning pathways which cater for children's changing needs as they develop, so that we can continue to foster musicianship and learning skills throughout their educational journey. The programme is designed by RCM staff and led by outstanding leaders; last year Sparks worked with 145 RCM students and graduates giving them up to date and relevant training and placement experience developing a new generation of reflective music leaders. Sparks workshops offer inspirational learning experiences for all participants, with free or subsidised places available for children (and their families) who are eligible.

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Sparks has worked closely with the Tri-Borough Music Hub as a strategic delivery partner to bring live music and creative enrichment activities to schools and families in the London Boroughs of Westminster, Hammersmith & Fulham and Kensington & Chelsea. We were delighted to host various engagement activity based at the RCM including lunchtime concerts, gamelan workshops, creative workshops and for visits to the RCM Museum. Alongside the *Music Makes Me* project mentioned previously, Sparks was pleased to host and manage a pilot event for children who are deaf/hard of hearing and/or blind/partially sighted. This innovative programme, Musical Senses, was created and run in partnership with the Tri-borough Music Hub (TBMH), ABRSM and Tri-borough Music Trust. The event held at the RCM in July brought together a number of important elements - training for teachers, informing venue-based practice in order for the RCM to be truly inclusive and primarily to give young musicians an inspiring, engaging, and high-quality musical experience. The day included creative workshops and performances within the inspiring surroundings of the RCM – supported by RCM student mentors. The Minis Sparks early years programme engaged with local families in the surrounding Boroughs on a weekly basis throughout the year, supporting musical engagement from birth to pre-school. The RCM's Knowledge Exchange scheme provided funding for a second year for the innovative Musical Futures scheme which offers a training programme for early years' practitioners from the LEFY social enterprise nurseries to support high level music provision in their settings. This year the work focussed on 'training the trainer' in order to develop a culture of training practice between settings.

Sparks Juniors pupils have had a productive year. With 12 students continuing in to their final year. We are also pleased to welcome two students into the RCMJD main programme as well as others moving on to our valued partners such as the Nucleo Project, Tri-Borough Music Hub Saturday Centre, or Centre for Young Musicians. Recruitment for the next cohort of Sparks Juniors took place in the Summer term as part of a pathway with Get, Set, Play. Workshops were held throughout the Summer term at the RCM and also in some of the most deprived areas in the Tri-Borough. These highly engaging sessions lead to young people being offered a place on the Sparks Juniors programme (up to four) or accessing subsidised places with the Tri-Borough Music Hub.

Sparks has worked closely with the RCM Museum for our Explorers courses and some of the school's engagement. In conjunction with RCM faculties, Sparks offered accessible workshops at festival days including the Percussion Festival, FestivALL and the Great Exhibition Road Festival.

This year Sparks launched Springboard: Young Composers course – working with a cohort of Year 9 and 10 students from underrepresented groups over the whole year. The young composers took part in practical composition workshops developing their skills, learning about new genres and working closely with RCM musicians and composers. We are delighted that one student from this course will join RCMJD from September on a full bursary.



Young musicians aged 8–11 take part in an RCM Explorers Course, October 2022. This three-day course focused on creative music-making, storytelling, and arts and crafts – taken by Chris Christodoulou.

EMPLOYABILITY

Supporting talent and shaping futures

RCM is a world-leader in career development for musicians. We emphasise the need for students to be well-rounded, confident, and versatile communicators - in their professional engagements, and beyond. RCM graduates are highly employable - the Higher Education Statistics Agency graduate employment survey showed that an impressive 90% of RCM graduates from our 2020-21 cohort were in employment or further study fifteen months after graduating, and 100% were in high skilled work. This percentage was captured at a challenging time for arts sector employability.

RCM's Creative Careers Centre (CCC) is recognised internationally for its innovative approach to supporting young musicians. It offers resources, guidance, funding opportunities, bespoke career advice / coaching, mentoring, online workshops and presentations by industry specialists, and a broad range of professional opportunities, including performances and teaching work. For many students, the CCC helps pave the way to a successful career in music. The CCC also leads on academic modules within our degree programmes, focusing on entrepreneurship, career coaching and development, professional project management, and business-skills training. CCC partners with leading consultants, reputable arts organisations, and local communities, delivering unique career-building opportunities, and a direct route to the music industry. We enable musicians to discover their professional identity, gain practical experience, develop new skills with an entrepreneurial mind-set, and build a fulfilling professional portfolio. In addition to those already mentioned, services include weekly one-to-one support in CV / biography and job application writing, funding, marketing, self-promotion, and career planning / coaching sessions; and student / graduate aimed jobs / opportunities bulletins. We also offer access to a wide variety of professional contacts and a curated range of online career events and career-focused videos, podcasts, factsheets, interviews, and directories. The services of the CCC are available to all students and alumni for up to five years after graduation.

This year, we were delighted to announce that Grammy Award-winning composer and conductor Eric Whitacre had become an Ambassador for RCM Creative Careers. Eric has since given mentoring and careers events for students and graduates focusing on the topics of entrepreneurship, innovation, self-promotion and building a creative career.

Through the RCM's Professional Engagements Service, musicians were hired by organisations and members of the public to perform at events, work as freelance orchestral and session players, accompanists, répétiteurs, chorus members, and composers. By the end of July 2023, the service had provided musicians for 285 opportunities (of which 137 were work-placements for international students).

Performances took place at venues including the National Gallery, Windsor Castle, US Embassy, Royal Courts of Justice, and the Royal Albert Hall. We also collaborated with BBC Radio 3 for a live broadcast.

Teaching is a creative, valuable component of many musicians' careers, and a rewarding way to share musical passion and expertise. As a result, this year, the in-person and online Teaching Services, which matches members of the public to student and graduate educators, provided over 100 different teaching opportunities. For our online service, we attracted clients from Wales, Ireland, Hong Kong, and Japan.

The CCC continued to develop two exciting schemes this academic year: RCM Accelerate, and the RCM Musicians' Grant Fund. RCM Accelerate supported 11 graduating RCM students with grant funding (up to £5,000) and mentoring, which took 2 existing initiatives to the next level, and helped kick-start 4 new creative projects, 2 social enterprises, and 3 business ideas. Nicola Benedetti and the Benedetti Foundation are the Ambassadors for the RCM Accelerate scheme. The RCM Musicians' Grant Fund, available to final year students, provided 32 musicians with over £32,000 in financial assistance towards the purchase of musical instruments and/or equipment.

Passionately driven by, and constantly adapting to, the parameters of an increasingly competitive and complex music industry, the Creative Careers Centre is globally considered a leading light in the challenging field of student to professional transition.

PHILANTHROPIC SUPPORT

Securing the future of music

In 2022/23, the Royal College of Music (RCM) received many significant donations to help secure the future of music. We wish to recognise the Victor Ford Foundation, the estate of Jill Anderson, the Croucher Hong Kong Charitable Foundation, The Oak Foundation, the estate of Gerald Webster and the inspired support from our senior volunteers and all loyal supporters who have enabled us to be the top performing global arts institution, once again.

During 2022/23 more than 1,500 supporters donated to the Royal College of Music (RCM), demonstrating the effectiveness and impact of the RCM's fundraising activities. The RCM's internal and dedicated fundraising and alumni engagement team carefully follow the UK Code of Fundraising Practice and our approach is set out in detail in the Fund-raising Regulation page below.

In addition to philanthropic support, RCM's Development & Alumni Engagement team manages venue hire at the College which generated almost £200,000 of income this year. The surplus from these activities also contributed to our core activities, including access, scholarships and innovation.

Our outreach – providing access to music

Our supporters play a vital role in our outreach programmes for young people: Sparks and RCM Junior Department. We are especially grateful to the Wolfson Foundation and The Leverhulme Trust for their longstanding multiyear commitment to Junior Department bursaries, which allow students aged 8-18 from underprivileged backgrounds to study intensively and consider careers in music.

Our students – supporting the most talented

In 2022/23, we awarded over £3.6 million in financial support, benefitting over 50% of the student body, thanks to the generous support of many individuals, trusts, organisations and legators. Each donation has played an essential role in enabling us to fulfil our mission to provide exceptional music education to talented young musicians from all backgrounds.

We also received significant matching gifts from Victoria, Lady Robey HonRCM and the Victor Dahdaleh Foundation for the Equity, Diversity, and Inclusion (EDI) Matching Fund for Scholarships and Bursaries to support this vital area of our work.

Our future – cultivating innovation

Philanthropy at the RCM is helping to ensure that classical music in Britain and beyond continues to thrive and that our talented students can fulfil their potential as future performers, educators, and researchers. Despite the challenges linked to new visa requirements for European musicians and some lingering covid restrictions in Asia, this year we delivered a diverse and exciting programme of performances and masterclasses that benefited both our students and the public. These opportunities are invaluable and transformative, but cannot be covered by tuition income alone, and we rely on the community to ensure that they can continue to happen.

From becoming an RCM Friend to leaving a gift in your Will, every contribution truly makes a difference. We especially value this kind commitment in the face of increasing living costs, and we owe a humble debt of gratitude to all our supporters for their key role in helping to secure the future of music.

FUNDRAISING REGULATION

As part of our commitment to the Charities (Protection and Social Investment) Act 2016, the statement below outlines how the Royal College of Music (RCM) undertakes its fundraising activities.

1) What is the approach taken by the RCM for the purpose of fund-raising, and whether a professional fund-raiser or commercial participator carried on any of those activities?

RCM directly employs a team of fundraising professionals to develop connections and seek donations from trusts and foundations, corporations, alumni and other individuals who have an interest in our work. In 2022/23, this fundraising was carried out to advance and support our mission and included a combination of digital appeals and individual fundraising. In 2022/23, the College did not use the services of external fundraising agencies.

2) Was the RCM or any person acting on its behalf subject to an undertaking to be bound by any voluntary scheme for regulating fund-raising, or any voluntary standard of fund-raising, in respect of activities on behalf of the College, and, if so, what scheme or standard?

RCM is governed by the Fundraising Code of Practice and subscribes to the Fundraising Regulator. Additionally, the College is an active member of the Council for the Advancement and Support of Education (CASE) and we maintain involvement with the Chartered Institute of Fundraising (CloF), to help us ensure best practice on an ongoing basis.

3) Was there any failure to comply with a scheme or standard mentioned under paragraph (2)?

The College has not identified, nor been notified of, any failures to comply with the Code of Fundraising Practice, or of any other best practice as noted by CASE, the CloF or the Data & Marketing Commission for the purposes of fundraising or engagement.

4) Did RCM monitor activities carried on by any person on its behalf for the purpose of fund-raising, and, if so, how did it do so?

RCM did not use the paid services of any non-staff member for fundraising in 2022/23. We have a dedicated group of senior volunteers who support fundraising in close collaboration with RCM's internal Development team, focused on building relationships with sophisticated investors and philanthropists. Additionally, the College works with external suppliers such as those who print and send large mailings on our behalf, normally once or twice a year. In these cases, we have robust contracts in place to ensure those companies comply with the relevant data protection legislation.

5) What is the number of complaints received by the RCM or a person acting on our behalf about activities carried out for the purpose of fund-raising?

The RCM has a process to monitor and address any complaints about fundraising, and in 2022/23 we had no complaints about fundraising raised through this process.

6) What does the RCM do to protect vulnerable people and other members of the public from behaviour within subsection (2) during, or in connection with, such activities?

Our approach is to make sure that our appeals are proportionate to an individual's links to the RCM, with several ways to tailor how they hear from us and with opt-in only e-communication. This approach is part of our ongoing commitment to protecting vulnerable people while ensuring that those who want to support can do so in a way that works for them. Staff engaged in fundraising are made aware of the Chartered Institute of Fundraising's 'Treating Donors Fairly' guidance, as well as section 1.3 of the Code of Fundraising Practice, as part of their induction. If any member of staff has reason for concern about the potential vulnerability of any constituent or prospective donor, they will not progress further contact with that individual until a further assessment is complete.

EQUALITY, DIVERSITY, AND INCLUSION

During 2022-23 the College has reinforced and extended its commitment to Equality, Diversity, and Inclusion in five key areas that reach across all areas of our work: access and participation; staff training and recruitment; our artistic programme and curriculum; awareness raising; and governance.

Access & Participation

The College's [Access & Participation Plan](#) sets out the College's targets and activities to address inequality of access to higher education, as approved by the OfS. These cover a range of underrepresented groups.

At the end of 2022-23 the College is on track to increase the percentage of UK-domiciled undergraduate new entrants who identify as coming from a Black, Asian or ethnically diverse background from 10% to 14% by 2024-25 (three-year rolling average). The spend on new scholarships for Black, Asian or ethnically diverse students is expected to increase from £27,750 to £46,250* for 2023-24.

The College also has a target to increase the percentage of UK-domiciled undergraduate new entrants from areas of low participation in Higher Education, defined as the "POLAR4 quintile 1", from 4.68% to 9% by 2024-25 (three-year rolling average). Recruitment for 2023/24 has been better than expected in this particularly challenging area, and at the end of 2022-23 we estimate that we are on track to exceed our target with 12.9% of UK domiciled enrolments expected from POLAR4 quintile 1 students. New tuition fee bursaries for POLAR4 quintile 1 students are expected to increase threefold, to £64,750*, demonstrating the College's commitment to reducing financial barriers for students from under-represented groups.

Staff Training and Recruitment

Our EDI training initiatives continue to grow and are reaching a wider range of staff. In addition to compulsory EDI training for all new staff, during 2022-23 we offered all staff access to training in Unconscious Bias, Being an Active Bystander, Mental Health Awareness, Menopause Awareness, and Men's Mental Health. Our team of trained Mental Health First Aiders has grown from 19 to 27. A new online 'Supporting our Students' staff hub provides comprehensive information for staff on inclusive teaching practices and support for disabled students, topics which have been explored further through in-person training for teaching staff. We continue to monitor closely the diversity of our staff and recognise that this is a priority area. All RCM vacancies are now advertised widely to reach a diverse pool of potential applicants.

Artistic Programme and Curriculum

EDI is a cornerstone of curriculum enhancement at the College. During academic session 2022-23 we demonstrated deepening of our commitment to representation through the creation of the Equity, Diversity, and Inclusion Visiting Artists Fund. Established with the generous support of Victoria, Lady Robey HonRCM, this initiative enables exceptional musicians, teachers, and leaders from underrepresented backgrounds to work with RCM students. Highlights during 2022-23 have included masterclasses with Samantha Ege and Weston Sprott, the RCM Jazz Orchestra directed by Georgina Jackson, an Orchestral Masterworks concert conducted by Wayne Marshall, our annual FestivALL of music by diverse and underrepresented composers, and the RCM Symphony Orchestra concert at the Southbank Centre, conducted by Ryan Bancroft and featuring a work by Hannah Kendall. Our curriculum at junior, undergraduate, postgraduate taught and doctoral levels is continually updated to improve representation and embed more inclusive approaches to learning, teaching, and assessment.

Raising Awareness

For 2021-22 the College introduced mandatory training in consent for all students through 'Consent Matters: Boundaries, Respect, and Positive Intervention', an online course developed specifically for students in higher education. The training was introduced to all new students during Induction Week through a presentation on 'Respect at the RCM', which was co-delivered by staff and the Students' Union. The Students' Union also engaged in bespoke EDI training delivered by Tonic, a specialist provider of EDI training for arts organisations. We continue to enhance the representation of diverse participants and voices across physical and virtual areas of the College, from a new photo display in the café to the many hundreds of social media posts during 2022-23 that demonstrated the importance of representation across our concerts, visiting artists, student projects, and research.

Governance

The RCM Council continues to demonstrate its full commitment to the area of EDI through Council representation on the EDI Committee and termly review of progress with the College's EDI action plan at all Council meetings.

VALUE FOR MONEY

Shared services and procurement

Value for money (VfM) is important to us and to our students. The College strives to deliver the best for our students by optimising the effectiveness of expenditure in support of the student experience. We endeavour to use all of our resources to fulfil our commitments to students, funders and partners – whilst ensuring the current and future success of the College. Financial decision making is scrutinised by the Council, with student representation from the Students' Union.

Shared services and collaborations are an important part of RCM's operation as we seek to obtain value for money, in all senses of the term. We have a long and successful history of working with others, including:

- UCAS Conservatoires: the admissions service created and owned by eight Music Conservatoires;
- Virtual Conservatoire: a collaboration with Royal Academy of Music (RAM), and Conservatoire for Dance & Drama to develop new teaching, learning and performance methodologies and spaces;
- Global Conservatoire: a digital learning environment in partnership with Manhattan School of Music, the Royal Danish Academy of Music, the University of Music and Performing Arts Vienna, and the Conservatorium van Amsterdam.
- National network of museums: in partnership with RAM, Horniman Museum and University of Edinburgh, delivering scientifically refined records on more than 40,000 musical instruments;
- Imperial College: provide services where both partners benefit from economies of scale from higher volumes, including catering, occupational health and student/staff health;
- KCG: universities' internal audit consortium with around fifteen members;
- The Energy Consortium: a leader of collaborative energy procurement, particularly to higher education institutions and colleges;
- Exhibition Road Cultural Group: champions the collective view of its members, encouraging cross-fertilisation of audiences between members; running joint events; and sharing staff expertise; and
- South Ken ZEN+ Sustainable Procurement: focuses on reducing carbon emissions for members of the Exhibition Road Cultural Group.

Strong procurement practices are important for achieving and delivering VfM solutions and our procurement program continued to support this goal by providing:

- procurement advice: contract management, tenders and supplier engagement delivery strategies;
- procurement training and guidance: guidance to help embed best practice throughout RCM and training to RCM staff to refresh basic procurement knowledge;
- strategy: an overall procurement strategy to reflect RCM's updated strategic plan; and
- contracts database: to store and maintain up-to-date contract documentation to help manage risks throughout the life of a contract.

RCM buys procurement services from Ensemble Purchasing, a cost sharing company owned by HEIs, to provide shared procurement services. RCM is also an active member of the London Universities Purchasing Consortium (LUPC), a London-wide procurement consortium owned by higher education institutions and third sector organisations.

SUSTAINABILITY

A leader in the sector

Sustainability strategy

Our aim is to be the UK's most sustainable conservatoire, embedding leading environmental and social practices in everything we do.

The Royal College of Music is well placed as a sustainability leader. Values such as stewardship and 'preserving for the future' are a core part of what our conservatoire is about. Our success in living these values, ensuring a sustainable future for music and music education is why the College is the world's leading higher education provider for the performing arts. It is also why the College has world-leading community engagement programmes and enviable library and museum collections. At the heart of this strategy is the ambition to contribute to a better world for our students, staff and audiences; everyone who is involved in our activities as an organisation and beyond. The College will champion the power of music and the Arts to move, educate and inspire positive change.

Our Sustainability Strategy, published in 2022/23, sets out our strategy in five areas:

Sustainability in teaching and research

As a higher education provider, integrating sustainability into the mission of the RCM means to educate new generations of musicians and sustainability stewards to carry on the institution's core values.

Support music, culture and diversity

The long-term success of the RCM's mission is underpinned by the ability to continue to foster talent, ensure equitable access to opportunity and inspire sustained enthusiasm for classical music.

Sustainable operations

In adopting a sustainability strategy, the RCM must take responsibility for the College's environmental and social impacts and place sustainability at the centre of all operations.

Sustainable partners and suppliers

Tying sustainability into the terms and conditions for collaborating with others signals the RCM's commitment to environmental and social responsibility and helps promote good practices elsewhere.

Health and wellbeing

Caring for the safety and ongoing wellbeing of students, staff and alumni is fundamental to sustaining a resilient, passionate and supportive environment in which no-one is left behind.

The strategy is supported by the Education for Sustainable Development Strategy, which was published in 2021/22.

Recognition

The RCM's achievements in improving our sustainability performance were recognised in the 2022/23 People & Planet University League, receiving a no. 1 ranking for universities with fewer than 5,000 students. This is an independent league table of UK universities ranked by environmental and ethical performance. We are also pleased that our Environmental Management System has again been certified to ISO14001:2015, the globally recognised gold standard for environmental management.

Students and staff

As well as working to minimise environmental impacts, the RCM continues to engage with students and staff on sustainability issues. Our annual Green Week took place in February 2023, a week-long festival of events and activities. The programme was designed to inform students and staff of the work the RCM is doing to become more sustainable, provide opportunities to learn about sustainability and offer ideas and support as to what they can do in their everyday lives and as musicians to ensure a better future for the planet.

Influencing beyond the College

The RCM is an active member of the South Ken ZEN+ group, established by the Exhibition Road Cultural Group (ERCG) in 2022 with support from the 1851 Commission. The objective is to harness the collective power of the ERCG institutions and transform South Kensington into a net zero emissions and nature-positive neighbourhood. Last year the group achieved a significant milestone in defining the proposition for South Ken ZEN+ and garnered positive support across the ERCG.

Our Carbon Management plan

In line with the Government's climate change targets, in our Carbon Management Plan we aim to achieve net zero carbon by 2035. From our 2004/05 baseline, we will reduce our emissions from gas and electricity use by 73% by 2027 and 100% by 2035. We are ahead of the interim target, having reduced carbon emissions by 79% in 2022/23 from the baseline, primarily due to switching to a zero-carbon electricity tariff.

In 2022/23 we have continued our work to decarbonise heating and hot water systems and improve energy efficiency. Projects have included:

- Concert Hall Lighting Upgrade – we have replaced the tungsten stage lighting with LED fixtures. It is estimated that the new lighting will result in a reduction in carbon emissions of around 38 tonnes CO₂e per annum;
- Proximity (PIR) Sensors – these have been installed in all corridors in 39 Jay Mews to control lighting automatically; and
- Energy Consumption Analysis – we are using a system which uses machine learning to analyse data from our gas and electricity meters. The tool will identify consumption patterns and spot signs of energy waste, which can then be used to adjust the behaviour of the building management system.

To achieve net zero, we will also need to reduce our indirect emissions, including those relating to procurement, investments and staff and student travel. These emissions make up some 93% of the RCM's total carbon footprint. We aim to reduce our indirect emissions to zero by 2035, by taking action where we have direct control and by encouraging our partners to reduce emissions.

Ethical Investments

The College's investments have a value of £45.6m, and mostly relate to restricted endowment funds supporting scholarships and awards in both the Senior and Junior College which originally came from generous donations and legacies from individuals and trusts who wish to support our students financially. These investments are managed in line with our Policy for Responsible Investment, which sets out our approach to environmental, social and governance (ESG) matters. Our fund managers are appointed not only on their investment track record but also on their approach to ESG. They actively engage with the companies held in our portfolio to improve their ESG characteristics.

Investment managers are required to report once a year on how ESG factors are incorporated into their investment process, engagement activity and results, voting activity, the investment manager's approach to mitigating climate change, the carbon footprint (scope 1 and 2) of the investment portfolio, and the portfolio's exposure to areas that could be of concern such as fossil fuels, as well as sustainable and impact investments.

The Policy for Responsible Investment deliberately minimises the number of explicit exclusions, recognising the limitations of exclusions as blunt instruments for change. Oversight of both investment and ESG activities of our fund managers is provided by the Investment Committee, a sub-committee of the Finance & General Purposes Committee which is constituted formally with terms of reference and is chaired by an independent member of Council.

ESTATES

Providing fitting surroundings for gifted musicians

RCM was founded in 1883, and the main Blomfield Building opened for music teaching in 1894. Subsequent additions include the Concert Hall (1901), the South Building (1965), the Opera Theatre (1986), Prince Consort Village (2016), RCM Jay Mews (2019), the More Music building development (2020) and the Wolfson Centre in Music & Material Culture (2021).

We have adopted an Estates Strategy which outlines how we will continue to develop our Estate to support learning, teaching and research and to realise our artistic vision by providing:

- Concert, opera and other performance spaces that reflect contemporary standards of sound insulation and lighting;
- Well-resourced, digitally enabled and comfortable teaching and practice rooms, appropriate to the needs of students;
- Space for specialist areas such as musical instrument workshops, museum, student accommodation, library, recording studios, percussion space and computer rooms for composition and general ICT;
- Events spaces that are maintained at a level which attracts clients from the music, educational, professional and commercial world;
- Flexible office space for academic and administrative staff; and
- Good quality student, staff and visitor social spaces designed to protect the well-being, health and safety of the RCM community, with a welcoming environment to all those using the RCM.

In order to support our vision, we embarked on an ambitious Estates development programme. A number of projects have been delivered over the last few years:

- The RCM hall of residence, Prince Consort Village, opened in 2016 providing high-quality accommodation for more than 400 students. Situated on Goldhawk Road, it comprises studio apartments, en-suite rooms and standard rooms.
- The More Music building development was completed in March 2020, just under three years from the start of construction in 2017, and within budget. It includes two new performance venues, new social spaces and new café bar facilities;
- Our new Museum, located at the heart of the More Music development has undergone a complete redevelopment and opened to the public in October 2021. This interactive space maintains one of the richest and most relevant collections of music-related objects in the UK and Europe and hosts regular performances by RCM musicians;
- The Wolfson Centre in Music & Material Culture was completed in May 2021 and forms part of the College's strategy for widening access to its archive collections under the umbrella of the new Museum. This space provides easy access to parts of the Collections to teach small classes, as well as undertaking individual research by RCM Professors;
- Staff moved to new offices in RCM Jay Mews in January 2020, which also houses valuable new rehearsal and practice facilities as well as additional accommodation for teaching, research and office space;
- A campus optimisation exercise was implemented in September 2022 to promote agile and flexible working and to provide additional music and teaching rooms and hot desking areas across the Estate.

As a world leading institution, we are aware of our responsibilities to manage the impact of our operations on the Environment. We continually invest in our facilities to ensure RCM students have the very best opportunities. Our impressive performance spaces are matched by a top-quality academic and technical provision, such as our historic library and professional-grade studios. We are committed to providing the RCM community with a dynamic, vibrant estate with cutting edge facilities for students, staff and visitors alike.

CORPORATE GOVERNANCE & RESPONSIBILITIES OF COUNCIL

Good governance

This statement of corporate governance and responsibilities of Council covers the period from 1 August 2022 up to the date of these Financial Statements.

Committee of University Chairs (CUC) Higher Education Code of Governance

RCM is compliant with the CUC Higher Education Code of Governance, as revised in September 2020. In 2022/23, the Council undertook a periodic effectiveness review, an expectation of the Code. A number of minor actions were implemented together with a change to the Terms of Reference of the Audit and Risk Committee (previously the Audit Committee) to allocate to it the primary governance responsibility for risk, with the Financial and General Purposes Committee having an ongoing role to scrutinise the Directorate's risk management activity and plans.

Statement of primary responsibilities

The Council is responsible for:

- approving the mission and strategic vision of the College, long-term business plans, key performance indicators (KPIs) and annual budgets, and ensuring that these meet the interests of stakeholders;
- appointing the Director and putting in place suitable arrangements for monitoring his/her performance;
- ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, clear procedures for handling internal grievances and for managing conflicts of interest; and
- monitoring institutional performance against plans and approved KPIs, which are, where possible and appropriate, benchmarked against other institutions.

Structure of corporate governance

The RCM Council, which meets at least four times a year, is responsible for the strategic direction of RCM and for all major developments. In fulfilling its responsibilities for administration and management of RCM's affairs, the Council approves the annual revenue and capital budgets and audited financial statements for each financial year prepared in accordance with relevant accounting standards. The Council's membership and powers are laid down in RCM's Royal Charter and Statutes. The maximum number of Council members is 25, three of whom are elected from among RCM staff and at least 10 of whom are independent members. The President, Director, Deputy Director and Students' Union President are *ex officio* members. The Chairman and Deputy Chairman are drawn from the independent members. For the purposes of the Charities Act 2011, members of Council are RCM trustees.

The Council is responsible for interactions between RCM and the OfS, and its designated bodies, and for ensuring RCM's compliance with all OfS' conditions of registration and accounts direction. The Council has nominated the RCM Director as the accountable officer who has the responsibilities set out by the OfS for an accountable officer. From March 6th 2023 to September 30th 2023 this role was fulfilled by the Acting Director, as notified to, and approved by the OfS.

The Council has a Finance and General Purposes Committee (F&GPC) which meets five times a year. The F&GPC's responsibilities include monitoring performance in relation to approved budgets and scrutinises the Directorate's risk management process. The F&GPC scrutinises the annual financial statements ahead of consideration by Audit and Risk Committee and Council and reviews financial forecasts and management accounts and makes recommendations to Council. In reviewing and approving the Financial Regulations, the F&GPC ensures regularity and propriety in the use of public funding. The F&GPC also reviews minutes of the Health and Safety Committee in order to monitor compliance and practice on behalf of Council. The Investment Committee (meets at least twice a year) and the Estates Committee (meets three times a year) are sub-committees of the F&GPC, are constituted formally with terms of reference and are each chaired by an independent member of Council.

The Audit and Risk Assurance Committee (A&RAC), previously the Audit Committee, reports directly to Council. It normally meets three times a year and has a key role in the RCM accountability framework. It advises the Council on the effectiveness of arrangements for risk management, control and governance, efficiency and effectiveness (value for money), for management and quality assurance of data submitted to the Higher Education Statistics Agency, the Student Loans Company, OfS and other bodies. Meetings are held with external auditors (MHA) to discuss audit findings, and

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with internal auditors (KCG) to consider internal audit reports and recommendations for improvement of the internal control system, together with management's responses and implementation plans. The A&RAC considers RCM's annual financial statements, taking into account the views of external and internal auditors, the F&GPC and Directorate, and makes recommendations to the Council. The A&RAC also receives reports on value for money, which provide assurance that RCM has appropriate arrangements to achieve value for money. The A&RAC meets privately with each of the external and internal auditors at least once a year.

The Remuneration Committee sets salaries and terms and conditions of the RCM Director and other senior staff. Its constitution and terms of reference are in-line with the CUC Higher Education Senior Staff Remuneration Code and the Committee produces an annual report for the RCM Council on remuneration of the Director and other senior staff (this can be found on RCM's website). The Director is not a member of the Remuneration Committee.

The Nominations Committee makes recommendations to the Council for the appointment of new Council members, committee membership and for honorary awards.

The Senate reports to the Council and advises it on all academic matters. It meets at least three times a year dealing with academic policies and quality assurance; sub-committees support its work.

The Directorate meets regularly and is responsible for managing RCM in the context of the Strategic Plan and Mission Statement. The Directorate reviews and updates RCM's Strategic Plan and produces annual planning statements and reviews, for consideration by Senate and F&GPC and for approval by Council. The Directorate is also responsible for implementing risk management policies and identifying and evaluating significant risks facing RCM for the A&RAC's consideration.

Transparency is achieved by ensuring details of the structure of corporate governance are readily accessible on the RCM website, including Committee structures, their terms of reference and membership, and schedules.

Basis of financial statements

The Council is satisfied that RCM has adequate resources to continue in operation for the foreseeable future, and is satisfied that there is no material uncertainty in relation to that. For this reason the 'going concern' basis continues to be adopted in preparation of the financial statements.

In July a five year Financial Forecast to 2027/28 was approved by Council which showed a sustainable plan throughout the period. A full stress test was included with the five year forecast including amongst other downside scenarios the impact of higher cost inflation, reduced Overseas student numbers and lower income from donations. The combined stress test demonstrated that the College would not run out of funds, even in the worst-case scenario where all adverse scenarios took place concurrently and no mitigating actions were taken.

In September 2023 the £11m RCF was extended by one year to October 2026, providing reassurance over the availability of funding over that period.

In October, F&GPC reviewed an update of the scenarios and stress test which reflected the latest student numbers and other known changes and was satisfied that the conclusions above remained valid. F&GPC noted that management achieved a surplus for 2022/23 that was significantly better than the budget and that the amount drawn on the RCF reduced by £2.5million during the year to £1.5million at 31 July 2023.

F&GPC reported to Council that RCM has adequate resources to continue in operation for the foreseeable future, and that it is satisfied that there is no material uncertainty in relation to that. For this reason the 'going concern' basis continues to be adopted in preparation of the financial statements.

As well as taking into account the work done by F&GPC and its recommendation, the Council noted that the College's projected unrestricted cash plus investments remained higher than its borrowings throughout the five year plan period, and that the new Revolving Credit Facility would remain in place until October 2026. On this basis, whilst the Council recognise that there are uncertainties in the forecast, the Council do not consider that there is material uncertainty.

The Council reviews the annual sustainability report, incorporating key performance indicators. The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time RCM's financial position and enable it to ensure that financial statements are prepared in accordance with the Royal Charter, the Accounts Direction issued by the Office for Students, the Terms and conditions of funding for higher education institutions issued by the Office for Students and the Terms and conditions of Research England Grant, the Statement of Recommended Practice:

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Accounting for Further and Higher Education and applicable accounting standards. In addition, under the Terms and conditions of funding for higher education institutions issued by the Office for Students, the Council, through its designated office-holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of its surplus or deficit and cash flows for that year. The Council has also given careful consideration to the requirements contained in the Charities Act 2011 and in particular to the Charity Commission's guidance on public benefit.

In preparing the financial statements, the Council has ensured that: suitable accounting policies are selected and applied consistently; reasonable and prudent judgements and estimates are made and applicable accounting standards are followed; and the financial statements have been prepared on the going concern basis unless it is not appropriate to presume that RCM will continue in operation.

Financial statements are published on the RCM website in accordance with UK legislation governing preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. Maintenance and integrity of the website is the responsibility of the members of the Council and this responsibility extends to the integrity of the financial statements contained therein. Through work undertaken on its behalf, by the F&GPC and the A&RAC, the Council believes that it has taken reasonable steps to:

- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- ensure that OfS and Research England funds are used only for the purposes for which they have been given;
- safeguard RCM's assets and prevent fraud; and
- secure the economical, efficient and effective management of RCM's resources and expenditure.

Accounting records

All accounting records have been made available to the auditors for the purpose of their audit and all transactions have been properly reflected and recorded in the accounting records. All other records and related information which might affect the truth and fairness of the financial statements, including minutes of Council and other meetings, have been made available to the auditors. As far as the Council is aware, there is no relevant audit information of which the auditors are unaware.

Internal control and risk management

The Council has responsibility for maintaining a sound system of internal control that supports achievement of policies, aims and objectives, while safeguarding public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Council in the Charter and Statutes and the OfS terms and conditions of funding for higher education institutions. The system of internal control is designed to manage rather than eliminate risk of failure to achieve policies, aims and objectives; therefore, it provides only reasonable and not absolute assurance of effectiveness. The internal control system is based on an ongoing process designed to identify risks that might hinder realisation of our policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place during the year ended 31 July 2023 and up to the date of approval of the financial statements, and accords with OfS guidance. The Council has responsibility for reviewing the effectiveness of the internal control systems and the following processes have been established:

- the Council meets at least four times per annum and considers RCM's plans and strategic direction;
- the Council receives minutes of each A&RAC meeting, together with an annual report which provides an opinion as to RCM's arrangements for risk management, internal control, governance, data quality and value for money;
- the Council receives regular reports from the Directorate on steps it is taking to manage risks, including progress reports on key projects;
- the A&RAC keep under review the effectiveness of risk management, control and governance arrangements and the F&GPC is responsible for scrutiny of risk management;
- a system of key performance indicators has been developed and agreed; these are used to consider performance and make an overall assessment of institutional sustainability;
- a risk prioritisation methodology based on risk ranking has been established;
- an RCM-wide risk register is maintained and this is reviewed regularly by the Directorate, in order to identify and update the record of risks facing RCM;

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- training for managers with responsibility for areas involving high-level risk includes attendance at relevant workshops;
- an annual review conducted by the Directorate is presented in writing to the F&GPC for discussion, and reported to the Council.

The review of effectiveness of the internal control system is informed by reports from internal auditors, who have maintained adoption of the 2018 OfS Audit Code of Practice, even though it is no longer required under the OfS Terms and conditions of funding, while also complying with the more limited requirements contained in "Regulatory advice 2: Registration of current providers for 2019/20". The internal auditors submit regular reports, which include their opinion on the adequacy and effectiveness of the system of internal control, with recommendations for improvement. The Council's review of effectiveness of the internal control system is also informed by the work of the Directorate, who are responsible for developing and maintaining the internal control framework, and by comments from the external auditors in their various reports.

During the period of this report, no significant internal control weaknesses or failures were identified.

Equality, Diversity and Inclusion

RCM is committed to its equal opportunities policy and aims to ensure that no student, member of staff or visitor is subjected to unfair discrimination. The Equality Act 2010 covers the following 'protected characteristics': age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership, pregnancy and maternity; RCM policies, procedures and training programmes reflect the Act.

The Equality, Diversity and Inclusion policy and action plan was approved by Council in November 2020 and the EDI Committee of Council and Senate monitors and ensures action in accordance with the action plan.

The RCM Access & Participation Plan embodies RCM's strategic plan for providing access to an inspirational learning experience for the widest possible range of students and serves as a mechanism to measure our compliance with the Equality Act. Key objectives focus on disability, social deprivation and the black and minority ethnic population seeking to: encourage applications, enable participation and enable student success; and raise aspiration to engage with music and to study at higher education level.

Further information on new Equality, Diversity and Inclusion at the RCM may be found on our website <https://www.rcm.ac.uk/about/strategies-values/people-equality-diversity/>



Lord Black of Brentwood
Chairman
22 November 2023



Professor Colin Lawson CBE FRCM
Director
22 November 2023

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF THE ROYAL COLLEGE OF MUSIC

Opinion

We have audited the financial statements of Royal College of Music (the 'College') for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Cash Flow Statement and the related notes, including a statement of principal 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).

The financial statements have been prepared in accordance with Statement of Recommended Practice Accounting for Further and Higher Education 2019 in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations, The Charities (Accounts and Reports) Regulations 2008, but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015. In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023 and of its incoming resources and application of resources 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 Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Council are responsible for the other information contained within the Annual Report. 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of the Council

As explained more fully in the Corporate Governance and Responsibilities of the Council Statement, the Council are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the Council 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 Council are responsible for assessing the College'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 Council either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

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:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of staff to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;

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- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Report on other legal and regulatory

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students ('the Accounts Direction').

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by OfS and UK Research and Innovation (including Research England) have been applied in accordance with the relevant terms and conditions;
- Expenditure on access and participation disclosed in the financial statements is not materially misstated; and
- the financial statements meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students.

We are also required by the Accounts Direction to report where the results of our audit work indicate that the College's grant and fee income, as disclosed in the notes to the financial statements, has been materially misstated. We have nothing to report in these respects.

Use of our report

This report is made solely to the Council, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Council 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 Group and College and its Council, as a body, for our audit work, for this report, or for the opinions we have formed.

The logo for MHA, consisting of the letters 'MHA' in a stylized, handwritten font.

MHA
Statutory Auditor
London, United Kingdom

Date: 14 December 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

MHA MacIntyre Hudson is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education and in accordance with Financial Reporting Standard 102 (FRS 102). They have also been prepared in accordance with Accounts Direction issued by the Office for Students (OfS), the Terms and Conditions of funding for higher education institutions issued by the OfS, and the Terms and Conditions of Research England Grant. RCM is a public benefit entity and has therefore applied the relevant public benefit provisions of FRS 102.

We have not produced consolidated financial statements as the inclusion of the subsidiary company, RCM Business Enterprises Limited, in the consolidated accounts is not material for the purposes of giving a true and fair view.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

Leases

in determining whether leases entered into by RCM as a lessor or a lessee are operating or finance leases, management has assessed whether risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis. With regard to the lease granted by RCM to CLV for student accommodation at Prince Consort Village, management determined that this transaction is a service concession for accounting purposes. However, each year RCM nominates bedrooms for students in the range of zero to 417 and the only liability which could fall on RCM is any rental shortfall on its nominated rooms in each year. In this arrangement there are no payments which meet the definition of 'minimum lease payments'.

Tangible assets and investments

in determining whether there are indicators of impairment of RCM's tangible and investment assets, management have taken into consideration factors including economic viability and expected future financial performance of assets.

Pensions

in determining the estimate of the RCM Pension & Assurance (RCMP&AS) defined benefit scheme surplus management has reviewed the critical underlying assumptions. The pension asset has not been recognised as such in the Statement of Financial Position as we are unable to recover the surplus through reduced ongoing contributions and the likelihood of a refund from the scheme is remote.

USS is a multi-employer scheme consisting of members not under common control, whereby the liabilities of the scheme cannot be separately attributable to individual employers. RCM has an obligation to fund the deficit recovery plan, and this liability is recognised as a pensions provision, calculated as the discounted fair value of the contractual contributions payable under the recovery plan in existence at the Balance Sheet date. The key assumptions used to calculate the USS deficit provision are disclosed in the notes to the accounts.

The Associated Board of the Royal Schools of Music (ABRSM)

RCM has a 25% interest in ABRSM which is carried at cost less any accumulated impairment losses. ABRSM is not considered to be an associate; although RCM holds an effective 25% interest in ABRSM, it controls less than 20% of the votes on the Board, and as a result RCM does not significantly influence the level of distributions it receives from ABRSM. Distributions from ABRSM are shown within Investment Income.

3. Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Income is only recognised in the financial statement when all of the following criteria are met:

- Entitlement – control over the rights or other access to the economic benefit has passed to the College;
- Probable – it is more likely than not that the economic benefits associated with the transaction or gift will flow to the College; and

- Measurement – the monetary value or amount of the income can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Fee income is stated gross of expenditure which is not a discount and credited to the statement of comprehensive income over the period in which students are studying. Where a tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income. Investment income is credited to the statement of comprehensive income and expenditure on a receivable basis. Funds which RCM receives and disburses as a paying agent on behalf of a funding body are excluded from the statement of comprehensive income and expenditure where RCM is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grant funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which RCM recognises the related costs for which the grant is intended. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate. Grants (including research grants) from non-government sources are recognised in income when RCM 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.

Donations and endowments

Donations and endowments with donor-imposed restrictions are recognised in income when RCM is entitled to the funds. Income is retained within “restricted reserves” until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer. Donations with no restrictions are recognised in income when RCM is entitled to the funds. Investment income and appreciation of endowments is recorded in income in the year in which it arises as either restricted or unrestricted income according to the terms and restrictions for each individual endowment fund. There are four main types of donations and endowments identified within reserves:

1. restricted donations - the donor has specified that the donation must be used for a particular objective;
2. unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of RCM;
3. restricted expendable endowments - the donor has specified a particular objective, and RCM has the power to use both the capital and the income; and
4. restricted permanent endowments - the donor has specified that the fund is to be held permanently and only income arising can be applied to a particular objective.

Capital grants

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

Trade debtors

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

4. Accounting for retirement benefits

The principal pension schemes for RCM staff are the Universities Superannuation Scheme, Teachers Pension Scheme, and National Employment Savings Trust. A fourth scheme, the RCM Pension and Assurance Scheme was closed to future accrual in 2007. Accounting policies for each scheme are shown in note 27 to the financial statements.

5. Employment benefits

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

6. Termination benefits / loss of office

The College recognises a liability and expense for termination benefits at the date when it can no longer withdraw the offer of those benefits or, if earlier, when it recognises costs for a restructuring that involves the payment of termination benefits.

7. Finance Leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of a finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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 life of the lease.

9. Service concession arrangements

A service concession arrangement is an arrangement whereby the College contracts with a private operator to develop, operate and maintain an infrastructure asset. The College regulates services the operator can provide managing the asset, to whom, and at what price, and controls any significant residual interest in the asset at the end of the term of the arrangement.

Fixed assets held under service concession arrangements are recognised on the Statement of Financial Position at the present value of the minimum lease payments when the assets are brought into use, with a corresponding financial liability.

Under the service concession arrangement with Campus Living Villages for student accommodation at Prince Consort Village, there are no payments which meet the definition of 'minimum lease payments', therefore no such amounts have been included on the balance sheet. The College received a lease premium from Campus Living Villages, which is being recognised as income over the period of the lease, and was granted preferential nomination rights. The value of these rights cannot be measured reliably, and they are held at nil value in the balance sheet.

10. Foreign currency

Sterling is the functional currency used by the College. Transactions in foreign currencies are translated into sterling at the foreign exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

11. Fixed assets

Fixed assets are stated at cost, or valuation for certain musical instruments, less accumulated depreciation and accumulated losses. Tangible fixed assets are depreciated over their useful lives, taking into account residual values where appropriate. The useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Land & buildings

Leasehold land and buildings were valued on the basis of depreciated replacement cost at 31 July 1991 by Wilks, Head and Eve, Chartered Surveyors. Subsequent additions have been included at cost. Freehold buildings are included at cost. There is no indication of any impairment in the value of these assets. Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to RCM. Freehold land is not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated as follows:

- Freehold buildings 50 years
- Leasehold land and buildings 50 years or, if shorter, the period of the lease
- Building improvements 20 years

No depreciation is charged on assets in the course of construction. Freehold land and buildings are the land for student accommodation and a residential property in London. Leasehold land and buildings are the Prince Consort Road campus;

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a 999-year lease, expiring in 2890, which is non-assignable. In the event that RCM ceases to operate in accordance with its Royal Charter, the property reverts to the landlord.

Musical instruments

Musical instruments were valued at estimated current cost for assets in their condition at 31 July 1998 or at cost for later additions or at valuation for donated instruments. Differences on valuation were credited to a revaluation reserve and are being released over each instrument's estimated remaining life, with assets depreciated over 10 to 20 years. Musical instruments costing less than £5,000 per individual item are written off to the income and expenditure account in the year of acquisition at cost.

Furniture and equipment

Furniture and equipment, including computers and software, costing less than £5,000 is recognised as expenditure in the year of acquisition at cost. All other equipment of £5,000 or more is capitalised at cost. Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each balance sheet. Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

- General equipment, furniture and fittings 5 years
- Computer and recording equipment 4 years

Investments

Non-current asset investments are held on the balance sheet at fair value. Investments in jointly controlled entities and subsidiaries are carried at cost less impairment in RCM's financial statements. RCM recognises distributions received from these investments as income.

Current asset investments are held at fair value with movements recognised in the surplus or deficit for the year.

Financial assets

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment.

12. Finance costs and financial liabilities

Finance costs are charged to comprehensive income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

13. Heritage assets

Heritage assets consist of reference material in the library and the museum collection of portraits, performance archives and other works of art of significant historical interest to musicians. Heritage assets are not depreciated on the basis of their indefinite useful economic lives. Heritage assets valued at £5,000 and more are included where practicable in the financial statements.

The RCM library holds collections of printed and manuscript music, books, letters and other archival collections. No valuation has been obtained for the collection as a whole, or individual items, for reasons of cost and practicality. Assets acquired before August 2009 have not been valued due to their scale and uniqueness: valuation costs would exceed the benefit derived to the users of the financial statements. Assets donated or purchased with a value of more than £2,000 between 1 August 2009 and 31 July 2014 are included in the financial statements where values have been reasonably obtainable. From 1 August 2014, assets donated or purchased with a value of £5,000 or more are capitalised. Preservation and management are explained in the Library Collection Development Policy, with policies for selection, donations, retention and disposal of heritage assets. The policy precludes disposal of any item unless it is a duplicate. Costs of preservation are funded from various sources including grants, donations and RCM funds.

The RCM museum collection comprises around 1,000 items, most of which are instruments or parts of instruments. The collection also includes archival material. A financial valuation took place in 2010/11 and most of the collection was viewed

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by experts from Sotheby's and Bonham's and instruments valued at £4.4million were added to the balance sheet in the 2010/11 financial statements.

The Portraits and Performance History Collection (PPHC) is a collection of photographs, art, printed items and manuscripts dating from c1620 to present day and is available for viewing to members of RCM, visiting researchers and members of the public. Portraits and other works of art are stated at valuation in the financial statements and are not depreciated. There is no reason to believe that there has been any impairment in the value of these assets. A majority of these works were donated to RCM, though occasional purchases have been made over the years. No overall valuation has been made of the collection, though many works of art were valued in 2005 and are included in the financial statements. The cost of undertaking valuations for the remaining collections acquired prior to August 2009 outweigh the benefits to the readers of the financial statements. The PPHC continues to accept donations and make purchases if materials complement and enhance existing holdings and can be accommodated in appropriate conditions. RCM has adopted the principle that, except for sound curatorial reasons, there is a strong presumption against the disposal of any items of the PPHC.

Heritage assets are not depreciated as their long economic life and high residual value means depreciation will not be material. There is a Museum Acquisitions and Disposals Policy, including instructions for selection, donations, retention and disposal of assets and RCM has adopted the principle that, except for sound curatorial reasons, there is a strong presumption against the disposal of any items in the museum collection. The museum is accredited with the Museums, Libraries and Archives Council and adheres to national standards of care and access, including a specific budget for conservation which is applied to the upkeep of playable instruments and cleaning and care of the whole collection.

14. Cash and cash equivalents

Cash includes cash in hand, deposits and overdrafts. Cash equivalents are short term, highly liquid investments (deposits of three months or less) that are readily convertible to known amounts of cash with insignificant risk of change in value.

15. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when: RCM has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives RCM a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of RCM. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. A contingent asset arises where an event has taken place that gives RCM a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of RCM. Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

16. Taxation

RCM is an exempt charity within the meaning of Part 3 of the Charities Act 2011 and is therefore 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 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. RCM receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

17. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which are held as a permanently restricted fund which RCM must hold in perpetuity. Other restricted reserves include balances where the donor has designated a specific purpose and RCM is restricted in the use of these funds.

18. Total Return

The total return basis of managing the Scholarships and Awards Fund (excluding the portion of it that is invested in CLV (RCM) LLP through the RCM subsidiary RCM Business Enterprises Limited), was implemented on 1 August 2021. This approach permits RCM to invest the fund to maximise the Total Return on investments (taking both capital values and

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income into consideration) and, therefore, to make available an appropriate portion of the Total Return for expenditure each year, after accounting, among other things, for preservation of the real term value of the permanent endowment. Until this power is exercised in full, the Total Return is shown as an 'Unapplied Total Return' and remains as part of the permanent endowment.

Total Return Accounting

The initial value of the trust for investment and the initial value of the unapplied total return were established as at 31 July 2020. The date of the valuation for each individual endowment within the fund is the date that endowment was received, or a reasonable estimate thereof, and the calculation of the value of the trust for investment includes all funds in place at 31 July 2020. At that same date, the initial value of unapplied total return was determined as equal to the accumulated unapplied income from the trust for investment and the increase in value of the trust for investment since the date of valuation of each individual endowment within the fund. The Council took advice from Cazenove to inform its decisions, and to inform its policy on a suitable level of unapplied total return going forward.

Statement of comprehensive income

Year ended 31 July 2023

	Note	Year ended 31 July 2023 £	Year ended 31 July 2022 £
Income			
Tuition fees	1	17,211,661	16,815,413
Funding body grants	2	7,061,717	6,259,882
Research grants and contracts	3	421,779	301,490
Other income	4	2,454,868	2,758,061
Investment income	5	2,326,173	1,579,663
Total income before donations and endowments		29,476,198	27,714,509
Donations and endowments	6	4,599,030	5,398,239
Total income		34,075,228	33,112,748
Expenditure			
Staff costs before pension adjustment	7	17,212,411	15,721,440
USS pension adjustment	7	(521,209)	3,114,996
Total staff costs	7	16,691,202	18,836,436
Other operating expenses	8	12,516,004	11,020,976
Depreciation	10	2,973,248	2,886,690
Interest and other finance costs	9	233,880	209,392
Total expenditure		32,414,334	32,953,494
Surplus before gains and losses		1,660,894	159,254
Loss on disposal of tangible fixed assets		(12,824)	(74,504)
Gain on disposal of investments		605,878	232,452
Change in fair value of investments	12	(2,018,024)	(2,236,018)
Surplus/(Deficit) for the year		235,924	(1,918,816)
Actuarial (loss)/gain in respect of pension schemes	27	(3,591,000)	891,000
Total comprehensive income for the year		(3,355,076)	(1,027,816)
Represented by:			
Restricted endowment comprehensive income for the year		(302,192)	(3,594,530)
Restricted comprehensive income for the year	21	164,531	2,417,305
Unrestricted comprehensive income for the year		(2,773,792)	430,922
Revaluation reserve comprehensive income for the year	23	(443,623)	(281,513)
		(3,355,076)	(1,027,816)

The statement of comprehensive income is in respect of continuing activities.

The accounting policies and notes form part of these financial statements.

Statement of changes in reserves

Year ended 31 July 2023

	Income and expenditure account			Revaluation reserve	Total reserves
	Endowment	Restricted	Unrestricted		
	£	£	£	£	£
Balance at 1 August 2021	48,169,968	1,077,360	46,327,280	14,362,218	109,936,826
Surplus/(loss) after taxation from the income and expenditure statement	(9,006)	(1,168,219)	(741,591)	-	(1,918,816)
Other comprehensive income	-	-	891,000	-	891,000
Transfer of unapplied total return allocated to income	(3,585,524)	3,585,524	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	281,513	(281,513)	-
Total comprehensive income for the year	(3,594,530)	2,417,305	430,922	(281,513)	(1,027,816)
Balance at 1 August 2022	44,575,437	3,494,666	46,758,202	14,080,705	108,909,010
Surplus/(loss) after taxation from the income and expenditure statement	1,038,173	(1,175,834)	373,585	-	235,924
Other comprehensive income	-	-	(3,591,000)	-	(3,591,000)
Transfer of unapplied total return allocated to income	(1,340,365)	1,340,365	-	-	-
Transfers between revaluation and income and expenditure reserve	-	-	443,623	(443,623)	-
Total comprehensive income for the year	(302,192)	164,531	(2,773,792)	(443,623)	(3,355,076)
Balance at 31 July 2023	44,273,245	3,659,197	43,984,410	13,637,082	105,553,934

The accounting policies and notes form part of these financial statements.

Balance sheet

Year ended 31 July 2023

		As at 31 July 2023	As at 31 July 2022
	Note	£	£
Non-current assets			
Fixed assets	10	69,172,517	69,408,230
Heritage assets	10,11	5,592,757	5,550,757
Investments	12	47,908,897	52,048,418
Investment in subsidiary company	13	<u>1,710,862</u>	<u>1,710,862</u>
		<u>124,385,033</u>	<u>128,718,267</u>
Current assets			
Trade and other receivables	14	1,519,984	2,051,625
Investments	15	1,800,000	2,500,000
Cash and cash equivalents		<u>4,943,221</u>	<u>6,202,833</u>
		8,263,205	10,754,458
Less: Creditors: amounts falling due within one year	17	<u>(3,756,415)</u>	<u>(3,951,883)</u>
Net current assets		4,506,790	6,802,575
Total assets less current liabilities		<u>128,891,823</u>	<u>135,520,842</u>
Creditors: amounts falling due after more than one year	18	(18,382,933)	(20,387,121)
Provisions			
Pension provisions	19	<u>(4,954,957)</u>	<u>(6,224,712)</u>
Total net assets		<u>105,553,933</u>	<u>108,909,009</u>
Restricted reserves			
Income and expenditure reserve - endowment reserve	20	44,273,243	44,575,435
Income and expenditure reserve - restricted reserve	21	3,659,198	3,494,667
Unrestricted reserves			
Income and expenditure reserve - unrestricted		43,984,410	46,758,203
Revaluation reserve	23	<u>13,637,082</u>	<u>14,080,705</u>
Total reserves		<u>105,553,933</u>	<u>108,909,009</u>

The financial statements were approved and authorised for issue by the Council on 22 November 2023 and were signed on its behalf on that date by:




Professor Colin Lawson, Director
Lord Black of Brentwood, Chair of Council

The accounting policies and notes form part of these financial statements.

Statement of Cash flows

Year ended 31 July 2023

	Note	Year ended 31 July 2023 £	Year ended 31 July 2022 £
Cash flow from operating activities			
Surplus/(Deficit) for the year		235,924	(1,918,816)
Adjustment for non-cash items			
Depreciation	10	2,973,248	2,886,690
(Gain) on disposal of fixed asset investments		(605,878)	(232,452)
Loss on fair value of investments		2,018,024	2,236,018
Increase/(decrease) in debtors	14	531,641	(611,250)
(Decrease)/increase in creditors		(217,625)	(175,727)
(Decrease)/increase in pension provision before actuarial gains/losses	19	(4,860,755)	2,797,848
Receipt of donated assets		(121,000)	(379,428)
Amortised lease income		(304,908)	(304,908)
Adjustment for investing or financing activities			
Investment income	5	(2,326,173)	(1,579,663)
Interest payable	9	69,994	152,722
Endowment income	6	(817,118)	(631,716)
Loss on the disposal of fixed assets		26,453	77,004
Capital grant income		(423,913)	(737,688)
Net cash (outflow)/inflow from operating activities		(3,822,086)	1,578,634
Cash flows from investing activities			
Proceeds from sale of fixed assets		13,629	2,500
Capital grants receipts		1,409,540	284,419
Disposal of non-current asset investments		4,893,625	39,945,831
Investment income	5	2,326,173	1,579,663
Payments made to acquire fixed assets		(2,698,617)	(937,304)
Purchase of non-current asset investments		(2,166,250)	(40,958,620)
New fixed term deposits		-	(2,500,000)
Fixed term deposits expired		700,000	-
Net cash inflow/(outflow) from investing activities		4,478,100	(2,583,511)
Cash flows from financing activities			
Interest paid	9	(69,994)	(152,722)
Endowment cash received		817,118	631,716
Repayments of amounts borrowed		(2,662,750)	(2,162,750)
Net cash outflow from financing activities		(1,915,626)	(1,683,756)
(Decrease) in cash and cash equivalents in the year		(1,259,612)	(2,688,633)
Cash and cash equivalents at beginning of the year		6,202,833	8,891,466
Cash and cash equivalents at end of the year		4,943,220	6,202,833

The accounting policies and notes form part of these financial statements.

Notes to the accounts for the year ended 31 July 2023

	Year ended 31 July 2023	
	£	£
1 Tuition fees		
Full-time Undergraduate home and EU students	2,767,661	2,981,401
Full-time Postgraduate home and EU students	2,244,332	2,388,241
Part-time home and EU students	241,203	243,329
Non-EU students	9,781,043	9,313,956
Other	2,177,422	1,888,486
	<u>17,211,661</u>	<u>16,815,413</u>
2 Funding body grants		
Recurrent grant		
Teaching	5,099,269	4,607,637
Research	1,220,494	921,638
Higher Education Innovation Fund	381,398	388,755
Specific grants		
Other grants	124,321	163,289
Capital grants released in the year	236,235	178,563
	<u>7,061,717</u>	<u>6,259,882</u>
The table below shows the sources of grant and fee income.		
Grant and fee income		
Grant income from OFS	5,335,504	4,619,926
Grant income from other bodies	1,726,213	1,639,955
Fee income for taught awards (exclusive of VAT)	14,589,827	14,534,640
Fee income for research awards (exclusive of VAT)	444,412	392,289
Fee income from non-qualifying courses (exclusive of VAT)	2,177,422	1,888,485
	<u>24,273,378</u>	<u>23,075,295</u>
3 Research grants and contracts		
Research councils	368,998	284,436
UK-based charities	20,115	-
Government (UK and overseas)	-	17,054
Other	32,666	-
	<u>421,779</u>	<u>301,490</u>
4 Other income		
Residences, catering and conferences	675,829	694,211
Other capital grants	185,318	559,125
Other services rendered	330,098	365,411
Lease premium - Prince Consort Village	304,908	304,908
Other income	958,715	834,406
	<u>2,454,868</u>	<u>2,758,061</u>
5 Investment income		
Investment income on endowment assets - unrestricted	213,156	137,498
Investment income on endowment assets - restricted	1,511,541	1,409,007
Other interest receivable	101,476	33,158
ABRSM Investment Income	500,000	-
	<u>2,326,173</u>	<u>1,579,663</u>

Notes to the accounts for the year ended 31 July 2023

	Year ended 31 July 2023	Year ended 31 July 2022
Note	£	£
6 Donations and endowments		
New endowments with restrictions	817,118	631,716
Restricted donations	3,153,826	2,748,033
Unrestricted donations	628,086	2,018,490
	<u>4,599,030</u>	<u>5,398,239</u>
7 Staff costs		
Salaries	13,575,806	12,423,829
Social security costs	1,188,495	1,095,164
Movement on USS provision	19 (521,209)	3,114,996
Other pension costs	27 2,448,110	2,202,447
	<u>16,691,202</u>	<u>18,836,436</u>

The total amount of any compensation paid by the College for loss of office in 2022/23 was £67,570 (2021/22: £24,175). These figures include statutory redundancy and voluntary severance payments.

	Year ended 31 July 2023	Year ended 31 July 2022
	£	£
Emoluments of the Director		
Basic salary	243,780	228,000
Payment in lieu of pension	36,567	34,884
Benefits in kind	14,846	11,949
Emoluments excluding pension contributions	<u>295,193</u>	<u>274,833</u>
Pension contributions*	15,358	12,730
Emoluments including pension contributions	<u>310,551</u>	<u>287,563</u>

*The Director is a member of USS, with an enhanced opt-out which commenced in April 2016. The employer contribution is only for life assurance and incapacity cover. Benefits in kind relate to private healthcare.

On 3 March 2023 Mr Kevin Porter was appointed Acting Director due to an unplanned leave of absence for Professor Colin Lawson (Director). Mr Kevin Porter received an allowance for this position of £33,826 for the period 03 March 2023 to 31 July 2023: this allowance is excluded from the emoluments of the Director in the table above.

In determining the Director's pay for 2022/23, the Remuneration Committee took into account the context in which the RCM was operating:

- a. The national pay negotiations on the annual cost of living award for 2022/23 and increases recommended for Directorate
- b. The current financial situation of RCM, pay in the wider economy and the ongoing cost of living crisis.
- c. Benchmarking information on vice-chancellor pay, specifically at direct competitor institutions and institutions of a similar size and standing
- d. The Gender pay gap and equal pay gap at RCM

At the Remuneration Committee meeting held on 16 June 2022, the Director provided a report of the RCM's progress and performance over the year. The Committee gave full and thorough consideration to the Director's performance and the performance of the institution over a number of years and noted that in the previous year the Director, at his request, had not received a pay increase in line with the agreed pay award. The Committee accepted the Director's wish that his pay increase should be no higher than that which was given to the rest of the College's staff, constrained by the pay awards within the Higher Education sector and agreed that the 2021/22 and 2022/23 pay awards be applied. Exceptionally, as for other staff, the pay award for 2023/24 was also delivered in part during 2022/23. The Director is not a member of the Remuneration Committee.

The Annual Report of the Remuneration Committee is available on <https://www.rcm.ac.uk/about/strategies-values/financialinformation/>

Notes to the accounts for the year ended 31 July 2023

7 Staff costs (continued)

The head of the provider's basic salary is 6.0 times the median pay of staff (2022: 6.3 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The head of the provider's total remuneration is 6.3 times the median total remuneration of staff (2022: 6.6 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.

	2023	2022
Basic pay of senior staff excluding Director	Headcount	Headcount
£100,000 - £104,999	1	3
£105,000 - £109,999	2	-
£110,000 - £114,999	1	-
£115,000 - £119,999	-	1
£120,000 - £124,999	1	-
£150,000 - £154,999	-	1
£225,000 - £229,999	1	-
	6	5
	2023	2022
Average staff numbers by major category:	FTE	FTE
Academic departments	190	163
Academic services	44	38
Premises	24	24
Administration and central services	68	57
	326	282

Key Management Personnel

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the RCM. This comprises members of Council and the executive directors. There was no compensation for loss of office paid to Key Management Personnel during the year. The total remuneration, including employer pension contributions, paid to Key Management Personnel during the year was £1,429,505 (2021/22: £1,305,832).

Council Members

RCM Council members are trustees for charitable law purposes. All transactions involving organisations in which a member of Council may have an interest are conducted in accordance with the RCM's financial regulations and procedures. Ex-officio and elected members of Council are RCM staff and as such are remunerated in the normal course of their duties. No Council member received any remuneration or waived payments during the year or the previous year.

Notes to the accounts for the year ended 31 July 2023

	Year ended 31 July 2023	Year ended 31 July 2022
	£	£
8 Other operating expenses		
Academic and related expenditure	612,162	586,704
Research related expenditure	19,775	38,259
Catering	594,549	425,813
Learning resources	381,155	324,647
Scholarships and awards	4,992,819	4,344,723
Grant to RCM Students' Union	13,182	13,291
Professional fees	484,952	327,438
Premises	2,562,356	2,304,569
Other expenses	2,855,054	2,655,532
	12,516,004	11,020,976
Other operating expenses include:		
External auditors' remuneration in respect of audit services	58,800	52,200
External auditors' remuneration in respect of non-audit services	9,000	6,340
Internal auditors' remuneration - internal audits	38,124	37,360
Operating lease rentals		
Land and buildings	150,422	148,073
Other	72,172	45,533

The table below shows the expenditure on access and participation in the year.

Access and Participation

Access Investment (i)	278,986	256,639
Financial Support	258,583	226,625
Disability Support (ii)	13,497	17,642
Research and Evaluation (iii)	26,479	32,769
	577,545	533,675

(i) £162,039 of these costs are included in the overall staff costs figures included in the financial statements, see note 7 (2021-22: £145,094)

(ii) £13,497 of these costs are included in the overall staff costs figures included in the financial statements, see note 7 (2021-22: £14,254)

(iii) £26,479 of these costs are included in the overall staff costs figures included in the financial statements, see note 7 (2021-22: £26,769)

Relevant information can be found on our website:

<https://www.rcm.ac.uk/about/strategies-values/people-equality-diversity/>

9 Interest and other finance costs

Loan interest	69,994	152,722
Loan commitment fee	46,418	6,818
Exchange differences	(9,986)	-
Net finance charge on pension schemes		
USS	175,454	31,000
RCM Pension and Assurance Scheme	(48,000)	18,852
	233,880	209,392

Notes to the accounts for the year ended 31 July 2023

	Freehold land and buildings	Leasehold land and buildings	Musical instruments	Furniture, equipment and software	Assets in the course of construction	Total excluding heritage assets	Heritage assets	Total
	£	£	£	£	£	£	£	£
10 Fixed Assets								
Cost or valuation								
At 1 August 2022	1,708,781	76,312,749	10,451,468	5,550,418	253,025	94,276,441	5,550,757	99,827,198
Additions	-	153,398	368,392	849,472	1,393,514	2,764,776	42,000	2,806,776
Transfers	-	52,402	-	174,170	(226,572)	-	-	-
Disposals	-	-	(39,419)	(58,144)	(26,453)	(124,015)	-	(124,015)
At 31 July 2023	1,708,781	76,518,549	10,780,441	6,515,916	1,393,514	96,917,202	5,592,757	102,509,959
Depreciation								
At 1 August 2022	88,254	14,806,036	6,598,227	3,375,694	-	24,868,211	-	24,868,211
Charge for the year	5,175	1,902,117	354,321	711,635	-	2,973,248	-	2,973,248
Disposals	-	-	(38,631)	(58,144)	-	(96,775)	-	(96,775)
At 31 July 2023	93,429	16,708,153	6,913,917	4,029,185	-	27,744,685	-	27,744,685
Net book value								
At 31 July 2023	1,615,352	59,810,396	3,866,524	2,486,731	1,393,514	69,172,517	5,592,757	74,765,274
At 1 August 2022	1,620,527	61,506,713	3,853,241	2,174,724	253,025	69,408,230	5,550,757	74,958,987

The additions to leasehold land and buildings relate to various estates projects within the existing buildings.

Assets in the course of construction at 31 July 2023 relate to the Performance Laboratory, improvements to the Britten Theatre and other estates projects.

	2023	2022
	£	£
11 Heritage assets		
Purchases		
Busts and portraits	-	7,000
Donations		
Instruments	30,000	-
Busts and portraits	12,000	-
Total acquisitions capitalised	42,000	7,000

Notes to the accounts for the year ended 31 July 2023

	Loan to subsidiary company £	Other fixed asset investments £	Total £
12 Non-current investments			
At 1 August 2022	1,710,862	52,048,418	53,759,280
Acquisition of shares - less movement in cash held by fund managers	-	2,166,250	2,166,250
Cost of disposals	-	(4,287,747)	(4,287,747)
Change in market value	-	(2,018,024)	(2,018,024)
At 31 July 2023	1,710,862	47,908,897	49,619,759

Non-current investments

Funds managed by external fund managers:

Scholarships and awards fund		41,508,732	41,508,732
General fund		2,822,580	2,822,580
Junior department appeal fund		802,259	802,259
Junior department expendable fund		280,326	280,326
Other		220,000	220,000
		45,633,897	45,633,897

ABRSM	-	2,275,000	2,275,000
Investment in loan to subsidiary company	1,710,862	-	1,710,862
	1,710,862	47,908,897	49,619,759

Split of stock held by external fund managers:

Fixed interest stocks (listed)		5,750,739	5,750,739
Equities (listed) and unit trusts		31,861,856	31,861,856
Alternatives		5,655,856	5,655,856
Cash held by investment managers		2,365,446	2,365,446
		45,633,897	45,633,897

Connected charitable institution

The RCM has a 25% participation in the Associated Board of the Royal Schools of Music (ABRSM) which is carried at cost. The ABRSM is a registered charity (number 292182) and a company limited by guarantee (registered number 1926395) established by four royal schools of music for the benefit of music education. The ABRSM has no share capital and the liability of the members in the event of winding up is limited to £1 per member. In the event of winding up, the ABRSM's constitution requires its governing body to consider, in the first instance, transfer of surplus assets to another body that is equipped to carry on the work of ABRSM.

13 Investment in subsidiary company

RCM has a 100% holding in RCM Business Enterprises Limited (RCM BEL) which holds a 20% share in the jointly controlled entity CLV (RCM) LLP. CLV (RCM) LLP operates student accommodation in Ravenscourt Park (Prince Consort Village). Funds to purchase the share in CLV (RCM) LLP came from the RCM's restricted permanent endowments and all funds generated from the 20% holding will be used to provide scholarships and awards to RCM students. The 20% stake represents a £1.7 million interest bearing loan. The share of net assets in the jointly controlled entity, when distributed, will be used to fund scholarships and awards to RCM students.

Notes to the accounts for the year ended 31 July 2023

	Year ended 31 July 2023	Year ended 31 July 2022
	£	£.
14 Trade and other receivables		
Amounts falling due within one year		
Other trade receivables	37,469	87,408
Other receivables	164,439	397,564
Prepayments and accrued income	1,105,611	1,188,199
Amounts due from subsidiary companies	212,465	378,454
	<u>1,519,984</u>	<u>2,051,625</u>
15 Current asset investments		
Term deposits	<u>1,800,000</u>	<u>2,500,000</u>
	<u>1,800,000</u>	<u>2,500,000</u>
16 Reconciliation of net debt		
Net cash/(debt) 1 August	1,647,900	2,056,373
Movement in cash and cash equivalents	(1,396,367)	(2,571,223)
New unsecured loans	-	-
Repayment of unsecured loans	<u>2,662,751</u>	<u>2,162,750</u>
Net cash/(debt) 31 July	<u>2,914,284</u>	<u>1,647,900</u>
Change in net debt	<u>(1,266,384)</u>	<u>408,473</u>
Analysis of net debt:		
Cash and cash equivalents	4,943,221	6,339,588
Borrowings: amounts falling due within one year		
Unsecured loans	(162,750)	(162,751)
Borrowings: amounts falling due after more than one year		
Unsecured loans	<u>(1,866,187)</u>	<u>(4,528,937)</u>
Net cash/(debt)	<u>2,914,284</u>	<u>1,647,900</u>
17 Creditors: amounts falling due within one year		
Unsecured loans	162,750	162,751
Trade payables	857,455	717,944
Social security and other taxation payable	429,825	355,255
Accruals and deferred income	<u>2,306,385</u>	<u>2,715,933</u>
	<u>3,756,415</u>	<u>3,951,883</u>

Notes to the accounts for the year ended 31 July 2023

	Year ended 31 July 2023	Year ended 31 July 2022		
Note	£	£		
18 Creditors: amounts falling due after more than one year				
Deferred income - PCV lease premium	12,467,459	12,772,367		
Deferred income - other	4,049,287	3,085,817		
Unsecured loans	<u>1,866,187</u>	<u>4,528,937</u>		
	<u>18,382,933</u>	<u>20,387,121</u>		
Analysis of unsecured loans:				
Due within one year or on demand	162,750	162,751		
Due between one and two years	162,750	162,750		
Due between two and five years	<u>1,703,437</u>	<u>4,366,187</u>		
Due after more than one year	<u>1,866,187</u>	<u>4,528,937</u>		
Total unsecured loans	<u>2,028,937</u>	<u>4,691,688</u>		
	Amount	Term	Interest rate	Borrower
Included in unsecured loans	£		%	
The Royal Bank of Scotland	528,937	2026	5.30	RCM
The Royal Bank of Scotland	1,500,000	2026	SONIA + 0.80	RCM
Total	<u>2,028,937</u>			

The College has a term loan with RBS expiring in October 2026. The loan is amortising in equal annual instalments to the expiry date.

The College also has an £11m revolving credit facility ("RCF") with RBS expiring in October 2026. During the year, the College drew down £1.5m of this facility, and this value remains outstanding as at the year end. The College exercised an extension option under the facility in September 2023 to extend the expiry date to October 2026.

	Obligation to fund deficit		
	USS (note 27)	RCMP&AS (note 27)	Total
	£	£	£
19 Provisions for pension liabilities			
At 31 July 2022	5,300,712	924,000	6,224,712
Movements in the year	(345,755)	(924,000)	(1,269,755)
At 31 July 2023	<u>4,954,957</u>	<u>-</u>	<u>4,954,957</u>

Pension enhancement

Assumptions for calculating the provision for pension enhancements on termination under FRS 102, are:

	USS pension	RCM pension
Discount rates	5.52%	5.10%
Salary inflation rates (USS: 2022 to 2038)	5.00% - 3.00%	7.5% - 2.8%

USS deficit

The obligation to fund the past deficit on the Universities' Superannuation Scheme (USS) arises from a contractual obligation with the scheme for total payments relating to benefits arising from past performance. In calculating the value of the USS provision the RCM management has used salary costs (adjusted for salary and headcount changes), the current funding rate and applied a discount rate to estimate the present value.

The College has applied the amendments to FRS102: Interest rate benchmark reform (Phase 1 and 2). Applying the practical expedient introduced by the amendments, when the benchmarks affecting the Colleges loans are replaced, the adjustments to contractual cashflows are reflected as an adjustment to the effective interest rate and do not result in an immediate gain or loss which may have been required if the practical expedient was not available or adopted. All loans had transitioned to alternative interest rate benchmarks at the year end.

Notes to the accounts for the year ended 31 July 2023

	Restricted expendable endowments	Restricted permanent endowments	Total
	£	£	£
20 Endowment reserves			
<u>Capital</u>			
At 1 August 2021	290,000	25,674,439	25,964,439
New endowments	-	631,716	631,716
Decrease in market value of investments and realised gains	(3,707)	(1,883,202)	(1,886,909)
At 1 August 2022	286,293	24,422,953	24,709,246
New endowments	-	817,118	817,118
Decrease in market value of investments and realised gains	(6,337)	(1,109,686)	(1,116,023)
At 31 July 2023	279,956	24,130,385	24,410,341
<u>Accumulated Income</u>			
At 1 August 2021	-	22,205,528	22,205,528
Investment Income	47	1,311,607	1,311,654
Less investment manager fees	-	(40,456)	(40,456)
Expenditure	(47)	-	(47)
Transfer of unapplied total return allocated to income	-	(3,610,488)	(3,610,488)
At 1 August 2022	-	19,866,191	19,866,191
Investment Income	8,766	1,352,508	1,361,274
Less investment manager fees	-	(15,432)	(15,432)
Expenditure	(8,766)	-	(8,766)
Transfer of unapplied total return allocated to income	-	(1,340,365)	(1,340,365)
At 31 July 2023	-	19,862,902	19,862,902
<u>Total Funds</u>			
At 1 August 2022	286,293	44,289,144	44,575,437
At 31 July 2023	279,956	43,993,287	44,273,243
		Year ended 31 July 2023	Year ended 31 July 2023
<u>Split by Asset type</u>			
Investments		41,508,732	41,272,932
Investment in loan to subsidiary company		1,710,862	1,710,862
Cash		1,053,649	1,591,643
		44,273,243	44,575,437

Statement of Total Return for the portion of the fund managed under Total Return: Scholarships & Awards Fund

	Trust for Investment	Unapplied Total Return	Restricted Permanent Endowment
	£	£	£
At 1 August 2021			
Gift component of the permanent endowment	23,103,493	-	23,103,493
Unapplied total return	-	22,205,528	22,205,528
Total at 1 August 2021	23,103,493	22,205,528	45,309,021
Movements in the reporting period:			
Gift of endowment funds	631,716	-	631,716
Investment return: investment income	-	1,286,643	1,286,643
Investment return: realised and unrealised gains and (losses)	-	(1,838,904)	(1,838,904)
Less investment management costs	-	(40,456)	(40,456)
Total movements in the reporting period	-	(592,717)	(592,717)
Unapplied total return allocated to income in the year	-	(3,585,524)	(3,585,524)
Net movements in the reporting period	-	(4,178,241)	(4,178,241)
At 1 August 2022			
Gift component of the permanent endowment	23,735,209	-	23,735,209
Unapplied total return	-	18,027,287	18,027,287
Total at 1 August 2022	23,735,209	18,027,287	41,762,496
Movements in the reporting period:			
Gift of endowment funds	817,118	-	817,118
Investment return: investment income	-	1,325,694	1,325,694
Investment return: realised and unrealised gains and (losses)	-	(1,092,772)	(1,092,772)
Less investment management costs	-	(15,432)	(15,432)
Total movements in the reporting period	-	217,490	217,490
Unapplied total return allocated to the trust for investment in the year	-	-	-
Unapplied total return allocated to income in the year	-	(1,313,551)	(1,313,551)
Net movements in the reporting period	-	(1,096,061)	(1,096,061)
Gift component of the permanent endowment	24,552,327	-	24,552,327
Unapplied total return	-	16,931,226	16,931,226
Total at 31 July 2023	24,552,327	16,931,226	41,483,553

In July 2021, The Council passed a resolution under the power granted under s.104A(2) of the Charities Act 2011 to manage the Scholarships and Awards Fund (excluding the portion of it that is invested in CLV (RCM) LLP through the RCM subsidiary RCM Business Enterprises Limited) on a total return basis from 1 August 2021.

**Notes to the accounts
for the year ended 31 July 2023**

20 Endowment reserves (continued)

Statement of Total Return for the portion of the fund managed under Total Return: Junior Department Appeal Fund

	Trust for Investment £	Unapplied Total Return £	Restricted Permanent Endowment £
At 1 August 2021			
Gift component of the permanent endowment	150,000	710,084	860,084
Unapplied total return	-	-	-
Total at 1 August 2021	150,000	710,084	860,084
Movements in the reporting period:			
Gift of endowment funds	-	-	-
Investment return: investment income	-	24,964	24,964
Investment return: realised and unrealised gains and (losses)	-	(44,298)	(44,298)
Less investment management costs	-	-	-
Total movements in the reporting period	-	(19,334)	(19,334)
Unapplied total return allocated to income in the year	-	(24,964)	(24,964)
Net movements in the reporting period	-	(44,298)	(44,298)
At 1 August 2022			
Gift component of the permanent endowment	150,000	-	150,000
Unapplied total return	-	665,786	665,786
Total at 1 August 2022	150,000	665,786	815,786
Movements in the reporting period:			
Gift of endowment funds	-	-	-
Investment return: investment income	-	26,814	26,814
Investment return: realised and unrealised gains and (losses)	-	(16,914)	(16,914)
Less investment management costs	-	-	-
Total movements in the reporting period	-	9,900	9,900
Unapplied total return allocated to the trust for investment in the year	220,000	(220,000)	-
Unapplied total return allocated to income in the year	-	(26,814)	(26,814)
Net movements in the reporting period	220,000	(236,914)	(16,914)
Gift component of the permanent endowment*	370,000	-	370,000
Unapplied total return	-	428,872	428,872
Total at 31 July 2023	370,000	428,872	798,872

* the gift component of the permanent endowment at 31 July 2023 includes £220,000 allocated from Unapplied Total Return in the year ended 31 July 2023

In March 2022, The Council passed a resolution under the power granted under s.104A(2) of the Charities Act 2011 to manage the Junior Department Appeal Fund on a total return basis from 1 August 2022.

Major funds (balances over £900,000) are as follows:

	Restrictions: type of student	At 1 August 2022	Gain/(loss) on investment	Income net of fees	Expenditure	At 31 July 2023
Scholarships & Awards Fund:						
Financial Awards Fund	n/a	3,653,099	(89,012)	121,019	(233,250)	3,451,856
Douglas & Hilda Simmonds Award	n/a	3,317,531	(80,728)	109,756	(177,110)	3,169,450
The Ian Evans Lombe Scholarship	from UK	2,642,033	(65,128)	88,547	(90,455)	2,574,997
Neville Wathen Scholarships	n/a	2,027,526	(51,185)	69,591	(67,364)	1,978,568
Christopher Hogwood Scholarships	postgraduate	1,527,922	(36,037)	48,995	(109,904)	1,430,975
Noel Croucher Scholarships	from Hong Kong	1,260,627	(29,114)	34,908	(18,500)	1,247,921
Queen Elizabeth the Queen Mother	n/a	1,240,940	(31,339)	42,608	(41,245)	1,210,964
Violet Goodhew Scott Award	piano or organ	1,194,602	(26,525)	36,063	(135,425)	1,068,714
Michael Quinn Award	brass	1,083,073	(26,374)	35,857	(47,753)	1,044,804
Other funds with balances up to £900,000		27,321,575	(657,330)	1,687,688	(943,886)	27,408,048
Total of Scholarships & Awards Fund		45,268,928	(1,092,772)	2,275,033	(1,864,891)	44,586,297
Junior Department Appeal Fund		815,859	(16,987)	26,814	(26,814)	798,872
Junior Department Expendable Fund		286,293	(6,337)	47	(47)	279,956
Total value of funds at 31 July 2023		46,371,081	(1,116,096)	2,301,893	(1,891,752)	45,665,125
Balance included in:						
Endowment reserves						44,273,243
Restricted reserves (being the unspent balance on the income fund under Total Return)						1,392,882
Total value of funds at 31 July 2023						45,666,125

Each of the individually material endowment funds detailed above represents non-current investment assets only, and are each of sufficient value and liquidity to enable them to be applied in accordance with their associated restrictions.

	Scholarships & awards £	2022/23 Total £	Scholarships & awards £	2021/22 Total £
21 Restricted reserves				
Balance at start of the year	3,494,667	3,494,667	1,077,360	1,077,360
Income	2,761,156	2,761,156	2,286,436	2,286,436
Expenditure	(3,933,889)	(3,933,889)	(3,453,657)	(3,453,657)
Decrease in market value of investments and realised losses	(3,101)	(3,101)	(998)	(998)
Transfer of unapplied total return allocated to income	1,340,365	1,340,365	3,585,524	3,585,524
Movements in the year	164,531	164,531	2,417,305	2,417,305
Balance at the end of the year	3,659,198	3,659,198	3,494,666	3,494,666

Notes to the accounts for the year ended 31 July 2023

	Year ended 31 July 2023	Year ended 31 July 2022
	£	£
22 Capital and other commitments		
Commitments contracted for	89,939	25,134
Commitments not yet contracted for but approved by RCM Council	780,530	809,136
	870,469	834,270

Provision has not been made for the capital commitments shown above at 31 July 2023.

23 Revaluation reserve

	Tangible assets	Heritage assets	Investments	Total
	£	£	£	£
Balance at 1 August 2022	3,222,043	4,926,000	5,932,662	14,080,705
Transferred to income and expenditure reserve	(150,602)	-	(293,021)	(443,623)
Balance at 31 July 2023	3,071,441	4,926,000	5,639,641	13,637,082

24 Lease obligations

	31 July 2023		31 July 2022	
	Land and Buildings	Other leases	Total	Total
	£	£	£	£
Total rentals payable under operating leases:				
Paid during the year	150,422	72,172	222,594	193,606
Future minimum lease payments due				
Not later than 1 year	151,615	69,572	221,187	174,339
Later than 1 year and not later than 5 years	14,820	34,251	49,071	185,454
Later than 5 years	1,069,125	-	1,069,125	1,076,617
Total lease payments due	1,235,560	103,823	1,339,383	1,436,410

25 Related party transactions

The total amount of donations received without conditions from Trustees and other related parties was £70,843 (2021/22: £392,140).

During the year, the RCM received services from the Association of British Orchestras of £2,019, of which James Williams is the Director and an appointed member of the RCM Council. There were no other related party transactions, other than the receipt of investment income from and payment of £1,871 in relation to exam fees to the Associated Board of the Royal Schools of Music and £122,685 in relation to the lease and associated costs paid to Queen Alexandra House (QAH), the lessor for RCM Jay Mews. Aida Berhamovich, the Director of Estates, sits on the Board of QAH. No payments were paid to Council members for serving as Council members and there were no expenses paid to Council members other than routine expenditure on services, such as catering, provided for the Council members collectively.

26 Subsidiary undertakings

RCM Business Enterprises Limited is a subsidiary company (which is registered in England & Wales), wholly-owned or effectively controlled by the RCM. RCM Business Enterprises Limited is exempt from the requirements to audit individual accounts by virtue of the Companies Act 2006 s.479A.

Notes to the accounts for the year ended 31 July 2023

27 Pension schemes

Different categories of staff were eligible to join one of four different schemes:

- Universities' Superannuation Scheme (USS)
- Teachers' Pension Scheme (TPS)
- RCM Pension and Assurance Scheme (RCMP&AS)
- National Employment Savings Trust (NEST).

Under the provisions of FRS 102 section 28 "employee benefits", both USS and TPS are multi-employer defined benefit pension schemes. The USS has provided employers with a standard methodology for calculating their share of the agreed funding deficit plan and we have used this methodology to account for these liabilities in line with FRS 102. The RCM is unable to identify its share of the underlying assets and liabilities of TPS and we have accounted for contributions to this scheme as though it is a defined contribution scheme. The RCMP&AS is a closed defined benefit scheme, and NEST is a defined contribution scheme for those staff who are not eligible to join TPS or USS.

	Year ended 31 July 2023	Year ended 31 July 2022
	£	£
Costs for the schemes, included in the Statement of Comprehensive Income, were:		
Pension Contributions		
USS	1,249,740	1,132,191
TPS	1,034,545	970,263
NEST	33,145	28,625
RCMP&AS - Past service cost	130,680	71,369
Total in Staff Costs	<u>2,448,110</u>	<u>2,202,447</u>

Statement of Financial Position - Pension provisions (note 19)

USS	4,954,957	5,300,712
RCMP&AS	-	924,000
	<u>4,954,957</u>	<u>6,224,712</u>

The Universities Superannuation Scheme

The institution participates in Universities Superannuation Scheme (USS) which is the main scheme covering most support staff. The Scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. USS is a multi-employer scheme and is accounted for as set out in the accounting policies.

The total gain to the Statement of Comprehensive Income is £345,755 (2022: cost of £3,114,996).

The 31 March 2020 valuation was the sixth valuation for the scheme under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £66.5 billion and the value of the scheme's technical provisions was £80.6 billion indicating a shortfall of £14.1 billion and a funding ratio of 83%.

The latest available complete actuarial valuation of the Retirement Income Builder section of the Scheme is at 31 March 2020 ("the valuation date"), which was carried out using the projected unit method.

The key financial assumptions used in the 2020 valuation are described below. More detail is set out in the Statement of Funding Principles (uss.co.uk/about-us/valuation-and-funding/statement-of-funding-principles)

CPI assumption	Term dependent rates in line with the difference between the Fixed Interest and Index Linked yield curves less: 1.1% p.a. to 2030, reducing linearly by 0.1% p.a. to a long term difference of 0.1% p.a. from 2040
Pension increases (subject to a floor of 0%)	CPI assumption plus 0.05%
Discount rate (forward rates)	Fixed interest gilt yield curve plus: Pre-retirement: 2.75% p.a. Post retirement: 1.00% p.a.

Notes to the accounts for the year ended 31 July 2023

27 Pension schemes (continued)

The Universities Superannuation Scheme (continued)

The main demographic assumption used relates to the mortality assumptions. These assumptions are based on analysis of the scheme's experience carried out as part of the 2020 actuarial valuation. The mortality assumptions used in these figures are as follows:

Mortality base table	101% of S2PMA "light" for males and 95% of S2PFA for females.
Future improvements to mortality	CMI_2019 with a smoothing parameter of 7.5, an initial addition of 0.5% pa and a long term improvement rate of 1.8% pa for males and 1.6% pa for females.

The current life expectancies on retirement at age 65 are:

	2023	2022
Males currently aged 65 (years)	24.0	23.9
Females currently aged 65 (years)	25.6	25.5
Males currently aged 45 (years)	26.0	25.9
Females currently aged 45 (years)	27.4	27.3

A new deficit recovery plan was put in place as part of the 2020 valuation, which requires payment of 6.2% of salaries over the period 1 April 2022 until 31 March 2024 at which point the rate will increase to 6.3%. The 2023 deficit recovery liability reflects this plan. The liability figures have been produced using the following assumptions:

	2023	2022
Discount rate	5.52%	3.31%
Pensionable salary growth	5.00%-3% p.a.	2.75%-3% p.a.

The employers' contribution rates are as follows:

Effective date	Rate
1 October 2019 to 30 September 2021	21.10%
1 October 2021 to 31 March 2022	21.40%
1 April 2022 to 31 March 2024	21.60%
1 April 2024 to 30 April 2038	21.40%

Teachers' Pension Scheme

The TPS is a statutory, contributory, unfunded, defined benefit scheme, operating under the Teachers' Pensions Regulations 1997, as amended. Contributions are credited to the Exchequer on a "pay as you go" basis under arrangements governed by the Superannuation Act 1972, with a notional asset value ascribed to the scheme in order to determine contribution rates.

The Government Actuary carries out formal actuarial reviews of TPS to ascertain the level of future contributions. The last review was carried out as at 31 March 2016 and at the date of this review the scheme had a funding shortfall of £22 billion and a recovery plan to pay off this shortfall was adopted. Key assumptions are shown in the table above, other assumptions include a real rate of return on investments of 4.45% and a real rate of salary growth of 4.2% above CPI.

Employee contributions are based on tiered contribution rates dependent on salary bandings based on actual earnings in the pay period. The contribution rates as at 31 July 2023 ranged from 7.4% to 11.7%.

National Employment Savings Trust (NEST)

The pension scheme for staff not eligible for TPS or USS is NEST. This is a defined contribution scheme with a total contribution rate of 8% of qualifying earnings. As an employer the RCM pays 3%. The 5% employee contribution consists of 4% deducted at source and 1% tax relief claimed by NEST from the government.

Notes to the accounts for the year ended 31 July 2023

Pension schemes (continued)

27 RCM Pension & Assurance Scheme

The RCMP&AS is a closed scheme with 69 pensioners and 90 deferred members of whom 11 are current RCM employees. The Scheme is valued every three years by a professionally qualified independent actuary using the projected unit method and, in the intervening years, the actuary reviews progress of the Scheme. The most recent actuarial valuation was at 1 August 2022. At 1 August 2022 the scheme had a funding shortfall of £4.3million.

Following an agreement with the Trustee, the College made deficit contributions of £4.6m in the year ended 31 July 2023 which were used by the Trustee to realign the investment portfolio of the scheme to lock in the benefit of the higher long term interest rates we have seen recently. With the Trustee, we are now working to achieve a "buy-in" of the pension liabilities whereby an insurer will assume a portion of the scheme's liabilities, with the aim of securing a full buy-out of the liabilities by an insurer at a future date. The RCM accounts for the RCMP&AS in accordance with FRS 102 section 28.

Assumptions

The financial assumptions used to calculate scheme liabilities under FRS102 are:

	As at 31 July 2023	As at 31 July 2022
	%pa	%pa
Price Inflation (RPI)		
- pre-retirement	3.50	3.60
- post-retirement	3.30	3.40
Price Inflation (CPI)	2.80	2.80
Rate of increase in salaries*	*7.5% - 2.80%	2.75% - 3.00%
Rate of increase of pensions in payment for members in relation to post April 1997 service	3.10	3.20
Discount rate	5.10	3.50

* 7.5% for year to 1 August 2023, 4% for year to 1 August 2024 and 2.8% thereafter

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	Current age 65	Current age 65	Current age 45	Current age 45
	Male	Female	Male	Female
At 31 July 2022	86.9	88.9	88.3	90.3
At 31 July 2023	87.0	89.0	88.3	90.5

The 2023 balance sheet includes a provision of 2% (2022: 2%) of the value of the liabilities in respect of the requirement to equalise for the effect of unequal Guaranteed Minimum Pensions.

Scheme assets

The Scheme's assets are invested across several different asset classes, as follows.

	As at 31 July 2023	As at 31 July 2022
	£000s	£000s
Scheme assets		
Equities	-	2,753
Government bonds	2,864	-
Corporate bonds	2,973	909
Liability-driven investment	2,647	3,507
Multi-asset funds	1,079	2,264
Multi-asset Credit funds	-	2,053
Cash	2,907	245
Insured pensions	660	811
Total	<u>13,130</u>	<u>12,542</u>
Analysis of the amount shown in the Statement of Financial Position		
Scheme assets	13,130	12,542
Scheme liabilities	<u>(10,987)</u>	<u>(13,466)</u>
Scheme net asset / (liability)	<u>2,143</u>	<u>(924)</u>

The pension asset has not been recognised as such in the Statement of Financial Position as the likelihood of a refund from the scheme is remote.

Notes to the accounts for the year ended 31 July 2023

Pension schemes (continued)

27

RCM Pension & Assurance Scheme (continued)

	As at 31 July 2023 £000s	As at 31 July 2022 £000s
Analysis of the amount charged to the Statement of Consolidated Income		
Past service costs	(129)	(71)
Net interest on net defined benefit liability	48	(31)
Total charge to the Statement of Consolidated Income	(81)	(102)
Analysis of the Actuarial (loss)/gain in respect of pension schemes in the Statement of Consolidated Income		
Experience gain on liabilities	2,589	4,521
(Loss) on assets	(4,037)	(3,630)
Adjustment for non-recognition of surplus	(2,143)	
Total Actuarial (loss)/gain in respect of pension schemes	(3,591)	891
Movement in the scheme surplus/(deficit)		
Opening deficit	(924)	(2,151)
Contributions paid	4,596	438
Past service cost	(129)	(71)
Interest income on assets	511	255
Interest cost on defined benefit obligations	(463)	(286)
Actuarial gain	(1,448)	891
Surplus/(deficit) on scheme at end of the year	2,143	(924)
Analysis of movement in the present value of defined benefit obligations		
Present value of defined benefit obligations at the start of the year	13,466	18,069
Past service cost	129	71
Interest cost	463	286
Actuarial (gain)	(2,589)	(4,521)
Actual benefit payments	(482)	(439)
Present value of defined benefit obligations at the end of the year	10,987	13,466
Analysis of movement in the fair value of scheme assets		
Fair value of assets at the start of the year	12,542	15,918
Interest income	511	255
Actuarial gain on assets	(4,037)	(3,630)
Actual contributions paid	4,596	438
Actual benefit payments	(482)	(439)
Fair value of scheme assets at the end of the year	13,130	12,542
Actual return on Scheme assets		
(Loss) on assets	(4,037)	(3,630)
Interest income	511	255
	(3,526)	(3,375)

28 Post balance sheet events

There are no post balance sheet events to report.